

# **HMG Scholarships Cluster Review March 2015**

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**HM Government**

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# Scholarships Cluster Review

## Executive Summary

### Context

This cluster review follows the individual triennial reviews of the two scholarship non-departmental public bodies (NDPB), the Commonwealth Scholarship Commission (CSC) and the Marshall Aid Commemoration Commission (MACC), as well as an internal review by the FCO of the Chevening scholarship scheme. Its aim was to find whether there is scope for further efficiencies and synergies, and if so what structure, administration or delivery might realise those improvements.

Scholarship schemes build soft power, in the short and long term; they promote international development; they enhance the reputation of UK universities; they recognise and promote the highest standards of intellectual achievement; they build international academic communities; they recognise and promote the highest standards of intellectual achievement; and they project British excellence abroad, promoting the UK internationally as a place to visit, study and do business.

Identifying and building affiliation with the brightest young people who may be future leaders is however an internationally competitive endeavour. These young people are looking for quality of education, and also for the career enhancement that comes partly from scheme cachet and partly from an active alumni network.

Despite the quality and success of British higher education, the UK recruits fewer students through scholarship schemes than competing countries, through a set of schemes that are co-ordinated only in some aspects of their administration. The individual UK schemes are very well respected, but their brands are less well known than competitors such as Fulbright and Rhodes.

### Principal recommendation

The main recommendation from this review is that the three schemes should continue as now but should sit side by side in a single FCO-sponsored NDPB, a UK Government Scholarship Commission, which would be responsible for advising on and implementing UK government scholarship strategy. This would improve the recognition of all the benefits realised from all the schemes, and so improve decision-making about future strategy and funding. This would represent a substantial strategic shift, although in operational terms the changes required are not great. It would also reduce the number of scholarship NDPBs from two to one. This consolidation also offers some potential for increasing revenue generation (both university fee discounts and partnership income).

For this model to be effective, the Commission will need strong sponsorship from the FCO, with a sustained interest in wider scholarship strategy and policy in the long term, over and above short term tactical benefits.

### Findings

The three schemes reviewed have a combined annual spend which in 2015-16 will approach £90m, including £73m of public money. The schemes all benefit public diplomacy, as well as promoting UK higher education and wider UK interests.

Chevening and Commonwealth both benefit international development. Each scheme has high recognition and status in its own right, and alumni remain strongly affiliated long after their courses end.

The Commonwealth and Marshall commissions have no employees of their own: full management is provided by the administrators, the Association of Commonwealth Universities (ACU). ACU now also administers Chevening, though FCO posts continue to interview Chevening scholars and maintain alumni relationships, and would continue to do so under these proposals. ACU runs all three schemes efficiently and is realising benefits of economies of scale and sharing good practice.

The NDPB model has provided continuity in external relationships such as with UK universities, high administrative efficiency and innovation in areas such as scholarship scheme evaluation. Both CSC and MACC derive substantial financial and intangible benefits from the extensive (and unpaid) time committed by their commissioners, academic committees and alumni. Other models have been considered in the triennial reviews and in this review, but are considered less satisfactory for the purpose. This review endorses that position.

CSC sponsorship was transferred to DFID in 1997, to reflect its increasing focus on developing rather than developed countries, but the dispersal of schemes between departments somewhat restricts the realisation of full benefits to the UK as a whole.

As a programme, within FCO, Chevening has very strong internal support: FCO posts carry out much of the selection and alumni relations work that is done for the other schemes by unpaid academics and alumni.

Few people in government have a good overview of all the schemes, and there is no overall scholarship strategy, no review of the overall distribution of scholarship resource (now overwhelmingly directed at developing countries), no common marketing (e.g. through a single scholarship portal, as with Australian and German scholarship schemes) and no unified approach to realising alumni network benefits.

These are clear drawbacks. While I agree with the main findings of the previous NDPB reviews, which examined the two NDPBs and their schemes separately, I have found no significant justification for continuing to run each scheme from a different NDPB. I also note that while FCO used to be the sponsor department for CSC, Chevening and Commonwealth were run entirely separately from different parts of FCO, and that the low FCO awareness of CSC continues to be reflected in relatively low levels of post-completion contact between British representation abroad and Commonwealth alumni.

The three schemes could sit side by side in a single NDPB, a UK Government Scholarship Commission. Each scheme would retain its brand, its recruitment model and its alumni network. The Commission would oversee them all and would be responsible for advising on and implementing UK government scholarship strategy.

The work of the Commission would necessarily reflect broader government policy than just FCO objectives, and would be visible to the other relevant departments, including DFID and BIS. The Commission could also be directly linked in to the GREAT campaign, given the shared objective of promoting UK higher education.

A new Scholarship Commission would also be the default home for all new scholarship schemes initiated by government. It would be sponsored by FCO, which

would have a more strategic role than at present, with responsibility for wider scholarship policy.

At the same time, FCO should convene a cross-government scholarship policy forum to involve all departments that fund scholarships. This forum would have an overview of the overall outcomes from all schemes, and could make recommendations for policy development accordingly.

Funding departments could continue to make funding grants to the Commission directly, rather than transfer their budgets to FCO as sponsor department, at least until the new model is well established. However, this funding could be linked to the achievement of departmental objectives through all schemes rather than through a particular scheme. (For example, DFID's departmental objectives relate to geographic reach, international development and innovation.) This would allow for strategic re-alignment between schemes where necessary to build a distinctive focus for each scheme and to create most value through the set of schemes.

The change would move the Chevening scheme from FCO into the Commission. As administration of the scheme is already subcontracted, this would actually move only a very small amount of central operational work out of FCO into the Commission. However, I believe that it is essential to the success of the proposals that FCO views and treats all schemes on the same footing, rather than one as the 'in-house scheme' and others as more distant third-party schemes.

The proposed changes are unlikely to place any additional burden on resources.

## Recommendations

### Overall

1. Adopt a strategic 'whole of government' approach to scholarship schemes, enabling an overall UK government scholarship strategy to achieve multiple defined objectives, as noted above.
2. Consolidate the two current NDPBs into a single entity, a "UK Government Scholarship Commission" to manage the three main current schemes, including Chevening, which is currently managed directly by the FCO.
3. Operate the existing schemes within this new Commission, retaining their brands, recruitment models and alumni networks.
4. The FCO should sponsor the consolidated entity, and DFID would no longer act as a sponsor department.
5. The role of the FCO in London should shift to strategic oversight rather than operational management. FCO posts would remain fully involved in scholar selection for Chevening and in alumni relationship development.
6. The FCO should convene a permanent cross-government group to review and develop scholarship policy, to include representation from all departments funding the Commission and other relevant departments and bodies.
7. Develop a remit for the Commission that encompasses the current individual scheme aims and relevant sponsor department objectives, and recognises the extent to which all schemes benefit international development, public diplomacy and the promotion of UK higher education and wider UK interests. This should be broad enough to enable the Commission to take responsibility for schemes initiated outside the FCO.
8. Develop a co-ordinated alumni development approach, building on current work in progress, that ensures that the FCO (and other government entities where relevant) have sight and access to the whole alumni base, so that the full potential of all schemes can be realised.
9. Establish a formal link between the Commission and the GREAT campaign.
10. Where scholarship schemes exist elsewhere in government (such as the Newton Fund and Jubilee scholarships), review with the relevant department or scheme to:
  - Determine which aspects (e.g. information portals, alumni management) can be handled through a unified approach.
  - Decide whether the scheme should be located within the Scholarship Commission.

### At Commission level

11. Establish a new Commission board to:
  - Bring together existing Commissioner and other relevant expertise for all three schemes.

- Provide proper governance, including ensuring that government policy objectives are met.
  - Develop an overall strategic perspective on the use of scholarships, building on good evaluation work.
  - Oversee the implementation of the schemes, with strong Commissioner involvement in scheme selection, as now.
  - Maintain links with UK higher education and other UK interests.
  - Build commercial relationships to extend the scholarship funding base.
12. Establish a framework for FCO sponsorship of the Scholarship Commission that is clear, comprehensive, strategic, and efficient, and that will form the basis of an open and constructive working relationship.<sup>1</sup> This should include assurance that each scheme will be maintained for a certain number of years, to provide transitional protection.
  13. Review scholarship distribution by country, to determine whether the current funding model and allocation methods are ensuring that the full potential benefits of the schemes to the UK are being realised.
  14. Establish a co-ordinated alumni development approach, building on current work-in-progress, that ensures that the FCO (and other government entities where relevant) have sight of the whole alumni base, so that the full potential of all schemes can be realised.
  15. Consider adopting the business model already used by the existing commissions, which employ no staff, as this unusual arrangement appears to be effective and cost-efficient
  16. Develop a scholarships portal page with a Commission website to provide clear information to foreign students on the UK government scholarship schemes for which they are eligible.
  17. Extend the CSC scholarship evaluation programme across all the schemes.
  18. Establish formal periodic benchmarking to compare costs (including administrative costs) with other scholarship schemes, in the UK and overseas.
  19. Work with FCO on internal FCO communications to build staff awareness of all scholarship schemes.

### At scheme level

20. Establish scheme advisory boards to continue relevant aspects of the work carried out by the current Commissions, in particular relating to scholar selection, scholar experience and alumni relations

### Next steps

1. Establish a cross-government working group led by FCO and including representation of all departments funding scholarships, both existing commissions and ACU to plan and implement the changes.

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<sup>1</sup> see the recommendations of It Takes Two, published by the Institute for Government

2. Determine the most effective legal route for implementation, and the likely time and resource requirements.
3. Review the procurement arrangements with ACU to determine:
  - a. Whether scheme administration will be best procured at Commission level or scheme level.
  - b. Which of the procurement models currently in use is most likely to deliver best value, so as to move all schemes onto a common footing over time. This is likely to require some extension of the existing Chevening and Marshall contracts, both of which are due to expire in March 2016.
4. Prepare full implementation plans, with particular attention to (a) minimising any disruption to any scheme, particularly to alumni scheme involvement (e.g. in Marshall selection) and wider alumni relations, and to academic involvement (e.g. the Commonwealth reading committees) as well as to continuing administration.
5. Recruit a new commission board and scheme committees, with sufficient carryover from existing arrangements to maintain relationships and institutional knowledge.
6. Allow time for proper consultation, joint planning with and communication to all those affected.

If the main recommendation cannot be achieved in the short term, I recommend that sponsorship of the Commonwealth Commission transfer from DFID to FCO. The recommendations relating to portal development, alumni development, FCO internal communications, scheme evaluation and cost benchmarking also apply whether or not any substantive changes are made to the current NDPB and sponsorship arrangements.



## Context, Purpose and Scope

### Context

The Government has three main overseas scholarship schemes with a combined annual government grant for 2015/16 of about £73m:

- Commonwealth Scholarships (overseen by an NDPB, the Commonwealth Scholarship Commission (CSC) - £25 million 2015-16).
- Marshall Scholarships (overseen by an NDPB, the Marshall Aid Commemoration Commission (MACC) - £2 million 2015-16).
- Chevening Scholarships (managed by the FCO - £46 million 2015-16).

In addition, the British Council manages or administers aspects of a number of scholarship and funding schemes on behalf of various trusts and organisations and from 2015, BIS will offer PhD scholarships as part of the Newton Fund.

While the three scholarship schemes have separate mission statements, objectives and geographical focus, it is possible to identify commonalities. All contribute to public diplomacy objectives and to the standing of British higher education; and both the larger schemes contribute to overseas development goals. Since 2012 the same organisation, ACU, has provided secretariat functions to all three; the first time that this situation has existed since the schemes' inception.

### Summary terms of reference

The aim of this review is to examine the Commonwealth, Marshall, and Chevening scholarship schemes taking into account their distinctive missions and geographical coverage, and assess:

- Whether there is scope for further efficiencies and synergies;
- If so, what alterations in structure, administration or delivery might realise those improvements?
- The extent to which efficiencies have already been put in place in recent years.

The review focuses on the linkages and synergies between the schemes and does not reopen evidential questions already addressed by the Triennial Reviews. Full terms of reference are at Annex A. The review has been conducted by Amanda Spielman, Chair of Ofqual.

### Summary findings from previous reviews

As NDPBs, both CSC and MACC are subject to triennial review. This challenges the continuing need for an NDPB, both its function and its form. A triennial review may conclude that retention of a NDPB is the best course only if the NDPB's function passes one of three tests:

1. It is a technical function needing external expertise to deliver;
2. It needs to be delivered with absolute political impartiality;
3. It needs to be delivered independently of ministers to establish facts and/or figures with integrity.

If it is agreed that a particular body should remain as an NDPB, triennial reviews then consider control and governance to ensure that the NDPB complies with recognised principles of good corporate governance.

The most recent reviews of CSC and MACC found that their functions continued to be valuable and that NDPB form was justified, while making some further recommendations. The Chevening Scheme is not subject to triennial review but FCO completed an internal review in October 2014. The cluster review was already planned when the internal review was completed, so that a formal management response to the internal review was postponed pending the findings of this review.

#### **Commonwealth Scholarship Commission in the UK: Review published October 2013**

The review concluded that the CSC commands strong support and respect in the UK and the Commonwealth and meets the statutory and technical requirements for delivery of the UK's Commonwealth scholarship scheme. The review also concluded that:

- CSC passed two of the three tests required of a NDPB – the need for external expertise and the need to be seen to operate with absolute impartiality;
- CSC has developed a diverse portfolio of awards that it keeps under regular review. It runs a sound selection process drawing upon wide expertise. Evaluation and monitoring of the impact of CSC awards is developing well, and indicates a good level of achievement;
- CSC is cost-effective with low administration costs and evidence suggests that any successor body would struggle to reach such a level of efficiency. This is particularly true with regard to the rates and discounts which the CSC, through its high standing in the academic community, has been able to negotiate.

The review did not identify any specific concerns related to the CSC's delivery and operational decisions. However, it did make a number of recommendations to bring governance standards in line with general NDPB guidance, noting that CSC had previously worked to DFID's programme delivery control standards at DFID's instruction. A full list of recommendations is at Annex B; these have now been implemented.

#### **Marshall Aid Commemoration Commission: Review published July 2013**

The review concluded that Marshall Scholarships contribute substantively to HMG foreign policy objectives, and in particular through its alumni to maintaining and strengthening the UK's bilateral relationship with the United States. The review also concluded that:

- MACC passed two of the three tests required of a NDPB – the need for external expertise and the need to be seen to operate with absolute impartiality;
- The Marshall Scholarship process was well managed, had mechanisms in place to ensure sufficient accountability to the FCO, including on the handling of its finances, and benefitted substantially from the pro bono input of the MACC Commissioners.

In addition to some minor governance recommendations, the review recommended closer working between MACC and the alumni Association of Marshall Scholars, and also improvements in the diversity of Regional Committee members. A full list of recommendations is at Annex C.

### **Chevening Scholarships Programme Evaluation: Draft internal review submitted September 2014**

The review concluded that the Chevening Scheme contributes to the FCO network's Country Business Plans and is broadly aligned with FCO foreign policy priorities, although the link between scholarship allocation and FCO priorities could be further developed. Furthermore the review noted that Chevening is undergoing changes that should, if continued, increase its effectiveness. Programme delivery mechanisms work and represent value for money.

The review recommended that Chevening should take measures that allow for more strategic direction including establishing a Chevening Programme Board; developing an overarching strategy underpinned with numeric and narrative targets; and developing evaluation and alumni strategies. The review also found that the 'Chevening Secretariat [ACU] were doing a reasonable job' according to a survey of 62 FCO posts. This related to the first year of ACU's contract as they took over administration of Chevening from the British Council in 2012. There was also recognition that service levels were continuing to improve after the initial year, and that the Secretariat was responsive to new ideas. A full list of recommendations is at Annex D. The current cluster review is itself in effect the implementation of one of these recommendations.

### **Exclusions from scope**

The timetable for this review and limited reviewer resource mean that it is necessarily 'high-level' and does not provide detailed financial or cost benefit analysis of alternative delivery models. However, analysis of high-level financial data covering administration costs and funding has informed the recommendations. The reviewer has indicated where further analysis is required before implementation decisions are taken.

The terms of reference of this review exclude the BIS Newton Fund programmes from full analysis. No Newton funded students have yet begun their studies, and plans for scheme evaluation or alumni management have yet to be formulated. This review attempts to indicate where Newton Fund scholarships are likely to be awarded in countries that also benefit from other scholarships, to give a more comprehensive picture of resource allocation.

## Rationale

The UK government funds a number of scholarship schemes, all well recognised, highly valued and strongly branded in their right, some through NDPBs and others directly through departments. The principal schemes offer Chevening, Commonwealth and Marshall Scholarships, mainly for masters and PhD study. A new post-doctoral scheme branded as Newton will welcome its first students in autumn 2015 and other smaller schemes also exist, though they are outside the scope of this review.

While each scholarship scheme has a different primary purpose, all in practice serve multiple purposes. All scholarship schemes build soft power, in the short and long term; they promote international development; they enhance the reputation of UK universities; they recognise and promote the highest standards of intellectual achievement; they build international academic communities; they recognise and promote the highest standards of intellectual achievement; and they project British excellence abroad, promoting the UK internationally as a place to visit, study and do business.

The three main schemes have all recently been reviewed and found to fulfil their primary purposes: Commonwealth and Marshall through triennial reviews of their commissions, Chevening through an internal FCO review.

Collectively the schemes have clear strategic value for the UK government. However, this overall strategic value is somewhat underused because the schemes are run and overseen quite separately, and even those who are involved with or benefit from a scheme rarely have a cross-scheme perspective.

The realised benefits are also not fully recognised when each scheme is evaluated only against the sponsor department's primary purpose, and not against other UK government purposes. Similarly the fragmentation makes it more difficult to see whether the portfolio of schemes, their funding and the current allocation models collectively add up to the most effective allocation of public funds.

An unusual aspect of some of these purposes is that at they are very long-term in nature. A scholar may only achieve a leadership position or complete work of significance for international development twenty years or more after their award. This means that both strategic planning and evaluation fit poorly with standard government resource allocation processes. Where a scheme competes with pressing short-term needs for resources, immediate benefits tend to trump longer term value. It is therefore logical to look for ways to ensure that policy decisions about the use and funding of scholarships are taken in a wider context.

One need is for cross-government recognition of the value of scholarships, with contributions to policy development from all relevant departments. This can most easily be done if one department leads on the development of scholarship policy, and convenes a policy board that includes representatives of other interested departments. Given that a typical scholar will be a scholar for only a year or two but an alumnus for the rest of his or her working life, and will usually have returned to their country of origin, it seems logical that the lead department should be the FCO, which has the strongest long-term interest in alumni and runs the network of posts that are the core vehicle for alumni relationship maintenance.

DFID, BIS and the Scottish Government are clearly interested parties by reason of their international development and higher education responsibilities, and all three already fund CSC. Other departments may also be properly included in future.

It would also be desirable to ensure that scholarship policy is understood by the GREAT programme board, which is responsible for promoting the UK overseas. While Chevening is represented through FCO participation, Commonwealth is unrepresented. A consolidated Scholarship Commission should have some link to the GREAT programme, either formal or informal.

However, these changes alone will not be enough: a deeper change is needed to make sure that all those involved decide and act in the context of the whole scholarship map. The current model has one scheme deeply embedded in FCO, and two other schemes in separate NDPBs sponsored by DFID and FCO respectively. Even among those who have been deeply involved in one or other scheme, few have any real awareness of other schemes or of the totality.

The NDPB model has proved effective for both Commonwealth and Marshall over many years, and substantial efficiencies have been achieved in recent years. CSC administration costs are now notably low by comparison with international benchmarks. Both NDPBs use their status as long established and highly reputed commissions to harness substantial amounts of free or very low-cost high-grade professional time, at commissioner level but also in the supporting infrastructure of academic review committees and alumni associations, as well as in scholar and alumni-facing activities.

Against this, the focus of each commission is naturally on its own scheme: there is no reason for either commission to consider scholarship policy more broadly. The NDPB model also does not of itself promote close working with sponsor departments. While the sponsor relationship between DFID and CSC is run properly and responsibly, the very different focus of most DFID activity means that there is relatively little DFID interaction with scholars or alumni, or with the scheme or commission as a whole.

The Chevening scheme has had less continuity in its strategic development and oversight than the commission-run schemes. It has no strategic board, and a programme board was only recently convened for the first time. Little formal evaluation has ever been undertaken. A small team in the FCO Communication Directorate works with the subcontracted Chevening Secretariat, operated by ACU, and liaises with posts. This team has an operational and delivery focus. Since Chevening operates in well over 100 countries, many FCO staff have direct experience of Chevening recruitment or of interaction with alumni. This has helped to build great internal loyalty to the scheme. However, it will undoubtedly make it harder for FCO staff to extend their embrace to other schemes.

It therefore seems desirable to bring the schemes together under common management and oversight. This will ensure that matters of policy and strategy, including funding, will be considered in the context of all schemes rather than just individual schemes. It will also reinforce the message that these are all UK government scholarships scheme.

There are a number of ways in which the schemes could be brought together. They could:

1. Continue in their present forms, but within or under the aegis of a single department.
2. Be put under common management as programmes within a department.
3. Continue as separate commissions, with a new commission being established for Chevening as an NDPB so as to put all the schemes onto the same footing.
4. Be put into a single commission, which would be a single UK government scholarship commission.
5. Be put into a dependent body such as an executive agency (or set of executive agencies).

Option 1 is likely to have only limited impact. This is how things stood until CSC was transferred to DFID. It does not appear to have enabled a cross-scheme view, or co-ordinated policy-making, nor did it encourage shared marketing, procurement or alumni management. A significant difficulty is that this would continue the very different oversight models for Chevening and the other schemes, allowing Chevening to continue as 'the in-house' scheme. The FCO would continue to manage Chevening and the Chevening contract with ACU, while remaining at arms length from the Commissions and their contracts with ACU. This would make it hard to maintain a clear distinction between programme management and strategic oversight and policy-making. In these circumstances it also seems unlikely that the strong affinity felt by FCO staff for Chevening would extend to the other schemes.

Option 1 would also make it more difficult to implement a unified scholarship policy. The two commissions would each continue their work, but with no requirement or ability to take a cross-scheme view. Decisions that might be eminently desirable from an overall HMG perspective might be more easily implemented in a commission with an overview of all schemes than through a commission that has an interest in only part of the landscape.

Option 2 could provide a clear cross scheme view and improve strategic decision-making within the sponsor department. It would also make it easier to build shared services, with a single client entity rather than three or more. However, it would not improve visibility of the schemes to other departments and stakeholders, so that would be hard to ensure that the strategic objectives that are of more interest to other parts of government would continue to be fully considered. It would also make it more difficult to maintain the commissioner-driven network of relationships that contributes significantly to both Commonwealth and Marshall schemes, including an estimated £500,000 of annual academic input into CSC. Turnover in FCO posts is rapid, so that it would be difficult or impossible to establish the continuity and expertise needed at the centre for this. A programme model also makes it harder to establish and manage to the very long-term purposes of a scholarship policy. A final problem is that the terms of the Commonwealth scheme require that the selection of scholars be made independently of political pressure.

Option 3 would retain the advantages of the present arrangements for Commonwealth and Marshall. For Chevening it would have both advantages and drawbacks: on the one hand, it would bring proper board oversight and continuity, but on the other hand it would have to be carefully managed to protect the support that the scheme enjoys within FCO. More seriously, it would not resolve the

problems of fragmentation discussed above. It would also require the creation of an additional NDPB.

Option 4 is the recommended option out of those considered. It brings the schemes into a single entity, providing strategic unification, continuity, administrative efficiency, visibility to all parts of government and consolidated reporting.

Option 5 would provide for some administrative rationalisation and for a consolidated view of scholarship policy and its implementation. However, the model fits better with organisations focused on immediate service delivery rather than on the realisation of long-term objectives. It would also be unlikely to provide as solid a base for the complex networks that sustain recruitment, selection and alumni relations for both Commonwealth and Marshall. It would also be more difficult to satisfy the requirement for independent selection in this model.

While administrative and financial implications have been considered, the recommendations of this review are not primarily about administrative re-organisation, but about a shift to a more strategic view of scholarships, and an enlargement of horizons, across government but especially within FCO. The schemes would broadly continue as now, including their recruitment and selection processes and alumni association interactions. The disruption to existing roles and responsibilities would in fact be small. A handful of FCO posts would become more focused on policy development than operational oversight.

However, the difficulties of realising the recommendation should not be underestimated, and a number of important caveats must be made.

First, the FCO as sponsor department will need to welcome and embrace its enlarged scholarship remit, including the role of scholarship policy convener across government.

Secondly, the FCO will have to be willing to put Chevening into a Scholarship Commission alongside the other two schemes, and to bring Commonwealth, Marshall and future alumni of other schemes into its in-country activities alongside Chevening alumni. Without this there is a clear risk that Chevening would be the 'favoured child', to the detriment of overall policy and implementation. As noted above, this transfer should have only minimal implications for FCO staffing.

At the same time, it will be important to preserve the close working relationship between the FCO central policy team, FCO posts, and the Chevening Secretariat. The Chevening scheme serves short-term tactical diplomatic purposes, as well as the long-term purposes already discussed. The new model should not impede the scheme flexibility and responsiveness that make this possible.

Thirdly, the new commission should have a well-conceived set of long-term policy objectives established through the new policy group, and sufficient freedom to apply its expertise to determine how best to meet the objectives. It should also have a clear role in advising the policy group on the development of scholarship policy.

Lastly, the commissioners should retain strong links with individual schemes, so that commission governance does not become detached from the essence of the schemes.

A suggested model for implementation is set out in the following section.



## Implementation

Successful implementation will require both a well-defined model and a strong process run to a realistic timetable.

### The model

The model needs to encompass

- The role of FCO as sponsor department, including convening cross-government scholarship policy discussions.
- Sponsor/commission interaction.
- Commission organisation and governance.

The table below summarises the proposed model, laying out the projected roles and responsibilities of the sponsor and the commission. The third column represents a model of management rather than governance: no formal governance arrangement is proposed at scheme level.

Sponsor	Commission	Scheme management
<p><b>Strategic responsibilities:</b></p> <p>Setting long term objectives of government scholarship policy (in consultation with other interested departments) (to be reflected in sponsorship framework)</p> <p>Setting short and medium term priorities (in conjunction with other interested departments)</p> <p>Making major changes to scholarship policy: e.g. adding a new scheme, changing the purpose of a scheme or cancelling a scheme)</p> <p>Receiving policy advice from Commission</p> <p>Advocating as necessary to ensure objectives achievable (e.g. a suitable element of non-ODA funding if needed to achieve non-development objectives)</p> <p>Setting level of grant</p> <p>Appointing commissioners and setting terms</p> <p>Reviewing Commission performance (financial and other outcomes).</p>	<p>Scholarship policy implementation approach (similar to current level of responsibility within CSC)</p> <p>Appointment of programme committees</p> <p>Marketing and raising public awareness</p> <p>Partnership model development</p> <p>Budget setting and monitoring</p> <p>Financial controls and risk monitoring</p> <p>Scheme administration</p> <p>UK university relationship management and fee/partnership negotiations</p> <p>Nominating agency relationship management</p> <p>Academic adviser recruitment</p> <p>IT development (portal, recruitment, alumni database etc)</p> <p>Alumni tracking model (including links with</p>	<p>Development and implementation of sub-schemes (e.g. distance learning awards)</p> <p>Scheme marketing</p> <p>Recruitment and selection involvement (including pre-screening of Chevening applications before in-country interviewing)</p> <p>Community building through scholar experience provision and alumni interaction</p> <p>Central alumni communications</p>



<p><b>Operational responsibilities:</b></p> <p>Local marketing and communications through post activities</p> <p>Interviewing and selection for Chevening</p> <p>Local alumni relations for all relevant schemes</p> <p>Post co-ordination</p> <p>Local partnership development for all relevant schemes</p> <p>Monitoring internal resource requirements, especially in-country</p> <p>Liaison with Commission (to include annual timetable co-ordination, partnership matters, in-year matters, UK experience activities etc)</p>	<p>universities)</p> <p>Framework for in-country alumni work</p> <p>Evaluation of all programmes, including partnership models</p> <p>Recommendations for policy development</p>	
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A small unit within the FCO would act as secretariat to the cross-government working group, establishing HMG scholarship policy, overseeing the Commission, acting as advocate for scholarships within the FCO and across Whitehall, and setting funding levels. The unit would need to ensure that scholarship policy was coherent with government policy on higher education and other related areas such as the GREAT campaign.

In addition to the role of the central team, the FCO overseas network would remain fully involved in scholar selection for Chevening and in alumni relationship development. Given the relatively recent change in administration of Chevening from the British Council to ACU in 2012, the administrative consequences are still bedding down, particularly for the overseas network. Careful consideration would need to be given to the needs of posts in implementation of the new arrangements.

Three aspects of this division of responsibilities deserve particular consideration: commission funding, the sponsorship framework and commission and scheme governance.

### Funding

It is likely that the Commission would be funded at the outset by the same set of departments that fund these schemes today: mainly FCO and DFID, with smaller amounts from the Scottish Government and BIS. By default each might expect to ring-fence their grant to a specific scheme and objective. However this could make it difficult to carry out any strategic rebalancing of schemes, their coverage or their eligibility criteria. Much of the potential value of the strategic model would then be lost.

It is therefore proposed that the cross-departmental working group draws up a funding framework by which departments' interests (such as the equities DFID

wishes to protect) and grants to the commission are protected, but that gives some flexibility to balance supply and demand across the schemes when necessary. This would be done through negotiations in the cross-departmental working group.

Eventually the commission may have a single funding pot, with objectives and priorities established through the sponsorship framework, but with the commission having some flexibility to reallocate between schemes.

### **Sponsorship Framework**

CSC now runs on a typical NDPB framework model. DFID funds, sets objectives, appoints commissioners and receives reports. CSC is responsible for its own activities, including its secretariat outsourcing to ACU and other procurements. The arrangement provides a high degree of visibility to the sponsor department but nevertheless makes CSC rather than DFID responsible for scheme and sub-scheme design and delivery. The same approach would be embedded in the sponsorship framework for the new commission. The framework will need to be carefully considered to ensure that the Commission stays well aligned with the policy objectives, and that interactions remain open and constructive even through future difficulties.

The change to a sponsorship model would require the FCO to modify its approach to working with the Chevening Secretariat, to move to strategic oversight of the Commission rather than operational supervision. As there would still be extensive post involvement in scholar recruitment and in alumni relations, there would still be a requirement for FCO central team operational co-ordination with posts and with the Secretariat.

The development of the framework document would allow for full exploration of the proper division of responsibilities between FCO and the commission, and the extent of the commission's autonomy.

### **Commission and scheme governance**

CSC and MACC between them currently have some 25 commissioners. Each has a number of academics as well as others with experience in business, government and the voluntary sector. The work they do falls into three categories

- Typical governance activity: strategic review, scheme oversight, formal accountability and so on.
- Recruitment and selection of each cohort.
- Community building activity with current scholars and with alumni.

It is unrealistic to expect a single group of commissioners to undertake all this work for all three schemes, as well as for any future schemes. Instead a scheme board should be established as an advisory board for each scheme. These boards would not be governance bodies but would advise on strategic development of the schemes and take an active part in recruitment and selection and in alumni activities. To maintain a close connection between each scheme and the commissioners, each advisory board should include one or more commissioners, and might also bring in scheme alumni and other supporters. Most commissioners would be expected to serve on a scheme board.

To ensure continuity and stability, the new commission should be drawn mainly from the existing commissions, with some new members to reflect the addition of Chevening. Those whose interests lie mainly in the second and third strands of activity could be invited to join a scheme board.

As one FCO respondent said, ‘the precise governance arrangements matter less . . . than the sustainability of funding, robust recruitment and selection criteria, an exceptional UK experience for our scholars, and continued engagement between alumni and HMG beyond the scholarship’. The aim should be to find the simplest workable arrangements that achieve this while preserving the overall scholarship strategy and flexibility.

### Process and timetable

The process needs to encompass:

- Establishing the legal mechanism for completing the changes.
- Communicating and building support for the changes within FCO.
- Aligning secretariat models, while ensuring scheme and staffing stability during the period of change.

### Legal

At this stage only provisional legal advice has been taken. The recommendations in this review would move CSC sponsorship from DFID to FCO, and would also either merge the two existing commissions, or enlarge the scope of one of them, or would require a new commission to take over the responsibilities of both.

The preliminary legal view is that a change of sponsoring Secretary of State is possible without legislation, as a ‘machinery of government’ change.

The choice of routes to a new single commission should be taken once the scope of the new commission has been fully set out. No definitive legal advice can be given until then. Depending on the route chosen, it may be possible to deal with any changes in scope without primary legislation.

### Aligning models

While the underlying operational changes required are not large, implementation will nevertheless require the establishment of a new commission (through merger of the existing NDPBs or otherwise), restructuring of the FCO/ACU secretariat arrangement, and a communication programme within FCO to explain and build buy-in for FCO’s new larger role.

Almost all of the work of CSC and MACC is delivered through contractual arrangements with ACU and (for CSC) British Council. The Chevening Secretariat is already run by ACU. FCO, the proto-board of the new commission and ACU should therefore work together to establish an implementation plan with a realistic timeline.

Chevening, Commonwealth and Marshall are all administered by ACU but under different agreements with different expiry dates, and with three different counterparties: the FCO and the two Commissions. The new Commission will want to decide whether to continue with the current subcontracted staffing model used by CSC and MACC. It may wish also to consolidate these into a single agreement.

Both the Chevening and MACC contracts with ACU expire within the next 12 months. It would be prudent to extend them to cover the implementation period, so as to minimise uncertainty for staff.

## Scheme Descriptions

### Schemes Reviewed

The schemes have been fully described in their individual reviews, and a brief description of each is included as Annexes E, F and G. The table below provides a brief comparative summary.

	<b>Chevening</b>	<b>Commonwealth</b>	<b>Marshall</b>
<b>Origin</b>	Founded 1983 by FCO	Established 1959	Established 1953
<b>Purpose</b>	To support foreign policy priorities and achieve FCO objectives by creating lasting positive relationships with future leaders, influencers and decision-makers.	To contribute to the UK's international development aims and wider overseas interests, support excellence in UK higher education and sustain the principles of the Commonwealth	To commemorate the UK's gratitude for the Marshall Aid Plan for European Recovery. Developing network of ambassadors for the UK, contributing to the advancement of knowledge in science, technology, humanities and social sciences and creative arts.
<b>Current focus</b>	Objectives remain the same, but with more geographic focus towards emerging markets and ODA eligible countries	International development, promoting international collaboration, identifying future leaders.	Support foreign policy priorities, and strengthen UK-US relationship.
<b>HMG grant level</b>	2013/14 – £17m 2014/15 – £18m 2015/16 – £46 mm	2013/14 – £24m 2014/15 – £25m 2015/16 – £25m	Flat at £2m since 2012/13.
<b>Scholars</b>	Approximately 650 scholars per year rising to 1,700 for 2015-16.	Over 900 awards per year including 500-600 full scholarships.	30 – 35 new scholarships per year.
<b>Stage of education</b>	Mostly masters degrees  Some short courses/fellowships	PhD (c.60%) and Masters (c.40%)  Some short courses/fellowships for early and mid-career	Masters and in some cases also PhDs

<b>Age range</b>	Age range 25-35 with bulge 30-32.	Age range mixed because of variety of courses offered.	Scholarships must be taken up within 42 months of graduation: typical age range 22-25.
<b>ODA focus</b>	90% of awards in ODA countries, mainly LMI/UMI	98% of awards in ODA countries, mainly LDC/OLI/LMI	None
<b>Geographic spread</b>	Wide geographic spread (open to 160 countries and territories in 2015/16), although targeted towards emerging powers.	Commonwealth countries with no country quotas (except between ODA/non-ODA countries).  Most scholars from India, Nigeria, Pakistan, South Africa, Kenya, Ghana, Bangladesh, Uganda	US only
<b>Subject focus</b>	Depends on FCO priorities in-country: most study social sciences, politics, human rights, journalism.  10% study STEM subjects	60% study STEM subjects.	More than 50% study social sciences  30% study STEM subjects.
<b>Alumni profile</b>	Most from capital cities, likely careers in politics, journalism, international relations, private sector.	Academics (including more than 100 vice-chancellors), politicians, public sector, bank governors, NGO/charity leaders.	US government officials, journalists, entrepreneurs, diplomats, lawyers, medics, academics, scientists, venture capitalists, arts and charity management

The actual profile of the most prominent alumni does not always match perceptions. For example, FCO interviewees tend to perceive Commonwealth alumni as more oriented to academia than to government, though in fact many do in fact go into politics or public administration.

All three schemes have strong and valued brands, though none has quite the same level of recognition as the very strongest international brands such as Fulbright and Rhodes. All three recruit scholars of high academic merit, though the intakes reflect the different selection policies and the education systems through which scholars have emerged.

Some distinguished alumni of each scheme are listed in the following table:

<b>Chevening</b>	
<b>Name</b>	<b>Role</b>
Jorge Arreaza	Vice President of Venezuela
Marek Belka	Former Prime Minister of Poland, currently Head of the National Bank of Poland
Sigmundur Davio Gunnlaugsson	Prime Minister of Iceland
Demeke Mekonnen	Deputy Prime Minister of Ethiopia
Anote Tong	President of Kiribati
Mihai Razvan Ungureanu	Former Romanian PM, Foreign Minister and Head of Security Services, Head of Civil Force Party (also a Senator)
Alvaro Uribe Velez	Former President of Colombia
Makiko Yamada	Prime Minister Abe's Private Secretary, Japan
Durmus Yilmaz	Chief Adviser, Turkish Presidency
<b>Commonwealth</b>	
<b>Name</b>	<b>Role</b>
Kenny Anthony (1985)	Prime Minister, St Lucia
Elizabeth Blackburn (1973)	2009 Nobel Prize winner for physiology/medicine, former president of American Association for Cancer Research
George Brandis (1981)	Attorney-General of Australia, previously Minister for Arts and Sport
Mark Carney (1991)	Governor, Bank of England and former Governor, Bank of Canada
Shirin Sharmin Chaudhury (1996)	Speaker of the Bangladesh Parliament and Chair of the Commonwealth Parliamentary Association
Michael Cullen (1968)	Former Deputy Prime Minister of New Zealand
Germaine Greer (1964)	Broadcaster and author
Nicholas Liverpool (1964)	Former president of Dominica
Kevin Lynch (1972)	Former Clerk of the Privy Council and Secretary to the Cabinet (Canada's most senior civil servant), Canada and previously Executive Director at the IMF
Dame Bridget Ogilvie (1960)	Former Director of the Wellcome Trust
Rolph Poyet (1989)	Minister of Environment and Energy, Seychelles
Atiur Rahman (1978)	Governor, Bangladesh Bank, Asia-Pacific Central Banker of the Year 2015

<b>Marshall</b>	
<b>Name</b>	<b>Role</b>
Anne Applebaum (1986)	Pulitzer Prize winning writer and journalist
Katie Beirne (1998)	White House Director of Legislative Affairs
Stephen Breyer (1959)	US Supreme Court Justice
William Burns (1978)	Former Deputy Secretary of State and former US Ambassador to Russia
Ray Dolby (1957)	Inventor of Dolby Sound and founder of Dolby Laboratories
Thomas Friedman (1975)	Pulitzer Prize winning writer and New York Times columnist
Nancy Gibbs (1982)	Managing Editor, Time Magazine
Reid Hoffman (1990)	Co-founder of LinkedIn and former Executive VP of Paypal
Bill Janeway (1965)	Venture capitalist and economist, major donor to Cambridge University and co-chair of its 800 <sup>th</sup> birthday fundraising campaign, raising £1.2 bn
Anne McClain (2002)	NASA astronaut
Peter Orszag (1991)	Former Director of the Office of Management and Budget for President Obama and Vice Chairman of Corporate and Investment Banking, Citigroup
Roger Tsien (1972)	Winner of Nobel Prize for Chemistry 2008

### Other UK Government Schemes

Some other government funding is channelled into other scholarships: e.g. the Jubilee scholarships in India, funded via the GREAT programme and administered by the British Council.

The Newton Fund is allocating £375 million over five years to use the UK's strength in research and innovation to promote economic development and social welfare in partner countries. One element of the Fund's work is the funding of PhD programmes in science and innovation, starting from September 2015. A description the Newton Fund is at Annex I.

### Competing Schemes

Many countries now run substantial scholarship programmes, both inbound and outbound. Some of the most important competitor schemes are described below. Each of the German, US and Australian schemes is well over twice the size of the UK schemes, much more in the case of Germany. The German and Australian schemes are whole of government schemes supported by education, economic affairs and foreign ministries. The German scheme also receives EU funding.



Country	Germany	USA	Australia	UK
<b>Scheme</b>	DAAD (German Academic Exchange Service) <ul style="list-style-type: none"> <li>• Whole of govt programme</li> <li>• Includes Ministries of Foreign Affairs, Education and Economic Cooperation and Development</li> </ul>	Fulbright Scholar Programme <ul style="list-style-type: none"> <li>• Dept of State Bureau of Educational and Cultural Affairs programme</li> <li>• Administered by a non profit organisation, the Council for International Exchange of Scholars (CIES)</li> </ul>	Australia Awards <ul style="list-style-type: none"> <li>• Whole of govt programme</li> <li>• Includes Foreign Affairs &amp; Trade Australia Awards, Dept of Education Endeavour Awards, Australian Centre for International Agricultural Research (ACIAR)</li> </ul>	Rhodes <ul style="list-style-type: none"> <li>• Private scholarship programme, established after the death of Cecil Rhodes</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Develop young university lecturers.</li> <li>• Reach future leaders in politics, business and culture.</li> <li>• Win partners and friends for Germany</li> <li>• Contribute to sustainable development</li> <li>• Internationalise German universities and partner countries</li> </ul>	<ul style="list-style-type: none"> <li>• Increase mutual understanding between the people of the United States and the people of other countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to long-term development needs of partner countries</li> <li>• Build global network of leaders, advocates and change-makers</li> <li>• Contribute to productivity of Australia and the development of people-to-people links</li> </ul>	<ul style="list-style-type: none"> <li>• Develop exceptional young people into future leaders with understanding of different cultures.</li> <li>• Aid in the promotion of international understanding and peace.</li> </ul>
<b>Direction of scholars</b>	To Germany	To and from USA	To and from Australia	To Oxford University
<b>Global reach</b>	Over 80 countries	155 countries	Over 100 countries 54% of recipients from Asia In 2014, Indonesia, Vietnam and Papua New Guinea were largest recipients	Mainly current and former Commonwealth countries plus Germany and the United States.
<b>What is funded?</b>	Programmes are varied and cover postgraduate, postdoctoral and	Varies according to programme, but basic offer includes:	Programmes are varied and include undergraduate,	Two-year second undergraduate or postgraduate

	<p>project funding for bilateral academic projects</p> <p>Most awards cover:</p> <ul style="list-style-type: none"> <li>• Flights</li> <li>• Monthly grant</li> <li>• Healthcare and accident cover</li> </ul> <p>Tuition fees are usually not included.</p>	<ul style="list-style-type: none"> <li>• Flights</li> <li>• Stipend</li> <li>• Healthcare and accident cover</li> </ul> <p>Awards may cover:</p> <ul style="list-style-type: none"> <li>• Full or partial tuition</li> <li>• Book/research allowances</li> <li>• Mid-term enrichment activities</li> <li>• Language study programs</li> <li>• Pre-departure and in-country orientations</li> </ul>	<p>postgraduate, post doctorate, research, leadership, fellowships.</p> <p>Most awards cover:</p> <ul style="list-style-type: none"> <li>• Full tuition fees</li> <li>• Flights</li> <li>• Stipend</li> <li>• Introductory Academic Programme</li> <li>• Healthcare and accident cover</li> <li>• English language training</li> </ul>	<p>degrees at an Oxford college.</p> <p>Covers:</p> <ul style="list-style-type: none"> <li>• Full college and tuition fees</li> <li>• Flights</li> <li>• Stipend</li> </ul>
<b>Number per year</b>	<p><b>20,050 individual scholarships in 2013</b></p> <p>26,830 projects in 2013</p>	<p><b>About 8000 per year, split 50/50 USA/foreign</b></p>	<p><b>About 4,500 scholarships and fellowships per year</b></p>	<p>83 per year, with 32 from USA</p>
<b>Annual budget</b>	<p><b>€430m (£343m)</b></p> <ul style="list-style-type: none"> <li>• MFA €184m</li> <li>• Education Ministry €101m</li> <li>• EU €60m</li> <li>• Ministry for Economic Cooperation &amp; Development €40m</li> <li>• Others €45m</li> </ul>	<p><b>Approx \$387m (£214m).</b></p> <ul style="list-style-type: none"> <li>• \$238m from Congress.</li> <li>• \$89m from partnerships.</li> <li>• Remainder from other sources including private contributions.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A\$400m (£211m)</b></li> <li>• Foreign Affairs and Trade approx \$360m</li> <li>• Dept of Education (Endeavour) approx \$40m</li> </ul>	<p>£6.9 million on scholarship programme in 2013.</p>

## Scheme Allocation

As noted elsewhere, the allocation of places is complex given the highly fragmented nature of shared and partnership funding. However, it is useful to see how the outcomes of the various selection processes map onto countries, universities and courses of study.

In recent years most funding for both Commonwealth and Chevening has come earmarked for ODA countries. In effect this has prioritised the development objective over the 'soft power' objective. While partnerships are being used to fund some scholarships in a small number of non-ODA countries, this increasing focus has had effects beyond the reduction or elimination of scholarships for UK study for some countries. For example, the Commonwealth scheme was originally designed to promote reciprocity and to offer scholarships funded by other countries besides the UK. However, with the change in emphasis, richer countries such as Australia and Canada have in recent years withdrawn and established their own government schemes competing more directly with the UK schemes.

In a new Scholarship Commission there would be scope to review scholarship distribution at a strategic level, to determine whether the current bases of funding and allocation are ensuring that the aggregated outcomes fulfil government objectives, and that the full potential benefits of the scheme are being realised.

In theory there is some duplication between Chevening and Commonwealth, where they both offer masters' scholarships in Commonwealth countries. In practice very few apply under both schemes. Nevertheless there may be scope to strengthen the branding of each scheme and make the distinctions between them clearer, especially if new schemes continue to emerge. The principles of international brand management apply to scholarships as they do to any other product.

### By Geography

The distribution of awards is not easily summarised, except that Marshall awards are limited to the USA, and no scheme currently operates in any western European or EU country<sup>2</sup>.

The Chevening scheme is particularly widely distributed, with specific allocations in 2014/15 for more than 110 countries, and further pooled allocations for more than 20 small Pacific countries and British Overseas Territories. Of the 110 countries with allocations, more than two-thirds had an allocation of three or fewer places.

Just over sixty countries are covered by both Chevening and Commonwealth schemes. About half of these are small (mostly island) countries and territories, mainly in the Caribbean and the Pacific. The larger countries include sixteen countries in sub-Saharan Africa; India, Pakistan, Bangladesh and Sri Lanka in South Asia; Malaysia, Brunei and Singapore in East Asia; Australia, New Zealand and Papua New Guinea in the Australia/Pacific region; and Canada, Jamaica and Trinidad & Tobago in the Americas. (Only two countries [Cyprus and Malta] are eligible for the Commonwealth scheme but not for Chevening.)

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<sup>2</sup> Except Iceland, where Chevening operates, and where a single scholarship was awarded in 2014/15

Despite this overlap, the recent Chevening scheme review noted that FCO posts in Commonwealth countries had little awareness of the Commonwealth scheme. As a result, FCO post alumni interaction tends to focus on Chevening scholars.

Chevening allocates a number of awards each year to each participating country, which posts are then expected to fill. (In practice this allocation is a budget that does not necessarily cover the full scholar cost, which can vary depending on the cost of selected course and the costs of travel.) The internal review of Chevening recommended that a formula be developed for scholarship allocation. Chevening scholarships are available in all countries covered by the Newton Fund, though the programmes relate to different stages of study.

Commonwealth does not have country allocations: the final selection is based only on merit and fit with scheme objectives and the constraints of ODA-restricted funding. Despite this patterns of recruitment have emerged over time, in part reflecting population size and levels of higher education.

Marshall has no country overlap with Chevening or Commonwealth, and cannot draw on ODA funds. Its funding has fallen in real terms over the past five years.

In 2014/15, nearly 1600 awards were made in 130 countries out of nearly 170 eligible for the scheme. More than 10% went to India, and nine countries received more than half of all awards: India, Nigeria, Kenya, Ghana, Uganda, Pakistan, China (mainly externally funded), Bangladesh and Tanzania. At the other end, 99 countries collectively received 20% of the total, an average of three per country, and of these 63 received three or fewer awards.

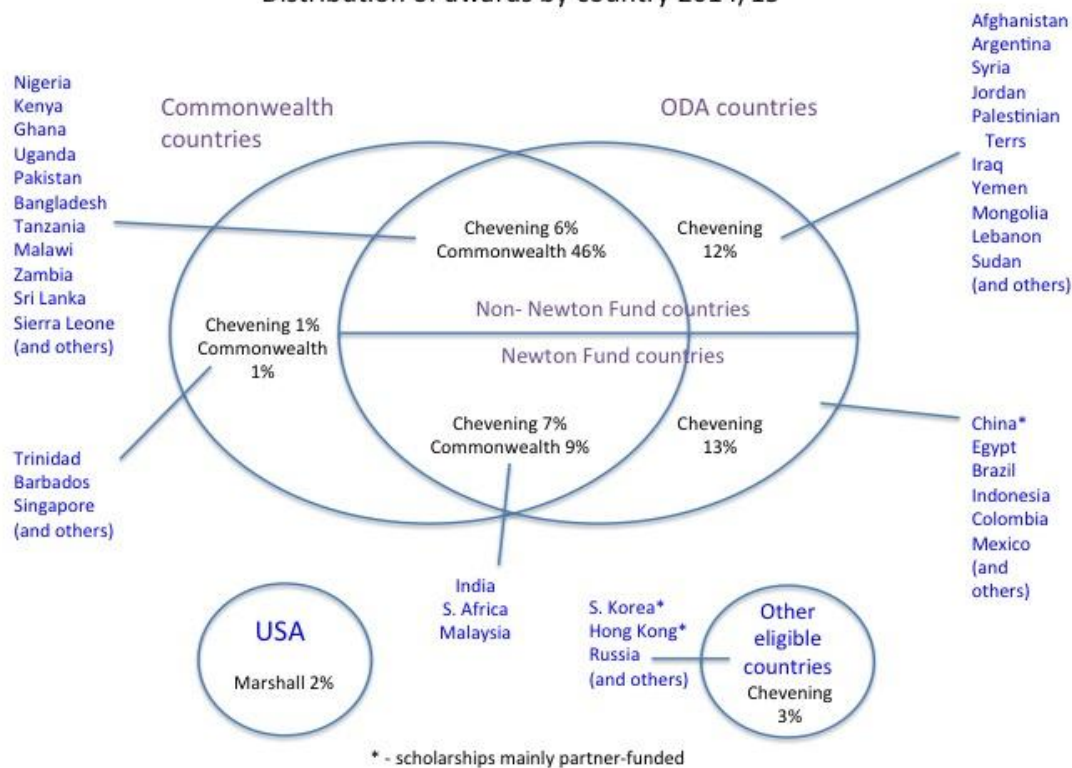
About 70% of scholarships from all the schemes were awarded to Commonwealth citizens: typically 50 or more scholarships are awarded a year in each of eight or nine Commonwealth countries. Around a third of Chevening scholarships go to Commonwealth countries. With the expansion of Chevening in 2015-16, the overall balance will shift significantly away from Commonwealth countries.

About 30% of all scholarships are awarded to scholars from Newton Fund target countries, including India, South Africa and Malaysia within the Commonwealth and also China, Brazil, Egypt, Indonesia and Mexico.

Only the Commonwealth scheme has a small number of outbound scholarships. This contrasts with some other foreign schemes, such as Fulbright, which are conceived as two-way programmes.

The diagram below shows the distribution of awards by country.

### Distribution of awards by country 2014/15



### By Country ODA Status

The different objectives of the Chevening and Commonwealth schemes show up more clearly when ODA country awards are analysed by ODA status, as shown in the following table. More Commonwealth awards are made in poorer countries: 43% in LDC/OLI countries and 46% in LMI countries. Chevening awards are mostly made in LMI and UMI countries, with 12% going to LDC/OLI countries.

### 2014/15 awards by country ODA status

ODA status	Commonwealth	Marshall	Chevening	Total
Least developed countries (LDC)	33%	-	10%	23%
Other low-income countries (OLI)	10%	-	2%	6%
Lower middle-income countries (LMI)	46%	-	35%	40%
Upper middle-income countries (UMI)	9%	-	43%	23%
Non-ODA	2%	100%	10%	8%

More than half of 2014/15 Chevening awards in non-ODA countries were externally funded: excluding these, only 5% of all awards were made to non-ODA countries. Most of the non-ODA Commonwealth awards were made to countries in the Caribbean, with only three single awards in other non-ODA countries.

## By University

The table below shows some of the universities typically receiving ten or more students a year under each scheme (three or more for Marshall).

Commonwealth	Chevening	Marshall
Cambridge	Cambridge	Oxford
Leeds	Birmingham	Cambridge
UCL	Oxford	
London School of Hygiene and Tropical Medicine	Cardiff	
Nottingham	Durham	
Warwick	Glasgow	
Manchester	London School of Hygiene and Tropical Medicine	
Oxford	Nottingham	
Birmingham		
LSE		

Cambridge and Oxford are popular for all schemes, as are LSHTM and Nottingham for both Commonwealth and Chevening. A number of universities have a large partnership with one or other scheme. Beyond this their scholars are quite widely dispersed: Commonwealth scholars typically go to 90 different HEIs. Scheme fellows are also widely dispersed, to voluntary sector organisations and government bodies as well as HEIs. Marshall Scholars are more concentrated, with two-thirds of 2014 scholars going to Oxford or Cambridge and all but three of the rest choosing London institutions.

## By Course

Social sciences are popular areas of study for both Chevening and Commonwealth, with a strong focus on development-relevant programmes. Some 40% of Commonwealth scholars study social sciences, and four of the ten most popular disciplines for Chevening Scholars are development-relevant social sciences: development studies, economics, environmental studies and international development. More than half of Marshall Scholars study social sciences, with a significant number currently studying public health.

Outside social sciences the schemes diverge: most other Commonwealth scholars study medicine (human or veterinary), pure science or technology, while other Chevening Scholars typically study business, finance, human rights, international relations, law, management, public policy and administration and also government. 30% of Marshall Scholars study STEM subjects and 17% humanities and creative/performing arts.

## Scheme Oversight

### Legal Forms and Governance

Both CSC and MACC are long established through primary legislation, while Chevening exists only as a programme within FCO.

Both NDPBs are well established and stable. Both have boards of commissioners, who are typically appointed for three years and often serve a second term. Each has an effective chairman who knows the programme and organisation well and gives significant time. The commissioners provide a degree of continuity that helps to sustain the relationships with alumni and with partner universities. These relationships enable each commission to draw on a large pool of highly skilled reviewers and interviewers in their selection processes and other work. For example, MACC estimates that it benefits from 920 days of unpaid work annually by commissioners, alumni, academics, diplomats and others.

Neither CSC nor MACC employs any staff: their work is undertaken through contract partners, mainly ACU. The accounting officer for CSC is the Deputy Director at ACU, and the accounting officer for MACC is its Chair. While the CSC arrangement is as agreed with its sponsor department, it could give rise to a conflict of interest for the relevant individual, and the MACC model appears more appropriate for a new commission.

Chevening programme oversight is less clear. It is a 'soft power' programme for which responsibility sits within the Communication Directorate. A programme board has recently been established, following a recommendation of the internal review of Chevening, but its membership and terms of reference have yet to be settled.

The absence of a clear forum for strategic discussion and oversight has probably made it harder for Chevening to develop in recent years. There have been several internal reviews that have provided useful insights and recommendations, that have generally been implemented, but little structure to ensure that these are followed up.

### Departmental Oversight of NDPBs

CSC is now sponsored by DFID, although it was formerly sponsored by FCO. From 1959 to 1997, CSC was sponsored through FCO, through its ODA arm (for developing countries) and its diplomatic wing (for non-ODA countries). In 1997, support for ODA awards was transferred to DFID, but support for non-ODA countries remained with the FCO diplomatic wing. This latter support ended in 2008, but was replaced by an allocation to CSC from BIS, complemented by a small allocation from the Scottish government. The combined grant from departments other than DFID is now less than £0.5m per annum.

The sponsor relationship sits within DFID's United Nations and Commonwealth Department, for which the responsible minister is the Minister of State for International Development.

While CSC has always been an NDPB, DFID has only recently switched from a programme management model of oversight to a sponsorship model. As a result it is reducing its direct involvement with scholarship programme administration and has moved to more strategic oversight of the Commission.

MACC is sponsored by FCO, as it has been since it was established. The sponsor relationship sits within FCO's Communication Directorate, for which the responsible minister is the Minister of State for the Foreign and Commonwealth Office.

### **Management of Chevening Scheme**

The direct management responsibility for Chevening sits within the Communication Directorate, and staff turnover is rapid. The Chevening Secretariat is now outsourced to ACU. However, ACU is viewed within FCO more as a provider of additional posts to the FCO team than as a contractual partner. More generally the FCO team is focused on short-term policy objectives and operational matters, especially budget monitoring, liaison with posts and expenditure control and has little time or capacity for strategic development.

There is a clear contrast here between Chevening and CSC/MACC, where the Commission structure and strong integration with ACU bring continuity of senior management and high level relationships, and promote more strategic working, without incurring additional cost.



## Scheme Phases

The operation of the schemes has been considered in five parts: the work up to and including selection, the generation of additional income, the administration of the scholarships themselves, scheme evaluation and alumni relations.

### Marketing, Recruitment and Selection

Given the international competition to attract the brightest young people into scholarship schemes, strong marketing and effective recruitment and selection are extremely important. Marketing, recruitment and selection are handled very differently in the three schemes, and each model has strengths.

Each scheme has developed marketing arrangements to fit its recruitment processes. Chevening, which recruits directly, has the strongest digital presence.

Chevening takes direct applications, screens them through central paid reading advisers and interviews in-country using FCO staff in post. The advisers consist of current and former diplomats, academics and university admissions tutors, media professionals and journalists. In 2014-15 72 advisers reviewed some 27,000 applications.

FCO posts will have to interview many more candidates to fill the increased quota of Chevening scholars for 2015-16. Sensible preparations have been made for this scale-up across the FCO network and the significant increase in the number of eligible applications received (more than triple than the previous year) bodes well for maximising scholarship awards, although a small number of posts may struggle to maintain the selection standard for an increased allocation. While most interviews will be conducted at mid/senior levels, it is inevitable that the scale-up will also mean more junior UK based programme or policy officers conducting interviews, but decisions will still be signed off by senior staff.

Commonwealth takes nominations from local nomination agencies – most often the government department responsible for Higher Education – that run their own pre-selection processes. The London-based Commonwealth Commissioners then select from the nominated candidates.

Marshall runs a regional recruitment exercise through the British Embassy in Washington and seven consulates in the US, involving its alumni in recruitment and pre-screening as well as FCO staff and Marshall Commissioners in interviewing.

These arrangements are long-standing and have proved effective and durable. Both Commonwealth and Marshall make extensive use of unpaid commissioners and academics (and in Marshall's case scheme alumni) and so minimise public expense. Chevening's use of modestly remunerated advisers (the cost works out at around £4 per application reviewed) ensures that more expensive post time is effectively used.

While each scheme is effective in itself, there is no common interface to give would-be applicants an overview of UK government scholarships available. Each scheme currently runs its own website outside gov.uk. A search of gov.uk for 'scholarships' does turn up a link to each, but this falls well short of the functionality offered (for example) by the Australia Awards and German DAAD portals.

## Income Generation

There are separate income generation activities around each scheme, described in their individual reviews.

The main contributors are the UK universities who take the students, and the contribution is most frequently by way of fee discounts. Overseas tuition fees reflect a market price rather than the cost of delivery. Most course tuition fees have a significant margin over delivery cost. Scholarship students have a value for Universities in kudos and marketing to other students, and in the quality of participation they bring to the "co-creation of knowledge". While substantial discounts are already achieved, a more co-ordinated approach on behalf of all three programmes may further increase negotiating leverage and the discounts achievable.

Partnerships with corporate and other entities typically have a geographic and/or industry sector focus.

## Administration

All three schemes are administered mainly by ACU, with Commonwealth also contracting for some in-country services from the British Council, chiefly around alumni management. The following table sets out some of the changes that have been made to create administrative efficiency across schemes since ACU became the administrator of all three schemes.

Activity	Changes and impact since 2012
Senior management oversight of operational delivery	Management experience, costs and expertise shared between schemes; sharing of information as well as good practice in policy and procedures.
Shared finance function	Finance function working across all schemes; shared systems such as finance database; shared procedures for paying stipend and fees as well as oversight of all schemes by ACU finance director.
Shared HR and training function	One HR manager for all schemes including recruitment. Induction programme ensures that staff are familiar with policy and practices across the three schemes. Secondment opportunities allow skilled staff to work on different schemes when needed, bringing their accrued experience and skills.
Databases, information systems and R&D	Single database used for all schemes with data in similar format. Mutual benefit to all schemes – a development 'driven' by one scheme can be of value to others; for example e-records management developed by CSC and extended by Chevening. Ensures that there are always skilled users available for all schemes, including periods of staff absence.
Welfare and medical review	One medical awards administrator - shared expertise and experience with welfare issues despite different approaches

	in each scheme. Sharing of information sources and contacts.
Alumni activity	Systems developed by CSC and Marshall over several years have been shared with Chevening which has allowed them to develop their own systems at a faster pace (on-line directory etc). Common database means easier tracking of all Scholarship alumni.
Evaluation (sharing best practice and systems – e.g. surveying software)	CSC able to share good practice and its own experience of evaluation over a number of years with Chevening as begins its own evaluation programme (which has become possible because of the shared database and central alumni records). Training can be offered across all schemes.
Shared contracted Services (IT, information sharing, travel)	Contract for IT support and development is shared between schemes as well as wider ACU. Two schemes have websites that use the same platform and CMS as ACU, which allows for wider support by experienced users across ACU. One example is the cash cards sent to new students, where costs have been reduced by over a third, with annual savings of about £20k.
Scholar experience	Sharing ideas on means of engagement, events and other initiatives such as webinars. Providing scholars from different schemes the opportunity to meet each and network at events as well as to attend lectures and events put on by other schemes – an enhanced experience.
Marketing / communications	Internal briefings about international markets, competitor/non-HMG scholarship programmes and sharing of information more broadly help each scheme can position itself effectively. Effective internal communication across schemes spreads messages to a wider audience than an individual scheme could achieve. Joint representation at conferences and other outreach events presents all HMG schemes consistently and fairly. Chevening expertise in digital engagement is shared as best practice with other schemes.
Supply of information to stakeholders	Plans for a co-ordinated approach to stakeholders including proposed events with UK universities to involve all three schemes.
Immigration	ACU registered with Office of the Immigration Services Commissioner for all schemes; knowledge and best practice sharing; co-ordinated representation of schemes, e.g. to the recent Select Committee presentation on Immigration; qualified cover when one adviser is away.
Data Protection	One Data Protection Officer for all three Schemes within ACU – ensures guidance consistent for all three; sharing of good practice and reduces duplication in separate advice for

	each Scheme.
Overheads (premises, copiers, post etc.)	All schemes share office space, facilities and support functions.

Admin is increasingly centralised at ACU in London as travel tickets, forms and most communications can be sent electronically to most places. As a result, Commonwealth is cutting down the in-country pre-departure services it buys from the British Council.

Chevening and Marshall have contractual arrangements with ACU, subject to periodic retender.

Marshall has been administered by ACU since 1953, through a number of competitive tender exercises. A fee formula was established through the last tender for 2011-2016. The contract has a mechanism to adjust fees according to student numbers.

Commonwealth has a slightly different arrangement, based on an annual negotiation for provision of specified services from an established schedule. Since the CSC effectively has no staff, this negotiation takes place between ACU and the Commission finance committee.

The arrangements are unusual but cost-effective, leading to administration costs well below those of comparable schemes run by UK non-government organisations such as the Rhodes Trust and by overseas governments and trusts. The comparable administration cost percentages of programmes run by the Australian Government, the Fulbright Commission and the Ford Foundation are reported to be 13-15% of their total funding. Administration costs are discussed more fully in the next section.

### Scheme Evaluation

Commonwealth has the most developed evaluation model. ACU employs a small evaluation team that is leading international discussion and development of scholarship scheme evaluation, and has published a series of reports on the extent to which the Commonwealth development objective is being met. This type of evaluation is not currently in the services specified in the Chevening contract, but clearly could be applied to Chevening, and the development of an evaluation strategy was recommended in the Chevening review.

Chevening and Marshall have both carried out alumni surveys, with high response rates, and have made effective use of the findings.

### Alumni Relations

Alumni relations have been a difficult area in the past for the larger schemes.

The Chevening review in September 2014 found that when the programme was managed by the British Council, the service level agreement was unclear about whether British Council offices or the FCO network was responsible for alumni. Consequently effective alumni management varied considerably across the network, with excellent but also poor examples. This was compounded by the loss of many

alumni records on the change of administrator. Where alumni records do exist, posts value alumni engagement and use the alumni network effectively to help achieve in-country objectives. The FCO and ACU are working to consolidate posts' records into one central database, shared with the Commonwealth database, which will improve the situation considerably.

CSC already has a central database which is well used for alumni communication and also for scheme evaluation, but somewhat underused by DFID country offices and FCO posts. CSC is addressing this through the British Council and has contracted 3 regional alumni network managers to manage and develop the network, including through awareness building in FCO and DFID posts.

CSC has used its alumni network effectively to establish the CSFP Endowment Fund. Some 200 alumni have given money to the fund, which can now support up to 30 Commonwealth scholarships at any one time.

Given the issues that both networks face and the fact that efforts are underway to address these issues, there is a clear opportunity for a more coherent approach to the development of alumni relationships, as well as to the back office administration. ACU is already upgrading the alumni database infrastructure to improve access for FCO posts and others across government. This will respect the fact that alumni typically identify strongly with their particular scheme, but will also recognise that all alumni are part of a wider community of UK government scholarship recipients.

Marshall alumni relations are very different to the larger schemes. The small size of the scheme lends itself to the fostering of a close bond among cohorts, and MACC works hard to ensure that this is the case. Furthermore the concept of being an alumnus is widely accepted and cherished in the US. Marshall alumni self-manage through the Association of Marshall Scholars (AMS), an independent organisation based in the US. The AMS facilitates fellowship among alumni through the organisation of events and the publication of a quarterly newsletter, supports current scholars, promotes the scheme, and has established an endowment fund to support additional Marshall Scholarships. The Triennial Review recommended that the MACC continue to reach out to the AMS, and recognise the efforts that AMS are making to strengthen the programme.

While recognising the differences between schemes, there is scope to extend common approaches across them. For example, a more comprehensive alumni management model would ensure that in-country work with scholarship alumni is extended to these schemes.

## Scheme Finances

### Funding Allocation

DFID funds CSC through a grant-in-aid, which it allocates from its programme budget. Funding for MACC (also through a grant-in-aid) and for Chevening is allocated by FCO from its programme budget. The Treasury does not normally earmark allocations, but it does distinguish between ODA and non-ODA funds. However, the tripling of the Chevening budget for ODA countries for 2015-16 did not follow the normal process, but was announced by the Chancellor in his March 2014 budget statement. The FCO believes this to be a one-off and from 2016-17 expects the allocation to revert to previous years' practice.

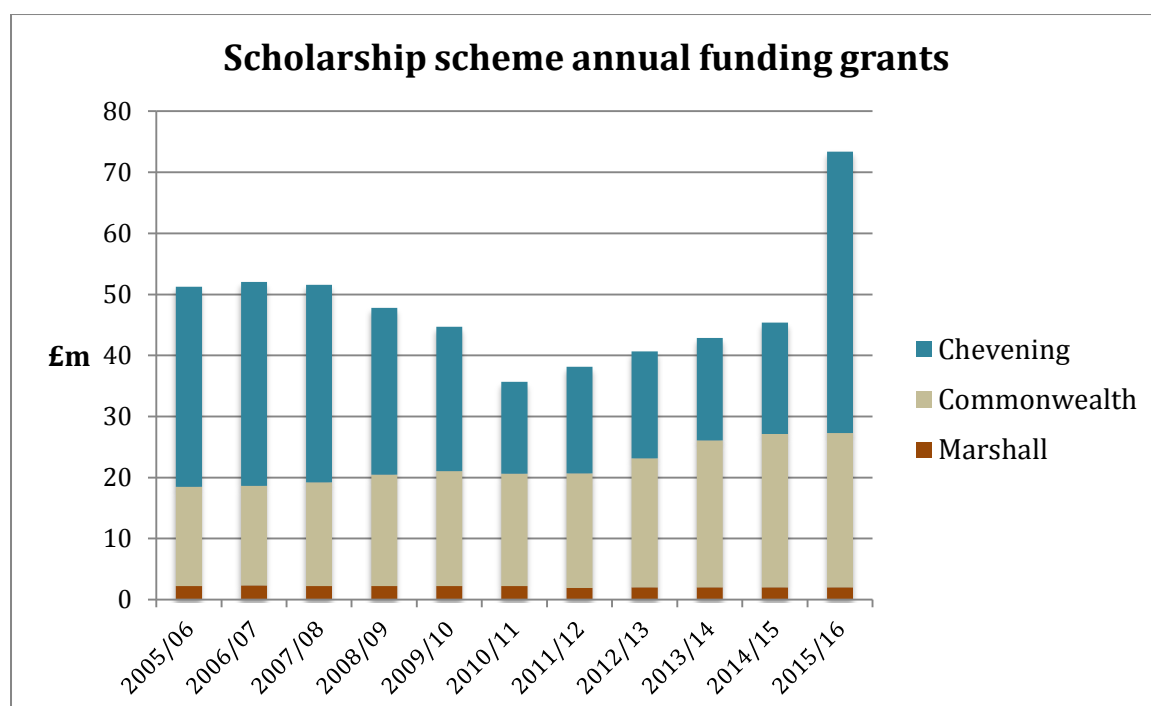
### Budget Allocation History

In 2015-16, the total government funding allocation to the three schemes will be £73m, and their total budgeted spend (including partnership income) is £89m. However scholarship funding has fluctuated significantly over the past decade, especially for Chevening.

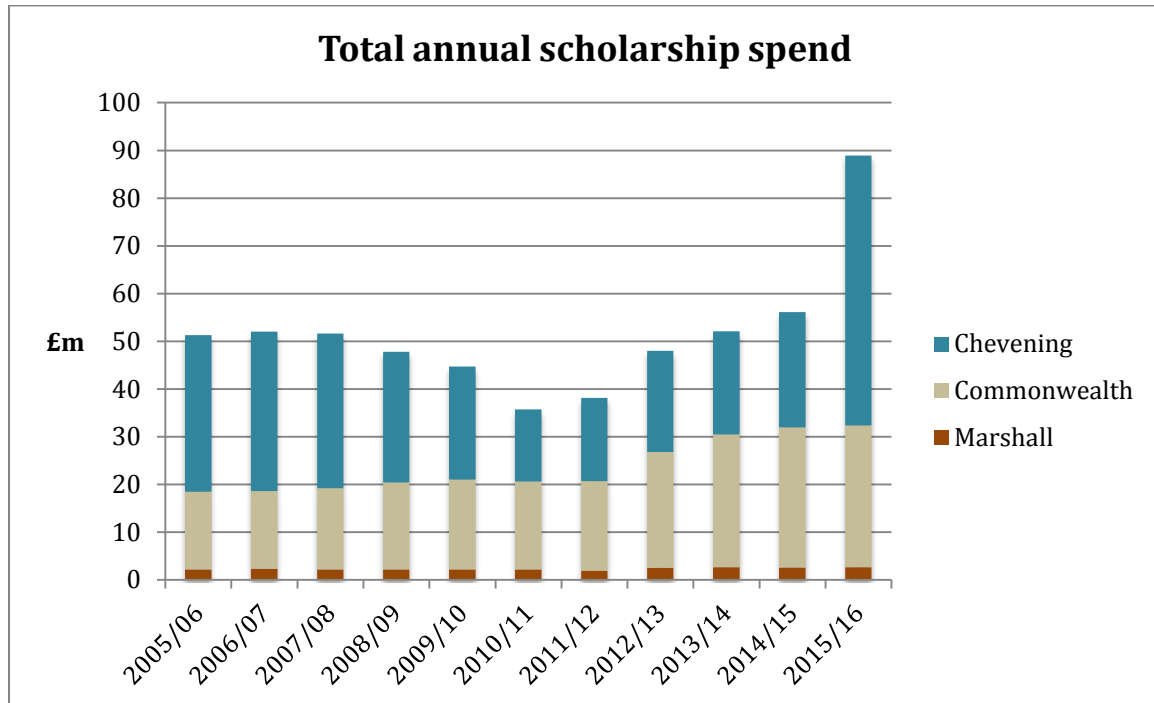
The annual Chevening budget was reduced by more than half between 2006/07 and 2010/11, and has increased only slightly since then. However, the very much larger allocation for 2015/16 of £46m will more than restore it to former levels, although costs will have increased in the interim.

The CSC grant has been less volatile, with a period of growth between 2011/12 and 2014/15. The budget decisions that affected Chevening between 2007/08 and 2010/11 did not affect CSC, whose grant remained virtually flat between 2008/09 and 2009/12. The 2015-16 grant is expected to be £25m.

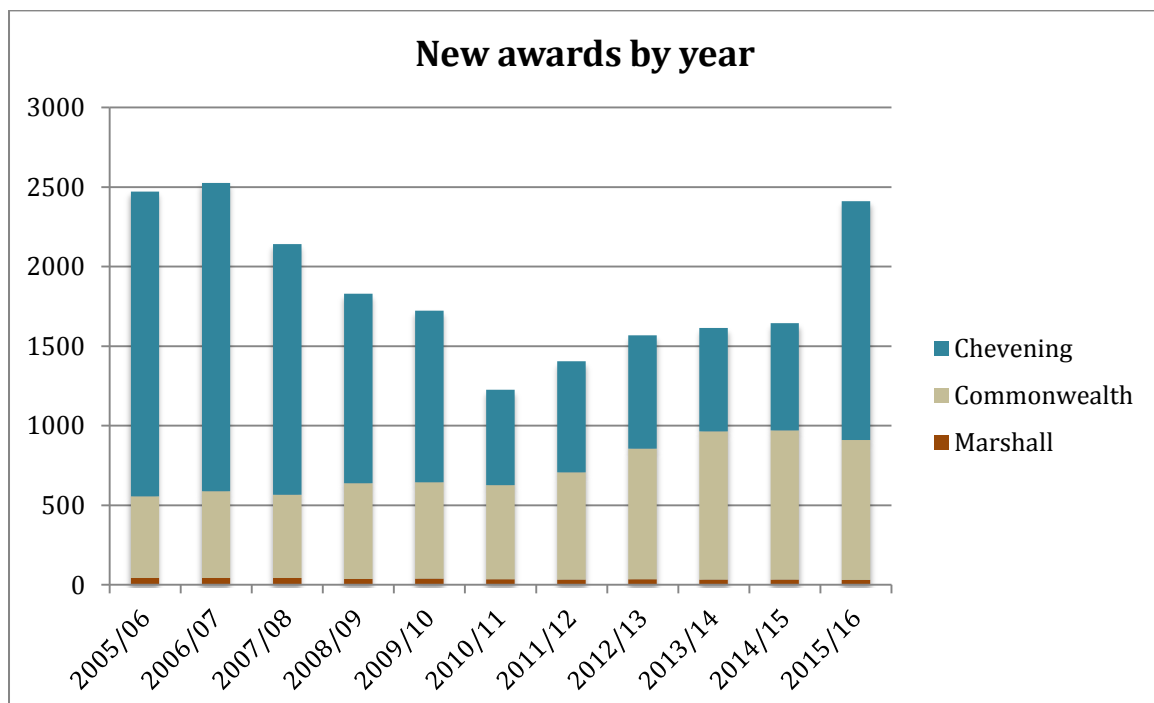
The MACC grant was £2.2m from 2005/06 until 2011/12 when it was reduced to £1.9m. It has been unchanged at £2m since 2012/13.



All three schemes raise additional money through partnerships. For 2015/16 this is expected to amount to more than £15m, adding about 21% to the funding allocation, of which some £10m will come from UK university partnerships and some £5m from other external partners. Chevening has used this model to fund many of its non-ODA scholarships.



As a result, the larger schemes have been able to maintain and in some years increase new awards, despite increases in university fees and other costs. Projected new awards in 2015/16 are only slightly below the peak level in 2006/07. By contrast Marshall awards have fallen from 43 to 31, despite strong external funding.



## Programme Costs

Overall, non-government funding is now covering a significant portion of full (undiscounted) scholar costs: about a third for Chevening, about a quarter for Marshall and about a fifth for Commonwealth. N.B. these figures are for scholarships (including shared/partner scholarships) rather than for the smaller and more varied types of fellowship.

Looking first at Commonwealth, in 2014 there were 473 new scholarships (Masters and PhD) and an additional 229 shared scholarships. For the former, UK universities contributed 10% of costs (£1.5m through the 20% fee contribution); their contribution to Shared Scholarships will be a further £2.8m, or 42% of such awards. The combined weighting is a 20% university contribution, as noted. The CSC contribution (expenditure) will be £16.9m.

The 607 new 2014 Chevening scholarships will consume £12.9m from the core Chevening grant. The remaining contributions will be £2.2m from UK HEIs, £3.6m from local and central partners (private sector), and £0.5m from the scholars themselves. The latter element is likely to be phased out; equally the university contributions will grow rapidly from 2015 with the expansion of the new university partnership awards (Commonwealth shared scholarships have run since 1986). Some of the partner contributions come to the secretariat via FCO, and some is claimed by ACU direct from source. This increases the number of awards available.

In 2014 Marshall gave 34 scholarships, using external funding to fund 10-11 of these.

In total, universities will contribute £6.5m in fee contributions in 2014/15. This is not recorded as scheme income, but the figures do represent real cost savings, and without these contributions there would be at least 200 fewer awards.

### Average Student Scholarship Cost 2014/15

The table summarises average annual scholarship costs.

Scheme	Study level	Gross cost	Net cost	Discount/ partner income
Commonwealth	PhD	£30.9k	£27.9k	£3k
	Masters	£31.4k	£27.9k	£3.5k
	Shared Masters	£29.3k	£17.1k	£12.2k
	Distance	£12-14k	£12-14k	Included
	Average		£19.9k	
Chevening	Masters	£31.7k	£21.2k	£10.5k
Marshall	Masters and PhD	£31.5k	£24.4k	£7.1k

Note: Chevening and Marshall awards are a mix of full and partner awards



## Direct Costs – Payments to and on Behalf of Students

For most students, four main categories of cost account for nearly all direct cost:

- Course fees.
- Stipend.
- Travel to/from the UK.
- Initial cash grant and departure allowance.

A minority of scholars come with dependants and qualify for additional allowances for their families.

In 2014/15, a typical new masters scholar's tuition fee was around £16.5k (before discounts); the stipend between £11.7k (out of London) and 14.5k (London); the cost of return travel averaged £1k; and all other grants around £1k, including the arrival allowance of £553. From 2015 the new annual health levy of £150 will also be met.

### Course Fees

All schemes pay fees directly to universities. The arrangements are complicated as there are several types of scholarship:

- Standard scholarships, where a minimum fee discount of 20% is achieved, as well as (for CSC) a fee cap.
- University partnership programmes, where a much larger discount is given, including (for Marshall) a full waiver of tuition.
- Third party partnership programmes, which may be limited to students from a particular country.

The greatest administrative complexity is in the proliferation of schemes within each of the main schemes. Each of Chevening and Commonwealth encompasses a large number of sub-schemes: the fully funded scholarships, joint programmes with individual universities, partner-funded schemes (often with country limitations) and some university/partners-funded schemes. Some of these are for substantial numbers of scholars, but many are small, covering only 1 or 2 scholarships annually. ACU handles negotiations with universities on behalf of each programme and also negotiates partnership funding in the US, while FCO secures partnership funding on behalf of Chevening, often in-country.

As the larger schemes become more atomised, it becomes more difficult to ensure that applicants pursue the most suitable routes, and that all funded places are filled.

The proposed model would facilitate consolidation of negotiations with universities and also review of the overall partnership landscape with a view to some simplification where possible.

### Stipend

All the schemes pay stipends at standard government-reviewed rates. In 2014/15 these rates were £14.5k (£11.7k outside London). The stipend is adjusted annually based on cost of living indices. A cross-government review is currently in progress (the first since 2002) and its recommendations will be implemented with effect from [2016-17]. Scholar feedback reflects some level of dissatisfaction with the stipend

level, and suggests that scholars in high rent towns and cities outside London may struggle.

### Travel and Other Scholar Grants

ACU has agreements with STA Travel under which students book the cheapest reasonably practicable flights with STA, and ACU settles directly with STA. Arrival allowances and stipends are paid via a cash card issued to the scholars until he or she has a bank account. Disbursements are thus effectively controlled, and there have been no problems with fraud-related losses.

### Indirect Costs – Student/Alumni Experience

All schemes aim to provide a student experience while scholars are in the UK, to build group affiliation, scheme loyalty and scholars' sense of connection with the UK.

In 2014/15, Chevening budgeted £130k for this, or about £200 per head, while Commonwealth budgeted a little less, around £150 per head. Marshall budgeted £600 per head: this covers an annual visit to Scotland, Wales or Northern Ireland, hosted by the devolved government.

Alumni relations also require significant spend. In 2014/15, Chevening budgeted £350,000 for this: a little under £12,000 per cohort of alumni since 1983. This year's budget was larger than usual by reason of a significant upgrade to the database system and a renewed effort to capture better alumni data.

### Administrative Costs

Administration costs have been reduced significantly in recent years in the larger schemes.

The percentage of CSC expenditure on administration has fallen steadily from 12% in 2006 to 9.3% in 2011-12 to an estimated 5.3% in 2015-16. The percentages would be significantly lower if account were taken of the in-kind funding provided by partners. (These figures exclude VAT.)

Chevening budgeted 2014-15 admin costs of about 10% of expenditure, which includes significant provision for scaling up for 2015-2016. In 2015-16 the reported admin cost percentage is expected to be at a similar level to Commonwealth, around 5% of programme costs.

However, FCO costs incurred in posts are not allocated to the Chevening budget (aside from a small number of dedicated Chevening staff in China and India), so the recorded programme expenditure is not fully comparable with the costs of the other schemes. The Chevening team has recently surveyed some posts to estimate how much time was typically spent on Chevening work in 2014-15, and by which grades of staff. From this a very broad estimate can be made of about £2m of annual staff cost at posts attributable to Chevening. On this basis Chevening total admin costs are rather higher than those of Commonwealth or Marshall. This reflects the use of post staff in the recruitment process, rather than volunteer labour, and also the lower efficiency achievable in managing what are effectively very small scholarship schemes in each country. However much of the post time spent on Chevening has value for local relationship-building as well as being scheme overhead.

Most of this post cost relates to middle-grade staff, while heads of mission typically estimate that around 1% of their time is spent on Chevening. The costs of Chevening are proportionately heavier for posts with smaller allocations: posts with 0-4 annual awards report staff costs per award approximately three times as high as those with 11+ annual awards. Small and medium posts allocate similar amounts of staff time, but small posts have limited staff and less scope to delegate, so on average use higher grade staff. Larger posts have more ability to delegate work to more junior staff and also seem to benefit from economies of scale, spending less time per recruit.

As Chevening was administered by the British Council until 2012 and no information from that period has been seen by the reviewer, it is not possible to comment on the admin cost trend. However, it is reasonable to assume that Chevening admin procedures are also benefitting from the ACU work described above, and that costs will have reduced. Annex J sets out some of the Chevening efficiencies realised since ACU took over the Chevening Secretariat.

Marshall admin expenditure in 2014-15 is projected to be 9.3% of budget, excluding VAT. As for Commonwealth, the figure would be much lower if in-kind income were included in the budget. The costs are determined by the 2011 contract between the FCO and ACU, and have remained broadly stable.

#### Administration Cost Benchmarks

CSC/ACU has collected information on the administration costs of some other scholarship schemes.

AUSAID (2012) quoted a figure of 13.4% of expenditure on administration of a large scheme (including alumni and evaluation work, but not the cost of government officials). The Ford Foundation (also 2012) quoted a figure of 15%, for a labour intensive scheme that actively sought to identify disadvantaged candidates. In Europe, the national scholarship providers, including CSCUK, DAAD (Germany), nuffic (Netherlands), SIU (Norway), CIMO (Finland), Danida (Denmark), VLIR-UOS (Belgium), OeAD (Austria), ICOS (Ireland) and Campus France meet at least annually to share experiences, discuss scheme design and present evaluation reviews of development-related postgraduate study schemes. Programme and administration costs vary, and reflect whether alumni or evaluation activities are included, and whether selection and administration of the award are contracted out to universities and others. Typical administration costs (2014) of the larger European schemes, excluding alumni and evaluation, are around 12%. The cost of running the smaller schemes rises to as much as 23%, but can fall to around 4% where schemes contract out recruitment and payment to students. Estimates of the latter costs can, however, be as much as a further 19%.

Within the UK, Fulbright accounts quote a figure of 16% on administration, against income and expenditure of around £3.7 million – including in-kind contributions. This excludes the cost of the Fulbright Advisory Service, which represents a further 8% of expenditure. It is hard to distil an equivalent figure from the Rhodes Trust accounts, since their activities include significant property and fund raising activities. However with overheads and support costs of £2.3 million, against total educational support of £9.4 million, their admin percentage is still likely to be higher than those of the HMG schemes. The Cambridge-based Gates Foundation, whose summary of accounts

talks of 'over 90% of expenditure' being devoted to scholar related activities, might have lower admin costs, although in both cases further unpacking of the figures would be needed.

For a number of reasons, these figures cannot be treated as precise comparisons. Definitions of what constitutes 'administration' costs vary, economies of scale might be expected in the case of larger schemes and scholarship programmes operate in different environments. Policy decisions may be taken to maintain a closer relationship with students than required for the simple maintenance of their awards (for public diplomacy reasons), to provide additional training for award holders (to increase development impact), to engage staff to raise partner funding, to mount extensive alumni programmes and to include evaluation in their work. Other elements may be hidden in conventional definitions of administrative income and expenditure. On the income side, there is a need to account for in-kind or cash support from external sponsors, which has to be administered but may not appear in accounts. Conversely, expenditure may not include the 'in-kind' support of officials in government.

Precise comparisons with the HMG schemes described below would therefore require a more systematic study, but these do provide useful benchmarks against which the figures given for UK schemes can be set.

## Annexes

- A Terms of Reference
- B 2013 Triennial Review of CSC– Recommendations
- C 2013 Triennial Review of MACC – Recommendations
- D 2014 Internal Review of the Chevening Programme – Recommendations
- E Commonwealth Scholarships Scheme Overview
- F Marshall Scholarships Scheme Overview
- G Chevening Scheme Overview
- H Newton Fund Overview
- I Chevening Administration Cost Efficiencies – note prepared by ACU
- J Scholarship Country Coverage
- K Stakeholders Consulted

## Annex A: Terms of Reference

1. The review builds on recent triennial reviews of the Commonwealth Scholarship Commission in the UK and the Marshall Aid Commemoration Commission, and will also include the management of the Chevening Scholarship scheme in line with the recent Chevening programme review conducted by the FCO. Other scholarship schemes funded by the UK Government are excluded from this review but may be considered in the process of evidence gathering<sup>3</sup>.
2. The aim of the review is to examine the schemes taking into account their distinctive missions and geographical coverage, and assess:
  - Whether there is scope for further efficiencies and synergies;
  - If so, what alterations in structure, administration or delivery might realise those improvements?
  - The extent to which efficiencies have already been put in place in recent years.
3. The previous Triennial Reviews have confirmed the requirement for the function of scholarship provision and the retention of the two non-Departmental Public Bodies currently established for this purpose. The review should therefore focus on the linkages and synergies between the schemes and not reopen evidential questions that have already been addressed by the Triennial Review.
4. The Review is to include, but is not limited to, the following points:
  - An assessment of the scope to find improvements, whether through efficiencies, or enhanced accountability, relative to current operating models and taking into account the performance and efficiency of non-government-funded schemes.
  - An exploration of alternative models for delivering process, including merging administration functions of the three schemes.
  - This should include current incentives for controlling costs and driving efficiencies and the scope for improving these.
  - Options and recommendations for achieving said improvements.
  - A high level analysis of the benefits and costs of the options and recommendations identified under previous bullets, including establishing the success criteria for any recommendations, an indication of how benefits will be measured, and transaction costs incurred, or to be incurred, by commissions and sponsor departments.
5. The review must be proportionate yet robust, providing a strong and well-evidenced basis for its conclusions and recommendations.
6. The lead reviewer will consult a wide range of stakeholders from HMG, the ACU, the Marshall and Commonwealth Commission and other relevant organisations.
7. It is estimated that the review will take 20 days of the lead reviewer's time to complete, and the review should be completed and signed off by sponsor departments by Spring 2015.
8. The review should be led by someone with relevant experience of the higher education sector, ideally also with public sector expertise that is independent of

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<sup>3</sup> This should include the BIS Newton Scholarship Fund

the three main interested departments: FCO, DFID and CO and the administrative partner ACU.

9. The review will have independent senior joint oversight through a steering group with membership from DFID, FCO and an external body. The steering group will also serve as a challenge group to the lead reviewer's conclusions and recommendations.

## Annex B: CSC Triennial Review Recommendations

The mix of programmatic/NDPB controls should be replaced with regular sponsorship controls. Central to the effectiveness of the NDPB, sponsorship controls should be set out in a framework document including sufficient reporting to DFID to assess the effectiveness of the CSC's activities and programmes.

An application should be made to the National Archives to pursue compliance with the Public Records Acts.

The Executive Secretary (the most senior person in the Executive) should be established as the Accounting Officer (AO).

DFID's internal audit department should provide the internal audit function for the CSC, and the details of this arrangement should be captured in the framework document.

The National Audit Office (NAO) should be approached to carry out a risk assessment of the audit requirements of the CSC with a view to carrying out the external audit role for the CSC – this will ensure that the CSC fully complies with HMT's guidance for the production of the annual accounts process, including a governance statement. We understand that the Cabinet Office may undertake a wider review of the CSC and MACC and therefore the NAO risk assessment of the audit arrangements could feed into that review.

The CSC Chair would benefit from having a direct link to a DFID Non-executive Director (NED), possibly the chair of the DFID Audit Committee.

The DFID Executive Management Committee and DFID's Accounting Officer should receive a regular update on the CSC at least annually around the time of the annual report (including the governance statement).

The DFID sponsor team should consider whether it has sufficient resources to manage the relationship with the CSC.

The decision-making powers of the full Commission should be detailed in the framework document.

The role of the Chair should be evaluated on a yearly basis.

The role and responsibilities of the Chair and the Commissioners should be formally set out in the framework document and in their respective appointment letters.

The annual report should contain a governance statement and the accounts should be in a suitable format to enable the performance of an external audit.

A fraud and whistleblowing policy and fraud reporting contacts should be established. DFID's fraud hotline, run by the DFID IAD's Counter Fraud and Whistleblowing Unit (CFWU), could potentially be used for this purpose.

The complaints contact details should be made more easily available on the CSC's external website.

The sponsor team should provide further guidance on contact with opposition MPs.



The sponsor team should provide the CSC with details on how to comply with publishing expenditure (DFID publishes all expenditure over £500).

## Annex C: MACC Triennial Review Recommendations

### The Alumni Association:

- That the MACC recognises the efforts made by the Association of Marshall Scholars (AMS) to expand the Scholarship programme and encourages them to continue their work through the proposed endowment fund.
- That the MACC works with the AMS to use the 60th anniversary in 2014 of the arrival of the first Marshall Scholars in the United Kingdom to promote the Scholarships.

### The Financial Memorandum:

- That the Management Statement and Financial Memorandum are laid in the House of Commons Library by the FCO, as required in paragraph 1.1.8 of the Memorandum.
- That this is done at the same time as this Review is laid in the Libraries of the House of Commons and House of Lords.

### Conduct:

- That MACC consider whether it would be appropriate to extend the Code of Conduct to Secretariat staff in the interests of requiring common standards of behaviour for all those involved in the management of the scholarship programme.

### Transparency:

- That the MACC give further thought to whether there is scope for public access to one MACC board meeting a year, and how this might work in respect of data protection concerns.

### The Role of the British Embassy in Washington:

- That the Embassy, supported by the Consulates General, continues to devote resources to promoting the smooth administration of the Scholarship programme, including its prestige and the fairness and the integrity of the selection process.

### Diversity:

- That the MACC considers whether, in the interests of ensuring that Regional Committees are regularly exposed to fresh thinking, the term of appointment of the Regional Committee members should be brought in line with that for Commissioners and be reduced to three years with an option of a second three year term.
- That to ensure that the MACC is not vulnerable to charges of gender bias steps are taken over time to move towards a more equitable gender balance in those committees where women constitute less than 40% of the membership.
- That to ensure that the MACC is attracting Scholars which reflect the ethnic diversity of the United States:
  - Thought is given to how to obtain a voluntary record of the ethnicity of Scholars.

- The work continues on outreach activities to encourage a representative selection of students to apply for Scholarships.

## Annex D – Chevening Review Recommendations

1. Chevening retains its current near global geographical reach excluding the USA and the EU.
2. A greater proportion of the core Chevening budget is allocated to smaller Posts so that all Posts have a guaranteed minimum allocation.
3. Efforts are made to provide a more stable Chevening budget year on year.
4. The number of Chevening partners is increased and the FCO Scholarships Team further develops the partnerships strategy.
5. Steps are taken to develop a coordinated and coherent UK government scholarship/commercial strategy towards countries which benefit from multiple UK scholarship schemes.
6. An overarching Chevening strategy is developed.
7. Efforts are made to increase publicity and raise brand awareness of Chevening.
8. Short course provision is expanded and linked to FCO thematic priorities
9. Consideration is given to introducing an element of distance learning into short courses.
10. A small, targeted and intensive English language course is introduced.
11. The scholar experience in the UK is enhanced.
12. Alumni engagement is improved at Posts, in line with best practice from the network.
13. A good quality alumni magazine/newsletter is introduced.
14. UK institutions with an interest in international relations are integrated into Chevening outreach.
15. Funding is provided to improve the functionality of the alumni database.
16. Scholarships are allocated according to a “formula” methodology in the future.
17. A Chevening Programme Board is established and reviews resourcing in the UK and overseas as an early priority and commissions a formal risk register.
18. The Chevening Secretariat continues to administer the Chevening programme but that steps are taken to address Posts’ feedback on long listing, communication and administration.
19. That training and more guidance on Chevening is provided to Posts including senior encouragement to meet deadlines.
20. An evaluation strategy is put in place by December.
21. The FCO Scholarships Team improves its information management procedures.
22. The recommendations of this review are addressed systematically and outcomes recorded.

23. Best practice is regularly recorded, distributed and celebrated across the network.
24. A performance management tool is developed so Posts are regularly assessed on how well they implement the Chevening programme and can benchmark themselves across the network.

## Annex E - Commonwealth Scholarship Programme

The UK's Commonwealth Scholarship Programme is part of a larger Commonwealth-wide scheme: the Commonwealth Scholarship and Fellowship Plan (CSFP). The CSFP is an international programme under which member governments offer scholarships and fellowships to citizens of other Commonwealth countries. It was established at the first Commonwealth education conference in 1959 and is reviewed by Commonwealth education ministers at their triennial meetings. The CSFP has enabled almost 30,000 individuals to study in over 20 countries across the Commonwealth. It provides for governments to offer scholarships or career development to citizens of other Commonwealth countries, and is intended to recognise and promote the highest standards of intellectual achievement.

Within the UK, the Commonwealth Scholarship Commission (CSC) was established by the Commonwealth Scholarships Act 1959 to manage the UK's contribution to the CSFP. This Act was updated by the International Development Act 2002. The CSC is a Non Departmental Public Body with no employees of its own. It is run by 14 Commissioners and a Chair who receive a small honorarium. It also benefits from the pro bono support of about 200 academics who help with scholar selection. The CSC's Secretariat is run by the Association of Commonwealth Universities (ACU); overseas services are provided by the British Council. DFID is the sponsoring department and provide funding through a grant-in-aid as well as arms-length oversight and audit services.

About 900 scholarships are awarded each year, based on the principal aims of contributing to the UK's international development aims and wider overseas interests, supporting excellence in UK higher education, and sustaining the principles of the Commonwealth. Most funding comes from DFID, with BIS and the Scottish Government providing a small amount for developed Commonwealth countries. In 2014-15 funding from Government totalled £25.1 million with a further £4.27 million from partner funding.

The CSC offers the following types of award:

- Commonwealth Scholarships for PhD research or Master's study.
- Commonwealth Split-site Scholarships – to support PhD candidates to spend up to one year in the UK as part of their doctoral studies.
- Commonwealth Shared Scholarships – for developing country students who would not otherwise be able to undertake Master's level study in the UK, jointly supported by UK universities.
- Commonwealth Distance Learning Scholarships – enabling developing country students to study UK Master's degree courses while living in their home countries.
- Commonwealth Academic Fellowships – aimed at early career staff in developing country universities, including the CSC's own PhD alumni.
- Commonwealth Professional Fellowships – for mid-career professionals from developing countries.
- Commonwealth Medical Fellowships – for mid-career medical and dental staff in developing countries to enhance their clinical skills.

## Annex F - Marshall Scholarship Programme

The Marshall Aid Commemoration Commission (MACC) was established by Act of Parliament in 1953 to commemorate the help received by the UK under the Marshall Aid Programme at the end of the Second World War by offering up to 12 scholarships to American university graduates to study here. A subsequent Marshall Scholarships Act in 1959 allowed the number of scholarships to be increased.

Marshall Scholarships are primarily funded by an FCO Grant-in-Aid, which has been set at £2 million per year since 2012-13 (it has been set at approximately this level for the last 10 years). Partnership agreements collectively add some £500,000 in value to the Scholarship programme. 34 new scholarships were offered in 2014-15. Nearly all students study for two one-year masters programmes with a small proportion going on to study for a third year PhD.

The scheme enjoys strong support from the British Embassy in Washington who use it to support UK interests and the bilateral relationship, and who help to ensure that the scheme continues to attract the strongest candidates from the widest possible field. In addition to strengthening UK-US relations, objectives include developing a network of ambassadors for the UK, and contributing to the advancement of knowledge in science, technology, the humanities and social sciences and the creative arts. It is highly regarded in both the US and the UK, comparable to Rhodes and Gates Scholarships.

The MACC has a similar governance structure to the CSC and is responsible for determining policy, administering the Grant-in-Aid, overseeing the process of selecting the Marshall Scholars, placing them in universities in the United Kingdom and ensuring their welfare during their tenure here. The Foreign Secretary appoints up to ten Commissioners following a competitive selection process that seeks to recruit a diverse range of academics, private and public sector. The Commissioners are unpaid but receive expenses.

The MACC contracts the day-to-day management of the scheme to the ACU, at an annual cost of approximately £200,000. In the United States the selection process is run by the regional Consulates General in Atlanta, Boston, Chicago, Houston, Los Angeles, New York and San Francisco, and in Washington DC by the British Embassy. The Consulates General in Miami and Denver actively promote the scholarships in their respective regions but are not involved in the selection process.

## Annex G - Chevening Scholarship Programme Overview

1. The Chevening scholarship programme is the FCO's near-global scholarship programme. Established in 1983, it funds scholars with outstanding leadership potential from around the world to study at UK universities. Scholarships are prioritised towards countries that are major emerging markets or that are in political transition. However, it remains a near global programme currently open to 160 countries and territories, most of which receive Overseas Development Assistance (ODA), plus a small number of more wealthy countries including Australia, Canada, New Zealand and Russia. The USA and EU member states are not a part of the programme. Some 43,000 people have benefitted from Chevening scholarships over the years. Eminent alumni include Presidents, Prime Ministers, Foreign Ministers, CEOs of major corporations, prominent academics and leading human rights activists.
2. Within the Chevening programme there are two main parts - the administration of the scholarship programme and the management of the alumni network. The scholarship programme provides full or part funding for full time courses at postgraduate level – normally a one year master's degree - at higher education institutions in the UK. Two Posts, Beijing and Delhi, run short courses, sometimes called fellowship courses, aimed at mid-career professionals in positions of seniority in their countries. These scholars also consider themselves Chevening alumni.
3. For most of Chevening's history the British Council administered the programme, while sometimes Posts and sometimes British Council offices have taken responsibility for record keeping and alumni management. However in 2012-13, following a tender process, the Association of Commonwealth Universities (ACU) in London became the Chevening administrator, while full responsibility for alumni management was delegated to Posts.
4. In 2013-14 the total Chevening budget was £16.75 million which funded 620 scholars. For 2014 – 15 the budget increased to £18.24 million which is expected to fund around 700 scholars. In March 2014, following consultation with the FCO, the Chancellor announced that Chevening scholarships for developing countries would be trebled in 2015 -16 - bringing the total budget to about £45 million. All countries on the OECD-DAC list of ODA recipients will be eligible for more scholar places. Chevening is also supported by over 90 academic and commercial partners from the UK and abroad who, by September 2014, will be providing an additional £5.6 million in funding which contributes to about 200 scholarship awards.
5. In recent years good work has been done to reform the Chevening programme against a difficult financial background. As well as changes to the administration process, work has been done to standardise partnership arrangements; significantly expand UK partnerships; launch a new Chevening database; and, using the Chevening 30<sup>th</sup> anniversary celebration, push scholar and alumni engagement up the agenda. The scheme is well supported by FCO Ministers and contributes substantially to the achievement of FCO in-country objectives.



## Annex H – Newton Fund Overview

The Newton Fund is part of the UK's official development assistance. Its aim is to develop science and innovation partnerships that promote the economic development and welfare of developing countries.

The fund covers three broad categories of activity:

- people: improving science and innovation expertise (known as 'capacity building'), student and researcher fellowships, mobility schemes and joint centres
- research: research collaborations on development topics
- translation: innovation partnerships and challenge funds to develop innovative solutions on development topics

In the UK there is a governance board chaired by the Minister for Universities and Science. The Department for Business, Innovation and Skills (BIS) will administer the fund.

The most relevant part of Newton Fund activity is the PhD programme, described below. There are also a number of sub-programmes offering UK research fellowships.

### Newton Fund PhD Programme

Building up a talented pool of well-trained, internationally active doctoral students is an essential step towards establishing world-class research systems. Improving mobility at the doctoral level is also an important factor in facilitating cross border research collaboration, as connections made at this level can be sustained over longer periods and can percolate through to other members of research teams. It offers benefits to doctoral researchers in terms of intellectual development, career progression, access to existing and emerging world class facilities and access to comparative research, environments and populations. RCUK, the British Council and HE International Unit are committed to providing opportunities for postgraduate students in the UK and partner countries to build strong, strategic, sustainable bilateral collaborations and international networks.

The aim of the Newton PhD programme is to facilitate the capacity building of individuals, and the building of sustainable, long-lasting links between UK and overseas institutions, through PhD scholarships, placements, and partnerships. The spread of opportunities from individuals to institutional partnership will ensure that individual excellence and potential is recognised, as well as embedding the approach in institutions to bring benefit to future generations of students and allow them to build on the strengthened relationships between the two countries. These opportunities will be focussed on research areas which have been identified at the country level as important for fulfilling Newton Fund goals.

The programme will:

- Provide opportunities for international training and development at the doctoral level, including incoming and outgoing PhD scholarships.
- Support international placements for PhD students and allow engagement of PhD supervisors in international links.

- Develop international joint training pathways.
- Build links at the institutional level to facilitate two way exchange of students and staff, supporting training and skills development in cohorts within partner institutions.
- Support knowledge transfer of the UK approach to PhD training and skills development to partner countries, including via access to RCUK Centres for Doctoral Training and Partnerships.
- Through these approaches the programme will support the production of highly trained researchers in partner countries with international experience, able to contribute to the absorptive capacity for research and innovation and thus bring about economic and social benefit.

The programme will be managed in partnership by Research Councils UK, British Council and the HE International Unit, together with national partners. The three strands of the programme can be selected individually or as a package, depending on the country needs and existing initiatives. Each element has a lead UK partner.

- Funding for individual partner country students to undertake full PhD studies in the UK, or vice versa.
- Newton Funds can be used to cover partner country researchers; UK PhD students' costs must be covered by the partner funding.
- Potential to use existing PhD scholarship mechanisms in country but to ring-fence additional funding for students to go to the UK.

#### PhD Placements - British Council Lead

- Funding for individual partner country PhD students to spend a period of their study (up to one year) in the UK, or vice versa (again UK PhD student costs must be covered by the matched funding).
- The amount of funding per placement will be discussed with the national partner, but an approximate amount could be up to £10k per placement.
- This will also allow the PhD supervisors to visit the host group for a short time while the PhD placement is taking place.
- Potential to use existing mechanisms; if these are not in place a new call and open selection process will be created.

#### PhD Partnerships – Research Councils UK Lead

- Institutional partnerships between UK and partner country HEIs and research institutions, focussed on PhD training and skills development.
- Open to all UK institutions eligible for Research Council funding that have capacity to provide excellent post graduate training. UK institutions would work with potential partners from Newton Fund countries and the proposals will be jointly submitted by the two partner institutions.
- It is expected that support would be provided for students to participate in a short term exchange for up to six months. Flexibility will be available for institutions to use the funds in the most appropriate way possible, and mobility of supervisors will be encouraged as part of the programme.
- Awards will be in the range of £50k - £150K per partnership, and calls and peer review approaches would be negotiated bilaterally with funding partners, with the expectation that these will be coordinated by RCUK.

## Annex I – Chevening Administration Cost Efficiencies

### – note prepared by ACU

#### Background

The ACU established the Chevening Secretariat in spring 2012, centralising the operation of the Chevening Scholarships Programme. Since then, staff have worked hard with the FCO's Scholarships Unit to usher in a range of efficiencies aimed at providing greater value for money than was possible under the previous administrative model and provider.

Notwithstanding the substantially lower contract price (we understand roughly half the previous administrator's costs despite maintaining the same number of scholars per annum), we present five examples that demonstrate our drive for greater efficiency, and highlight our organisational ethos for problem identification, problem solving, and streamlining.

#### Illustrative Examples

1. Designed new application system:

- Through the introduction of a root-and-branch redesigned application system we have been able to **save £62k p.a. by eliminating human eligibility screening** of the thousands of applications we process each year.
- Automating this process has also **reduced the overall timeline from application submission to notification** meaning fewer selected candidates withdraw during the long wait to hear if they've been successful. Withdrawals produce inefficiencies due to time spent on candidates that do not ultimately become scholars – and, in turn, alumni – that the FCO can utilise as assets abroad.
- In a similar vein, the new system was designed to give greater prominence to Chevening Partnerships Award categories, where awards are co-funded by non-government entities. In previous years filling these awards had been a struggle, however, the introduction of the new application system has helped transform Partnerships Awards into the most popular award category in the annual competition, thereby all but guaranteeing that all places will be filled and that the **FCO will receive the greatest possible proportion of cost-share**.

By eliminating ineligible and the lowest performing candidates automatically at the earliest possible stage, we have also greatly **reduced the time spent on unviable candidates** by Secretariat staff, the independent reading committees and FCO posts. We have seen a **306% increase in eligible applications in the last year alone**.

- Crafting the specification with efficiency in mind, we have also been able to move to a **single global application period** with one – not three – opening and closing dates. This enables economies of scale and scope. With fewer staff catching up countries that previously had been allocated

to later application deadlines, they are instead able to improve service provision to applicants and FCO posts to the benefit of all.

- A new responsive design means that applicants can now apply with tablets and smartphones. This means that, in countries with low internet penetration rates, **FCO posts are required to make fewer special arrangements** that were typically time consuming and costly.
- We created an Application Centre portal which allows candidates to monitor the progress of their application, reducing queries dealt with centrally in London and at post. Through this portal, candidates can also independently retrieve lost passwords, tackle log-in difficulties, enrol referees, and access 24-hour technical support, making it **a one-stop shop for applicants whereas previously all of this would have been handled separately and largely offline.**
- The development costs of the previous system, even for basic changes, were in the region of £200k p.a. **On-going maintenance costs have been reduced** to approximately £30k p.a.

## 2. Introduced 'Claw-back and upgrades' budgeting model:

- Under the old model, FCO post cash allocations were artificially inflated on the assumption that a percentage of selected candidates would withdraw or would be unsuccessful in gaining a place at their university. We created a new model that empowers posts to spend up to their actual cash allocation. Any underspend is 'clawed-back' to the centre and a quick bidding process facilitates its reallocation to FCO posts with high priority and viable reserve candidates. Beyond improving the global management of the Chevening budget in terms of **maximising the number of awards made** per annum against FCO priority areas, the new model has **eliminated the risk of going over budget** (as was case under the old model when assumptions on withdrawals proved to be incorrect).

## 3. Created global timeline and policy manual:

- Having inherited nothing from the previous administrator, it was critical that we codified and shared policies and procedures in order to co-deliver the international scheme with FCO posts and partners. It transpired that there had in fact *never* been a published timeline to guide the work of the various stakeholder groups. Having created this, **work is now coordinated uniformly worldwide, permitting further scale economies.** As policy decisions are confirmed by the FCO these are included in the new Policy Manual which gives posts information at their fingertips to guide their work consistently across all locations. Both items are supplemented by training, in-country visits, and electronic how-to materials. Having this in place also expedites the identification of opportunities to streamline, not only by Secretariat staff but also colleagues at post. This has led to the **merging or elimination of various documents and processes** leading to fewer steps overall, fewer transactions, and greater speed (e.g. the elimination of CHEV2 forms alone reduced the timeline by close to a month).

#### 4. Moved to digital record-keeping:

- We became the first HMG-funded scholarship scheme to discontinue the practice of keeping physical files for each scholar in favour of electronic ones. Digital files contain all information pertaining to a candidate's award as well as all communication between the Secretariat, their university host, the partner funder (if applicable), and awardee. The change has meant **substantial savings from print and postage costs and greatly increased the speed at which important data can be securely accessed.**

#### 5. Became the leader in digital engagement:

- By providing additional information online, we now offer stakeholders easy and independent access to the information they need most. We have improved the user experience on [www.chevening.org](http://www.chevening.org) (and will continue to make improvements), and have established a best-in-class social media presence. We also produce a series of e-newsletters, videos, and webinars, and convene private online communities so that users can answer each other's questions. Taken together this means that far **fewer staff members are required to respond to email and telephone queries.** It also empowers our external **stakeholders to solve their own problems through greater transparency** of the scheme's operations.

### Conclusion

Radical changes needed to improve the efficiency of the Chevening programme were realised when the new operational model and structure was approved in early 2012. A universalised set of scholarship policies, administered by a lean-staffed central body, delivers far greater value for money than a disparate myriad of parallel bodies ever could. Since its inception, the Chevening Secretariat has consistently sought out and delivered incremental efficiencies whilst concurrently improving the quality of the programme that we have the great honour to run.

## Annex J – Scholarship Country Coverage

Country	ODA	Chevening	Commonwealth	Marshall	Newton
Afghanistan	LDC	✓			
Albania	UMI	✓			
Algeria	UMI	✓			
Angola	LDC	✓			
Anguilla		✓	✓		
Antigua and Barbuda	UMI	✓	✓		
Argentina	UMI	✓			
Armenia	LMI	✓			
Ascension Island		✓			
Australia		✓*	✓*		
Azerbaijan	UMI	✓			
Bahamas		✓	✓*		
Bangladesh	LDC	✓	✓		
Barbados		✓	✓		
Belarus	UMI	✓			
Belize	UMI	✓	✓		
Benin	LDC	✓			
Bermuda		✓	✓		
Bhutan	LDC	✓			
Bolivia	LMI	✓			
Bosnia and Herzegovina	UMI	✓			
Botswana	UMI	✓	✓		
Brazil	UMI	✓			✓
Brunei		✓	✓*		
Burkina Faso	LDC	✓			
Burma	LDC	✓			
Burundi	LDC	✓			
Cambodia	LDC	✓			
Cameroon	LMI	✓	✓		
Canada		✓	✓*		
Cape Verde		✓			
Cayman Islands		✓	✓		
Central African Republic	LDC	✓			
Chad	LDC	✓			

Chile	UMI	✓			✓
China	UMI	✓			✓
Colombia	UMI	✓			✓
Comoros	LDC	✓			
Congo (Democratic Republic)	LDC	✓			
Cook Islands		✓			
Costa Rica	UMI	✓			
Croatia		✓			
Cuba	UMI	✓			
Cyprus			✓*		
Djibouti	LDC	✓			
Dominica	UMI	✓	✓		
Dominican Republic	UMI	✓			
Ecuador	UMI	✓			
Egypt	LMI	✓			✓
El Salvador	LMI	✓			
Equatorial Guinea	LDC	✓			
Ethiopia	LDC	✓			
Falkland Islands		✓	✓		
Fiji	UMI	✓	✓		
Gabon	UMI	✓			
Gambia, The	LDC	✓			
Georgia	LMI	✓			
Ghana	LMI	✓	✓		
Gibraltar			✓		
Grenada	UMI	✓	✓		
Guatemala	LMI	✓			
Guinea	LDC	✓			
Guinea Bissau	LDC	✓			
Guyana	LMI	✓	✓		
Haiti	LDC	✓			
Honduras	LMI	✓			
Hong Kong		✓*			
Iceland		✓			
India	LMI	✓	✓		✓
Indonesia	LMI	✓			✓
Iran	UMI	✓			

Iraq	UMI	✓			
Israel		✓			
Jamaica	UMI	✓	✓		
Japan		✓			
Jordan	UMI	✓			
Kazakhstan	UMI	✓			✓
Kenya	OLI	✓	✓		
Kiribati	LDC	✓	✓		
Kosovo	LMI	✓			
Kyrgyzstan	LMI	✓			
Laos	LDC	✓			
Lebanon	UMI	✓			
Lesotho	LDC	✓	✓		
Liberia	LDC	✓			
Libya	UMI	✓			
Macedonia	UMI	✓			
Madagascar	LDC	✓			
Malawi	LDC	✓	✓		
Malaysia	UMI	✓	✓		✓
Maldives	UMI	✓	✓		
Malta			✓*		
Marshall Islands	UMI	✓			
Mauritania	LDC	✓			
Mauritius	UMI	✓	✓		
Mexico	UMI	✓			✓
Micronesia	LMI	✓			
Moldova	LMI	✓			
Mongolia	LMI	✓			
Montenegro	UMI	✓			
Montserrat	UMI	✓	✓		
Morocco	LMI	✓			
Mozambique	LDC	✓	✓		
Namibia	UMI	✓	✓		
Nauru	UMI	✓	✓		
Nepal	LDC	✓			
New Zealand		✓	✓*		
Nicaragua	LMI	✓			
Nigeria	LMI	✓	✓		



North Korea	OLI	✓			
Pakistan	LMI	✓	✓		
Palestinian Territories	LMI	✓			
Panama	UMI	✓			
Papua New Guinea	LMI	✓	✓		
Paraguay	LMI	✓			
Peru	UMI	✓			
Philippines	LMI	✓			✓
Pitcairn Island		✓	✓		
Russian Federation		✓			
Rwanda	LDC	✓	✓		
Saint Helena	UMI	✓	✓		
Saint Kitts and Nevis		✓	✓		
Saint Lucia	UMI	✓	✓		
Saint Vincent and the Grenadines	UMI	✓	✓		
Samoa	LMI	✓			
Sao Tome and Principe	LDC	✓	✓		
Senegal	LDC	✓			
Serbia	UMI	✓			
Seychelles	UMI	✓	✓		
Sierra Leone	LDC	✓	✓		
Singapore		✓*	✓*		
Solomon Islands	LDC	✓	✓		
Somalia	LDC	✓			
South Africa	UMI	✓	✓		✓
South Korea		✓*			
South Sudan	LDC	✓			
Sri Lanka	LMI	✓	✓		
Sudan	LDC	✓			
Suriname	UMI	✓			
Swaziland	LMI	✓	✓		
Syria	LMI	✓			
Taiwan		✓			
Tajikistan	OLI	✓			
Tanzania	LDC	✓	✓		
Thailand	UMI	✓			✓
Timor-Leste	LDC	✓			

Togo	LDC	✓			
Tonga	UMI	✓	✓		
Trinidad and Tobago		✓	✓		
Tristan da Cunha		✓	✓		
Tunisia	UMI	✓			
Turkey	UMI	✓			✓
Turkmenistan	UMI	✓			
Turks and Caicos		✓	✓		
Tuvalu	LDC	✓	✓		
Uganda	LDC	✓	✓		
Ukraine	LMI	✓			
United States				✓	
Uruguay	UMI	✓			
Uzbekistan	LMI	✓			
Vanuatu	LDC	✓	✓		
Venezuela	UMI	✓			
Vietnam	LMI	✓			✓
Virgin Islands (British)			✓		
Yemen	LDC	✓			
Zambia	LDC	✓	✓		
Zimbabwe	OLI	✓			
Afghanistan	LDC	✓			

Key:

OECD Overseas Development Assistance categories:

LDC: Least Developed Countries

OLI: Other Low Income Countries

LMI: Lower Middle Income Countries

UMI: Upper Middle Income Countries

Asterisks denote a very limited allocation of public funding, with scholarships funded mainly through partnerships.

## **Annex K - Stakeholders Consulted**

### **Association of Commonwealth Universities**

John Kirkland, Deputy Secretary General  
Jonathan Jenkins, Director of Scholarships  
Keith Stephenson, Director of Finance and Resources  
Urfan Arif, Finance Manager  
Deborah Bennett, Commonwealth Scholarships  
Michael Scott Klein and Julia Phelps, Chevening Scholarships  
Mary Denyer, Marshall Scholarships

### **Commonwealth Scholarship Commission**

Richard Middleton, Chair

### **Marshall Aid Commemoration Commission**

John Hughes, Chair

### **Cabinet Office**

Nisha de Silva, Head of Strategic Communications & Stakeholder Engagement,  
Public Bodies Reform

### **Foreign and Commonwealth Office**

Rt Hon Hugo Swire MP, Minister of State  
Hugh Elliott, Communication Director  
John Virgoe, Head of Policy Unit  
Sara Everett, Head of External Engagement and Communication  
David Bull, Head of Team, Public Diplomacy  
David Crellin-Jones, Head of Scholarships Unit  
Val Chamberlain, Finance Manager, Communication Directorate  
Karen Ingle, Projects Task Force (Chevening reviewer)  
Thorda Abbott-Watt, Projects Task Force (MACC reviewer)

### **Department for International Development**

Keith MacKiggan, Head of United Nations and Commonwealth Department (UNCD)  
Martin Niblett, Head of Commonwealth Team, UNCD  
Morag Alexander, Commonwealth Team, UNCD  
Louise Currie Finance Manager, International Relations Division  
Patrick Brown, Financial Accountant, Finance and Corporate Performance Division  
Catherine Jess, Senior Financial Accountant  
Jim Kennedy, Internal Audit Department

### **Department for Business, Industry and Skills**

Jackie Hinton, Newton Fund Programme Manager

### **British Council**

Paul Fairclough, Director of Partnership Programmes  
Kevin Drury, Account Management, Education and Society  
Richard Garrett, Senior Account Manager for DFID and EC projects  
Maria Campbell, Head of Scholarships

**Other**

Conrad Bird, Director GREAT

Sarah Savage, LSE International Alumni Officer

[Geoff Cole, CSC reviewer]