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Key Messages

The Chevening Programme has been evaluated by KPMG LLP (KPMG). KPMG was asked to perform the following activities:

- Identify and measure Chevening’s return on influence. This considers the extent to which the Foreign and Commonwealth Office are able to leverage value from Alumni for access to influential institutions. It also tries to measure the extent to which Chevening reportedly affected Chevening Alumni’s perception of the UK.
- Identify and measure Chevening’s return on investment. This was defined as the impact of Chevening on the UK economy.
- Develop a Monitoring and Evaluation Framework as a basis for future monitoring and evaluation of Chevening (See Annex 1).

Data was gathered through surveys and triangulated through interviews to gain richer insights from the survey findings. Economic modelling was used to calculate the Return on Investment using data from the surveys. Below is a series of key messages that provides a snapshot of the benefits of the Chevening Programme to the UK.

74% of participating Foreign and Commonwealth Office Posts have used the Chevening alumni network for work on governance, democracy and human rights issues

80% of participating alumni reported a positive change in their views of the importance of tolerance and diversity in society

“I learned from marginalised groups that I otherwise would not have had any contact with in my home country. I believe this experience changed me for the better.”

83% of participating alumni reported influencing the opinion of others in their network of the UK as a place to do business

“I was impressed by the business culture in the UK and the respectful way in which organisations in the UK conduct their business.”

£314m additional investment in the UK can be attributed to the estimated impacts of the Chevening Programme

“I organised a business forum with representatives from British businesses, the British Commonwealth Office, and regional investors that led to market opportunities for British business across the region.”

£1b estimated net additional Gross Value Added has been generated by the Chevening Programme
## Glossary

<table>
<thead>
<tr>
<th>Glossary of terms</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activities</strong></td>
<td>What is delivered on behalf of the public sector to the recipient. For example, the provision of seminars, training events etc.</td>
</tr>
<tr>
<td><strong>Additionality</strong></td>
<td>Additionality is the determination of whether an intervention has an effect, when the intervention is compared to a baseline of ‘do nothing’.</td>
</tr>
<tr>
<td><strong>Direct impact</strong></td>
<td>Direct impacts occur when additional demand for a unit generates a corresponding unit of output, e.g. production of a chair.</td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td>Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country’s border in a specific time period.</td>
</tr>
<tr>
<td><strong>GVA</strong></td>
<td>Gross Value Added. It measures the contribution to the economy of each individual producers, industry or sector in the UK.</td>
</tr>
<tr>
<td><strong>Impacts</strong></td>
<td>Wider economic and social outcomes. For example, the change in personal incomes and, ultimately, wellbeing.</td>
</tr>
<tr>
<td><strong>Indirect impact</strong></td>
<td>Indirect impacts arise as demand for materials and fuels used to create that additional unit of output (from direct impacts) generates, in turn, outputs in other industries. There will be associated increases in labour, profits and capital.</td>
</tr>
<tr>
<td><strong>Induced impact</strong></td>
<td>Induced impacts are felt as increases in compensation of employees lead to increased spending on goods and services in the economy.</td>
</tr>
<tr>
<td><strong>Inputs</strong></td>
<td>Public sector resources required to achieve the policy objectives. For example, resources used to deliver the policy.</td>
</tr>
<tr>
<td><strong>Intermediate outcomes</strong></td>
<td>The intermediate outcomes of the policy produced by the recipient. For example, jobs created, turnover, reduced costs or training opportunities provided.</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>Refers to the business or personal investment made by Chevening Alumni.</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>What the recipient does with the resources, advice / training received, or intervention relevant to them. For example, the number of completed training courses.</td>
</tr>
<tr>
<td><strong>Return on influence</strong></td>
<td>Return on influence. This measures the change in attitudes towards the UK among Chevening Alumni and their networks in their home countries. It also includes how FCO posts leverage Chevening Alumni to achieve their foreign policy objectives.</td>
</tr>
<tr>
<td><strong>Return on investment</strong></td>
<td>This measures the return, in monetary terms, for the amount spent by the FCO on Chevening.</td>
</tr>
</tbody>
</table>
1 Evaluating the Chevening Programme

1.1 Your requirements

The Foreign and Commonwealth Office (FCO) is responsible for the delivery of Chevening, the UK Government’s international awards scheme, which offers a unique opportunity for future leaders, influencers and decision makers from all over the world to study in the UK.

To date, Chevening has not had a comprehensive monitoring and evaluation programme and this has been identified as a critical area to address. This evaluation will assist with identifying and measuring the baseline impact and influence of the Chevening programme. It will also aim to provide guidelines for developing a framework for its ongoing monitoring and evaluation of impact.

The FCO has commissioned KPMG to undertake this work. The objectives of this work are to:

1 Identify and measure Chevening’s return on influence. This is defined as the declared change in attitudes towards the UK among Chevening Alumni and their networks in their home countries. It also includes how FCO posts leverage Chevening Alumni to achieve their foreign policy objectives.

2 Identify and measure Chevening’s return on investment. This is defined as the impact of Chevening on the UK economy. This estimates direct, indirect and induced gross value added (GVA\(^1\)) and employment impacts and investment impacts.

3 Develop a framework of ongoing monitoring and evaluation using existing human resources. This includes input into an annual action plan for its implementation. It will cover return on investment, return on influence, value for money and customer satisfaction, as well as guidelines to enable Chevening to develop internal models to estimate these going forward.

1.2 The approach

This section details our overarching approach to estimating the impact of the Chevening programme.

1.2.1.1 Return on influence

Our analysis captures the return on influence. This considers the extent to which alumni indicate they have changed their opinions, views and behaviour in relation to various aspects of the UK while studying there.

We also consider the extent to which alumni influence the opinions of others in their professional or personal network when they return to their home country.

\(^1\) Gross Value Added measures the additional contribution to the economy from the expenditure.
1.2.2  **Return on investment**

Our analysis also considers the return on investment, or the economic impact, of the Chevening programme. This includes estimated GVA, employment impacts and investment impacts. GVA and employment impacts include direct, indirect and induced effects.

To estimate the impact, we draw on the recognised economic impact and cost-benefit analysis methodologies set out in HM Treasury’s Green Book\(^2\).

1.2.3  **Additionality**

A key part of the methodology involves consideration of additionality\(^3\). This is the analysis of outcomes and impacts from the programme against a ‘do nothing’ scenario. It estimates the extent to which the returns on investment and influence can be attributable to the Chevening programme.

Consideration of additionality is required in order to meet HM Treasury’s Green Book and Magenta Book guidance\(^4\), and is a key component of the analysis of the net impact of a project or programme.

1.2.4  **Our research tools**

Below we provide a brief overview of the research tools used in our study.

**Background and literature review**

The initial step of the study was to conduct a short literature review to analyse existing evidence relating to the Chevening programme and to government scholarship programmes more broadly.

The review sought to inform our understanding of the benefits of the Chevening programme’s activity and investment. It also examined the extent to which returns on influence have been measured for other similar scholarship programmes.

**Workshop with stakeholders**

Building on the findings from the literature review, we held a workshop with stakeholders from the FCO and the Chevening Secretariat in order to map out the inputs, activity, outputs and impacts of the Chevening programme. This informed the focus of our research and fed into our framework for analysis.

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\(^3\)  Additionality is the determination of whether an intervention has an effect, when the intervention is compared to a baseline of ‘do nothing’.

Survey

Our main source of quantitative evidence on the impacts of the programme was a survey of Chevening alumni and FCO Posts. The alumni questionnaire included questions on expenditure, investment and business activity, as well as questions around influence and additionality. The FCO Posts questionnaire focused on the extent to which they leverage the Chevening network and how they do this. We collaborated with the FCO to ensure the questionnaires were fit-for-purpose and tested the instruments with a sample of participants.

Final copies of the questionnaires can be found in the Appendix.

The Chevening alumni survey was sent to around 40 per cent of all alumni5. These alumni were those that the Chevening Secretariat held contact details for. Therefore, this is a sample of alumni that are likely to be more engaged with the Chevening network than Chevening alumni as a whole.

The survey was open for a period of two weeks and 2,680 responses were received from alumni (a response rate of roughly 15 per cent). Respondents to the survey were self-selecting.

The make-up of respondents was skewed towards Chevening Fellows who made up 16 per cent of the respondents but only 3 per cent of the recipient population. 84 per cent of respondents were Chevening Scholars. Respondents were also more likely to have completed their studies – 50 per cent of respondents received their Chevening Award in the last 10 years, contrasting with 25 per cent from the recipient population.

Based on the profile of those alumni surveyed, and those responding, the alumni survey responses should not be considered representative of the total alumni population. Any biases in results would be expected to be most apparent in responses relating to engagement with the Chevening network and with UK Government.

145 responses6 to the FCO Post survey were received, with broad coverage of all regions in which the Chevening Award is offered. The FCO Post survey was open for a period of one week.

Interviews

To better understand the individual experience and impact of the Chevening Programme, we conducted 30 minute interviews with Chevening alumni and representatives of partner organisations. These interviews were used to triangulate survey responses and probe deeper into some of these responses. Interview questions focused on roles post-Chevening, and how the experience and resulting network has played a part in both professional and personal life.

A total of 11 interviews were conducted – consisting of 8 Chevening alumni and 3 Chevening partner representatives. The alumni were selected from a list provided by the

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5 The FCO held contact details for 18,726 of the 45,052 alumni in total as a result of a survey that had previously been undertaken with alumni.
6 This was sent to c. 160 FCO Posts, including some who were responsible for more than one Chevening country.
Chevening Secretariat. The final list of interviewees included alumni from Botswana, Brazil, Croatia, Malaysia, Mexico, Montenegro, Pakistan, and Tunisia, and were graduates from 1988 - 2013. In general, the alumni interviewed are active in the Chevening alumni network and had notified the Chevening office that they would be willing to be contacted without post permission.

2 Background

2.1 The Chevening programme

The Chevening programme is a UK Government international award scheme, aimed at developing future leaders, influencers and decision-makers around the world. It aims to build a network of friends of the UK around the world who are expected to rise to increasingly influential positions over the years.

There are two main types of award available – the Chevening Scholarship and the Chevening Fellowship. Scholarships provide for full-time study that lead to a Master’s degree qualification and Fellowships provide for shorter courses. A large pool of applications are submitted annually through the Chevening online application systems and recipients are selected through a rigorous application process. This includes interviews by British Embassies and High Commissions around the world.

Funding for the programme, and the volume of Chevening recipients, have varied since its inception in 1983. It can be seen from figure 1 that the volume of scholars fell significantly from 2003 to 2014, reflecting a decline in funding of 55 per cent over that period (from £37.30 million to £16.75 million). 2010 saw an emphasis on expansion of the program, prioritising major emerging markets and countries in political transition. This is reflected with the steady budget and volume of scholarships seen since then. The current budget for 2015-2016 is £46.24 million.
2.2 Aims of the Chevening programme

The Chevening programme focuses on building relationships with influential people in other countries. This aligns with the ambition of many government scholarship programmes which focus on historic commitments to an international community, public diplomacy and soft power objectives, as well as international development and labour market objectives.

Such scholarship programmes offer the potential to forge relationships with international students. These relationships are formed as a result of their experience in the UK and by attracting people to the culture, education, language and values of the country. In general, the UK is recognised as one of the most adept soft power states, regularly ranking in the top three countries globally for soft power influence.

After their experience in the UK, alumni may be more pre-disposed to engage with, invest in and continue to be friends of the UK. For example, a report by Gift and Krcmaric examines the link between a Western education and the likelihood of a leader democratising their home country. The study found, after controlling for factors influencing democracy, democratisation was more likely when leaders were educated at Western universities. This

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was due to the socialisation effect of attending Western universities which led to improved views of democracy as a legitimate form of government.

A recent evaluation of Chevening alumni found evidence of these soft power benefits. The findings suggest that a positive perception of the UK translated to improved business and government relations. Responding via a survey and face-to-face interviews, almost 90 per cent of alumni respondents stated Chevening had helped in some way to achieve improved business outcomes. A general improvement in bilateral relations was also reported, along with better public diplomacy opportunities and promotion of the UK education system. Evidence from the literature review suggests such improvements are reliant on the recipients being selected based on their ability to have such influence (i.e. holding positions of power or authority).

The evaluation also identified benefits resulting from the sustained relationship between UK Government and alumni. Case study evidence from FCO posts emphasises the value of Chevening alumni, in particular the ability it gives the FCO to connect with individuals in influential positions in foreign governments. There are also benefits for UK businesses looking to set up in various countries – for example, in Senegal the FCO Post reported that alumni provide relevant business advice to potential UK investors.

Other similar scholarship programmes to Chevening (such as the Marshall and Commonwealth schemes) have also reported that scholars had retained ties with the UK – this was particularly pronounced for the Marshall scheme.

Results from both surveys identified that alumni felt the qualifications and skills gained on their Scholarship further enhanced their career and prospects.

### 2.3 Secondary aims and wider benefits

The aims of the Chevening programme are primarily linked to foreign policy objectives. However there are also direct and indirect economic benefits to be gained from attracting international students to the UK.

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11 The evaluation team consulted with alumni via a survey using a sample of their alumni. 138 returns were received from 900 Chevening alumni. 12 Internal Chevening Scholarships Evaluation, 2014
13 The Marshall scheme supports up to 40 American students a year and was originally set up to express gratitude to the American people for post-war support and assistance. It is funded by the Foreign and Commonwealth office.
14 The Commonwealth scheme supports students from developing Commonwealth countries who would otherwise not have been able to afford to study in the UK.
16 http://www.chevening.org/about-chevening
Research by Universities UK\(^\text{17}\) found that international students make up roughly 13 per cent of the UK student population, and around one-eighth of university income comes from international students’ tuition fees.

In total it is estimated by Universities UK that international students contribute more than £7 billion to the UK economy. A study by BIS also finds that associated expenditure during study makes a significant contribution to the UK economy.

There are also wider benefits for the UK higher education system and UK students of international students. A study by HEPI\(^\text{18}\) found that 87 per cent of prospective students from the UK agreed or strongly agreed that studying alongside international students gave them a better world view, and 76 per cent reported that it would help them develop a global network.

A report by the Department for Business, Innovation and Skills (BIS)\(^\text{19}\) also considered the impacts of international education (using the Chevening scheme as part of their evidence base). Interviews with alumni of international scholarship programmes found benefits of international education including the development of professional networks and the ability to influence policy and promote trust. Other benefits identified included business to business transactions and trade benefits\(^\text{20}\).

### 2.3.1 The UK as a destination for international scholars

The advantages outlined above are reliant on the assumption the UK can attract the students it wants. Other countries compete for these students – for example, US Scholarship schemes are also aimed at attracting top students in influential positions. The International Student Barometer\(^\text{21}\) survey lists the primary alternatives to the UK for international study as the USA followed by Australia. Furthermore a report analysing the UK’s competitive advantage when attracting students shows that although the UK has grown its share of the top-performing students worldwide, other countries like Australia and Canada, have grown their share faster and more significantly than the UK\(^\text{22}\).


\(^{21}\) I-graduate. 2015. ‘International Student Barometer Survey’. See: [http://www.i-graduate.org/services/international-student-barometer/](http://www.i-graduate.org/services/international-student-barometer/)

This indicates an increasing need for initiatives to attract high-performing and influential individuals in order to meet future soft-power objectives.
3 Return on influence

3.1 Methodology

To capture the return on influence, we have assessed the extent to which alumni indicated that they have changed their opinions, views and behaviour in relation to various aspects of the UK while studying in the UK. We also consider the extent to which alumni feel they influence the opinions of others in their professional or personal network when they return to their home country.

Figure 2: Estimation of Return on Influence

<table>
<thead>
<tr>
<th>1. CHANGING PERSONAL OPINIONS</th>
<th>2. CHANGING OPINIONS OF OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>For example:</td>
<td>For example:</td>
</tr>
<tr>
<td>▪ the importance of democracy;</td>
<td>▪ the UK as a place to do business;</td>
</tr>
<tr>
<td>▪ the importance of tolerance and diversity in society;</td>
<td>▪ visiting the UK and purchasing UK products and services;</td>
</tr>
<tr>
<td>▪ UK government policy, culture &amp; growth prospects</td>
<td>▪ studying in the UK.</td>
</tr>
</tbody>
</table>

This analysis is based on the alumni survey data.

The remainder of this section details the findings regarding reported changes and trends amongst alumni. The declared changes in personal views are reported first, followed by the extent to which alumni feel they influence the opinions of others in their personal and professional network.
3.2 Findings

3.2.1 Change in personal views

There has been significant positive change in personal views of the UK amongst participating Chevening alumni, as seen in Figure 3 below.

Figure 3: Change in personal views declared by alumni

The most significant positive change was declared in relation to alumni’s perceptions of the UK as a place to live. For example, positive changes were reported regarding their perceptions of UK people in general and UK culture – these were reported by almost 90 per cent of participating alumni.

In regards to how their experience with Chevening impacted their perceptions of UK values, the declared impact was overall positive.

Over 80 per cent of alumni respondents reported a positive change in their views regarding the importance of tolerance and diversity in society.
In terms of democracy and the rule of law there was also an overall positive shift, albeit less so – with roughly 70 per cent of alumni respondents reporting a positive change. These changes do not reflect what views were previously held. These changes were far more prevalent among those alumni from countries with lower levels of democracy\(^{23}\), while changes in views regarding the importance of democracy were less prevalent among from countries with already strong levels of democracy, for example, Australia.

There was some variation across countries, with higher levels of positive change reported in China, Mexico and Nigeria in comparison to the average of all countries.

Declared changes in perceptions regarding UK growth prospects and the trustworthiness of UK businesses were less positive than other factors, though positive changes were still cited by about 70 per cent of responding alumni for each. It is important to emphasise the current study only collected data regarding declared perception changes, and not the reported perceptions themselves.

An example of variation by country is shown to the right. As it can be seen, higher levels of positive change in regards to trustworthiness are seen in China, India and Nigeria. India and Nigeria also had the most significant change relating to growth prospects, with China to a much lesser extent.

We considered that these factors may be heavily impacted by economic conditions at the time of this study. We therefore tested how the impact of the programme on perceptions of UK growth prospects and the trustworthiness of UK businesses have changed over time, mapped against period of recession. The results of this are displayed in Figure 4: Positive change in UK growth prospects and perception of trustworthiness of UK businesses below.

\(^{23}\) Responses to these questions were cross-tabulated with the Global Democracy Ranking to understand how responses differed by countries with high and medium levels of democracy and those with low (classified to have a score of less than 55). See: [http://democracyranking.org/wordpress/](http://democracyranking.org/wordpress/)
Figure 4 demonstrates that there are significant fluctuations in responses meaning that a clear pattern is difficult to establish. However there was a drop in positive responses relating to UK growth prospects from members of the 1989 and 1998 cohorts and, to a lesser extent among the 2007 and 2009 cohorts. However, due to the amount of variation across other years, conclusions cannot necessarily be drawn from this. The figure does however appear to show that the proportion of alumni reporting a positive change in their perception in regards to these two factors has, on average, increased from cohort to cohort in the last decade.

As seen above, the area with the largest number of alumni reporting a negative change is that relating to perceptions of the UK government and/or UK government policy.

3.2.2 Changing opinions of others

Chevening alumni have reported influencing the opinion of other people within their network in a positive way.

Alumni appear to influence their professional and personal networks most positively in relation to encouraging visits to the UK or promoting attendance at UK higher education institutions. This appears to reflect their positive experience of living and studying in the UK. In terms of economic impact, this
would be expected to have a flow-on effect to the UK economy in terms of additional visitors and incoming international students.

Figure 5: Influencing perceptions of their professional and personal network

Over 80 per cent of respondents said they positively influenced their networks’ perceptions regarding the UK as a place to do business or to engage in a professional capacity.

Alumni were least likely to influence their network in terms of their views of the UK’s Government policy. This may reflect political sensitivities or hesitation for the alumni to influence others’ opinion regarding governance.

3.2.3 Maintaining contact with the FCO or relevant Embassy, High Commission or Consulate

Just under 85 per cent of responding alumni have maintained contact with the FCO or relevant Embassy, High Commission or Consulate since completing their Chevening Award.

Of these, 20 per cent said they maintained contact to a significant extent (i.e. they engaged on a regular basis). The ways that Posts maintain contact varied, with the majority indicating they preferred to stay in touch via email or by inviting alumni to events organised by the Mission (for example, for the Queen’s Birthday or other receptions).
Responses to the FCO Posts survey also indicate high levels of engagement – with 96 per cent of responding Posts indicating they utilise their Chevening network.

In terms of the ways in which they engage with FCO Posts or the UK Government, alumni more commonly reported helping to identify relevant contacts when required and providing input or support relating to a policy or diplomacy issues.

Results from the FCO Post survey also confirm that these reflect the main sources of value of the Chevening alumni to them. The most cited use of the Chevening network was as a source of contacts or to find out information they are unable to access from other sources. An example was given by one FCO Post who reported that their Chevening network helped them engage with several contacts they did not have prior relationships with. Creating these connections turned out to be critical for relationship-building within their region.

Looking at specific areas, participating FCO Posts reported Chevening alumni to be most useful in regards to the area of governance, democracy and human rights (as seen below in 6).

### Figure 6: Areas FCO Posts use the Chevening network

<table>
<thead>
<tr>
<th>Area</th>
<th>Proportion of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance, democracy and human rights</td>
<td>74%</td>
</tr>
<tr>
<td>Art, culture and media</td>
<td>51%</td>
</tr>
<tr>
<td>Bilateral trade and investment</td>
<td>45%</td>
</tr>
<tr>
<td>Climate change / energy policy</td>
<td>43%</td>
</tr>
<tr>
<td>Banking and finance</td>
<td>40%</td>
</tr>
<tr>
<td>Defence and security</td>
<td>34%</td>
</tr>
<tr>
<td>Other</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: KPMG Analysis based on Chevening Posts survey (2016), n = 125

The ways in which fellows and scholars declare they work with the UK Government are broadly the same, with proportionally more Fellows declaring they have helped with testing a policy idea or policy solution, or have facilitated a business deal.

**Alumni reported the most useful aspect for furthering their relationship with the UK was having first-hand experience in the UK.**
Over half of alumni surveyed reported that first-hand experience was the most important resource when furthering their relationship with the UK. This included becoming more familiar with the UK business and political environments.

Subsequent access to the Chevening alumni network was also reported to be important for just under 20 per cent of responding alumni.

3.2.4 Interviews

3.2.4.1 Alumni

Personal benefit

Interviewed alumni believed they received significant personal benefits from receiving a Chevening Scholarship. One scholar noted that, as a Muslim, he was impressed by the levels of tolerance at his university in the UK, particularly in comparison with his experience in other European countries. Other scholars appreciated the openness and tolerance of the UK, and valued the freedom that all groups have to discuss views and ideas. There is evidence that this open engagement carries through to alumni’s’ careers. As one interviewee noted, Chevening alumni in their country’s civil service seem more open and engaging than non-Chevening colleagues. The interviewees spoke very highly of Chevening and they all recommend the Scholarship scheme to professionals within their network.

Business with the UK

There is evidence that Chevening alumni create business links between the UK and their home country after their scholarship. One alumnus set up a business forum for UK and Montenegrin business leaders, and representatives of both governments. This was deemed such a success that the UK Cabinet Office is currently developing it into an annual event and looking to expand it beyond Montenegro. Another alumnus is CEO of a business platform for entrepreneurs to create solutions that bring Mexico and UK closer in areas of agriculture and/or entrepreneurship. One of the British business participants has now started to export to Mexico.
Leveraging networks

Individual interviews with Chevening alumni highlighted the importance of the networks built both while in the UK and through wider Chevening alumni activity. Several respondents noted that the Chevening alumni network opened doors for them that they wouldn’t otherwise have access to. For example, liaising with government ministries as part of their profession, or setting up regional business fora that included business and government representatives from several neighbouring countries – all made possible due to the Chevening network. In multiple examples, these connections led to direct business benefits for the UK and UK firms.

3.2.4.2 Partner Organisations

The above experiences have been supported by observations provided in interviews with Chevening partner organisations. Both university partners we spoke to commented on the high level of maturity, engagement, and focus of Chevening scholars and alumni. Scholars provide different perspectives and experiences to their courses, which provides benefits to the other students. The partner organisations have also noted the important impacts of the scholars once they graduate – improved foreign engagement, generation of overseas research funding, and foreign investment in the UK.
4 Return on investment

Return on investment considers the economic impact generated by the Chevening programme. It draws comparisons with the costs and estimates the cost benefit ratio.

The estimated impact includes GVA, employment impacts, including direct, indirect and induced effects, and investment impacts.

Our estimation of the direct, indirect and induced impact of the Chevening Award considers the following:

- total expenditure on living costs and tuition fees whilst undertaking the Chevening Award;
- Alumni expenditure in the UK when returning after the completion of their Chevening Award;
- investment in the UK by alumni in a personal or business capacity; and
- imports from the UK by alumni (e.g. purchasing from UK suppliers in business capacity).

The extent to which these impacts are present will also depend, in part, on the return on influence (i.e. the impact Chevening has on changing the personal views of alumni). A change in personal views regarding the UK, its business environment and values may impact on decisions by alumni to return to or invest in the UK. This interaction is depicted below:

Figure 7: The economic impact of the Chevening award

Although this isn’t captured quantitatively, these effects are likely to interact and influence one another along these lines.

4.1 Methodology

As described above, return on investment considers the economic impact of the Chevening programme versus the costs.
Figure 8 provides an overview of how each of these factors fit into the overall estimation approach for the return on investment. Estimates of the GVA impact of the Chevening programme are based on the spending by alumni in the UK economy, through declared personal and business expenditure (purchases from UK suppliers). Estimates of the employment impacts are derived from the GVA impacts.

**Figure 8: Estimation of return on investment**

The analysis was based on the alumni survey data.

Additionality is a key consideration as part of the methodology. This includes the extent to which recipients declare they would:

- come to study in the UK anyway (in the absence of the Chevening award);
- come and visit the UK anyway (be it for business, leisure, further study or temporary work) in the absence of their experience in the UK as a result of Chevening;
- be pursuing business relationships with the UK, including increasing import activity in their home country from the UK without their Chevening experience; and
- be undertaking investment activity (in both a personal and business capacity) in the UK without their Chevening experience.

The survey research tool was designed to ensure information relating to the above additionality questions was gathered.

The remainder of this section details the findings regarding the estimated GVA and employment impacts generated by the Chevening programme.
4.2 Findings

4.2.1 GVA

The GVA of the Chevening programme represents its contribution to GDP net of the inputs of production.24 Estimates of the GVA impact for the Chevening programme are based on declared spending by survey participants whilst studying in the UK and subsequently, as alumni, through personal and business expenditure (purchases from UK suppliers) – extrapolated to the entire alumni population.

The total GVA impact of the programme includes direct, indirect and induced effects.

Direct GVA refers to impact generated via direct expenditure of scholars and fellows.

Indirect effects are those generated within the supply chain of goods produced. For example, if alumni purchase goods in the UK, then the company producing these goods will increase production and will also require more inputs from suppliers (increasing their activity – indirect GVA).

Induced effects are those generated through additional spending of wages by those employed both directly and indirectly as a result of the expenditure of alumni.

Based on scaled-up estimates, between 1983 and 2015, we estimate that in the region of £1 billion of net additional GVA has been generated in the UK economy by the Chevening programme. This includes £249 million of GVA generated from the FCO spend on the Chevening Award itself.

This is on average an estimated £31 million of additional GVA in the UK each year. It is estimated that 97 per cent of this is GVA generated by scholars and 3 per cent by Fellows.

The average GVA impact per alumni varies substantially by country. The table to the right draws comparisons between the average for all countries and the average impact of five example countries for the Chevening programme. This average impact includes alumni’s stay in the UK and any subsequent spend, as well as indirect and induced impacts. As it can be seen, the average GVA contribution based on declared expenditure by Nigerian, Mexican and Chinese respondents appears to be higher than the average GVA contribution for all countries. In comparison, estimates based on responses from India were far below the average GVA for all participating countries. It is important to reiterate the overall programme contribution was estimated on the basis of declared expenditure from a sample of 2,680 self-selected alumni. The level of declared expenditure is expected to vary according to how long ago the alumni had studied in the UK, how many times they have returned to the UK since, their professional level, their sector of activity and so on. These

<table>
<thead>
<tr>
<th>Country</th>
<th>Av. impact per Alumnus/a (incl. indirect and induced)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All countries</td>
<td>£294,885</td>
</tr>
<tr>
<td>Nigeria</td>
<td>£356,730</td>
</tr>
<tr>
<td>China</td>
<td>£346,964</td>
</tr>
<tr>
<td>Brazil</td>
<td>£309,625</td>
</tr>
<tr>
<td>India</td>
<td>£59,317</td>
</tr>
<tr>
<td>Mexico</td>
<td>£427,964</td>
</tr>
</tbody>
</table>

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caveats highlight the need for more advanced data collection and analysis (beyond the scope of this study).

Table 1 details the relative contribution to total GVA of each element of spending:

**Table 1: Make up of total estimated GVA**

<table>
<thead>
<tr>
<th>Total estimated GVA</th>
<th>Direct GVA</th>
<th>Indirect and Induced GVA</th>
<th>Total GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCO spend on the Chevening Award</td>
<td>173,887,325</td>
<td>75,512,794</td>
<td>249,400,119</td>
</tr>
<tr>
<td>Estimated spend whilst studying initially</td>
<td>75,527,696</td>
<td>58,003,731</td>
<td>133,531,427</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK on business</td>
<td>6,833,555</td>
<td>5,970,521</td>
<td>12,804,076</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK for leisure</td>
<td>10,874,719</td>
<td>9,501,312</td>
<td>20,376,031</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK for study</td>
<td>27,121,304</td>
<td>18,287,406</td>
<td>45,408,710</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK for work</td>
<td>182,941,848</td>
<td>130,828,797</td>
<td>313,770,645</td>
</tr>
<tr>
<td>Estimated value of importing UK goods</td>
<td>137,821,533</td>
<td>88,464,599</td>
<td>226,286,133</td>
</tr>
<tr>
<td><strong>Forward forecast – spend when returning</strong></td>
<td>924,460</td>
<td>627,194</td>
<td>1,551,654</td>
</tr>
<tr>
<td><strong>Forward forecast – business impact</strong></td>
<td>346,801</td>
<td>317,889</td>
<td>664,689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>616,279,241</strong></td>
<td><strong>387,514,243</strong></td>
<td><strong>1,003,793,484</strong></td>
</tr>
</tbody>
</table>

Source: KPMG Analysis based on scaled up analysis of results from the survey of Chevening Alumni (2016). Forward forecast refers to the forecasts of impacts of Alumni who have studied in the last 20 years. It is expected their impact will continue and need to be captured as the benefit as a result of spend to date.

Of the total GVA estimated, one of the most significant drivers is UK exports (roughly 23 per cent of total GVA). This relates to the influence Chevening alumni exert, or decisions they make, to increase imports from the UK. Just under 15 per cent of alumni reported making or influencing such decisions. The importance, in terms of contribution to GVA, reflects the value of these changes to UK exports.

GVA generated by estimated expenditure whilst living in the UK completing their Chevening Award is another significant driver of total GVA. This is made up predominantly by expenditure on living costs.

Overall patterns of the value of spend on tuition fees is broadly similar for both Fellows and Scholars, although scholars were marginally more likely to spend additional money on tuition fees. This may reflect particular courses scholars undertake (for example, an MBA where additional tuition fee was payable by the recipients). On average, for all those alumni who reported additional spending on tuition fees, the average spend per alumni was £5,330. This contributes 2 per cent of total GVA impact.

The average estimated expenditure by alumni on living costs while living in the UK to complete their Chevening Award was £4,500 (on average for all scholars and fellows that reported spending additional money on living costs over the duration of their stay in the UK whilst studying). Scholars were likely to spend double that of fellows (an average
expenditure of £6,480 for scholars and £3,340 for fellows), which reflects key differences in the award duration (normally one-year MA courses for scholars and shorter courses of varying duration for Fellows). No significant difference in spending habits was identified across country, or reported likelihood of coming to the UK in the absence of the Chevening award25.

The expenditure contribution made by the Chevening Award to tuition fees and living costs also contributes to the overall GVA impact. The total contribution made over the lifetime of the Chevening programme is just under £249 million26.

GVA generated by alumni returning to the UK for various purposes makes up roughly 40 per cent of total GVA. Two thirds of responding alumni have returned to the UK at least once after completing their Chevening Award.

As seen in figure 9, the total estimated GVA generated from those returning to the UK is driven largely by those returning to work (either temporarily or permanently) or to study. This reflects the extended length of stay in the UK for these purposes and higher expenditure as a result.

Figure 9: Proportion of GVA generated by alumni returning to the UK

Source: KPMG Analysis based on Chevening Alumni survey (2016), n = 2,394

Based on scaled-up estimates, £314 million of additional investment has been made in the UK as a result of the Chevening programme

Of the estimated £314 million of additional investment, personal investment declared by participating Chevening alumni contributes £97 million, whilst business investments contribute £217 million. An additional £1.4 million is expected to be made in the coming 20

25 A t-test was run on the sum of expenditure each year for alumni indicating they would have come to study in the UK anyway versus those who would not have been able to. No statistical significant variation existed between these two samples at the 5% significance level (for spend on living costs t(31)=1.32, p >0.05; for spend on tuition fees t(31)=-0.81, p>0.05).

26 The funding provided by the FCO is spent in the UK economy and generates GVA and employment impacts (and as such, is considered as a benefit). The cost benefit analysis will net the benefits (i.e. GVA – costs of the Chevening Award)/Costs of the Chevening Award).
years as a result of current Chevening alumni.

Personal investment was reported by 9 per cent of participating alumni at an average value of £38,023 across those who reported that they have invested. The value of investment was broadly consistent for both fellows and scholars, however scholars were marginally more likely to make investments above £150,000 than their Fellow counterparts. Investment was also more common for recipients who undertook their Award 10-20 years ago.

Alumni from Nigeria and Brazil who answered this question were more likely to report investing in the UK in a personal capacity (with 14 per cent in both countries reporting they had, in comparison to an average of 9 per cent for all alumni survey respondents). The average value of their investment per alumni survey participant was also higher than the average in both countries.

Decisions to make business investments were reported by a smaller proportion of alumni (6 per cent). The value of this investment varied (as seen in the figure below), with an average declared value of roughly £323,168. This was broadly consistent for both scholars and fellows.

**Figure 20: Value of business investment reported**

<table>
<thead>
<tr>
<th>Country</th>
<th>Av. Investment per Alumni respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>All countries (213)</td>
<td>£38,023</td>
</tr>
<tr>
<td>Nigeria (12)</td>
<td>£71,020</td>
</tr>
<tr>
<td>Brazil (14)</td>
<td>£64,483</td>
</tr>
<tr>
<td>India (6)</td>
<td>£48,304</td>
</tr>
<tr>
<td>China (9)</td>
<td>£34,841</td>
</tr>
<tr>
<td>Mexico (105)</td>
<td>£27,015</td>
</tr>
</tbody>
</table>

Source: KPMG Analysis based on Chevening Alumni survey (2016), n = 65
The average value of the business investments also vary across countries, with more significant values reported by both China and India in comparison to the average. Once again, it is important to emphasise these estimates are made on the basis of the responses received to the survey, which will have varied according to a number of factors beyond the scope of the current report.

4.2.2 Employment

Estimates of the employment impacts of the Chevening programme are based on the estimated GVA impact in Section 4.2.1. As a result of the additional activity generated in the UK economy, there are direct impacts on employment. Indirect effects are generated within the supply chain of the goods produced and induced effects are those generated through the additional spending of wages by those employed (both directly and indirectly) as a result of spending by alumni.

Based on scaled-up estimates, between 1983 and 2015, the equivalent of around 25,000 jobs have been generated as a result of the Chevening programme

As can be seen below, the majority of these jobs created were a result of the change in UK exports.

Table 2: Make up of total estimated employment impact

<table>
<thead>
<tr>
<th>Total estimated Employment effect</th>
<th>Direct employment effect</th>
<th>Indirect and Induced effect</th>
<th>Total employment effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCO spend on the Chevening Award</td>
<td>3,783</td>
<td>1,153</td>
<td>4,936</td>
</tr>
<tr>
<td>Estimated spend whilst studying initially</td>
<td>1,626</td>
<td>883</td>
<td>2,509</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK on business</td>
<td>276</td>
<td>119</td>
<td>395</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK for leisure</td>
<td>439</td>
<td>190</td>
<td>629</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK for study</td>
<td>566</td>
<td>239</td>
<td>804</td>
</tr>
<tr>
<td>Estimated spend when returning to the UK for work</td>
<td>-</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Estimated value of importing UK goods</td>
<td>9,449</td>
<td>6,053</td>
<td>15,502</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,139</strong></td>
<td><strong>8,643</strong></td>
<td><strong>24,782</strong></td>
</tr>
</tbody>
</table>

Source: KPMG Analysis based on Chevening Alumni survey (2016). Based on estimation from n = 2,680.

Of these total jobs generated, 65 per cent are due to direct employment effects with 35 per cent due to indirect and induced effects.

4.2.3 Cost Benefit Ratio

The final aspects of return on investment is understanding the cost benefit ratio. This considers the benefits, considered to be total GVA as above, divided by the FCO costs of the Chevening programme. The direct impact of the FCO funding for the Chevening...
programme on GVA must be subtracted from total GVA to properly account for additional benefits (as below)\(^{27}\):

\[
\frac{\text{Cost} - \text{benefit ratio}}{\text{Cost of Chevening programme}} = \frac{(\text{Total GVA} - \text{FCO funding direct impact})}{\text{Costs of Chevening programme}}
\]

Based on scaled up estimates, between 2002 and 2014, the Chevening programme generated £1.38 for every £1 spent by the FCO.

This indicates that the Chevening programme generates a positive return on public investment in monetary terms, generating greater economic value to the UK economy, than it costs the exchequer. This should be considered in the context of the programme objectives, which are primarily focussed on delivering soft power gains and returns on influence, which cannot easily be monetised.

\(^{27}\) Although the direct impact is subtracted, the subsequent indirect and induced impacts are still accounted for in the CBR.