Dear Vice-Chancellor

Global Challenges Research Fund: Institutional three-year QR GCRF strategies

1. This letter announces changes to HEFCE’s process for allocating and monitoring allocations from the Global Challenges Research Fund (GCRF). HEFCE (and, from 1 April 2018, Research England) will require institutions in receipt of GCRF funding allocated as part of quality-related (QR) research funding to produce a three-year strategy for their QR GCRF allocations and to participate in an annual monitoring exercise.

2. This additional level of assurance on QR spend is required to meet the conditions attached to Overseas Development Assistance (ODA) funding, of which the GCRF is a part. We appreciate the additional burden this creates for institutions in order to meet the requirements of ODA funding and activity.

3. This letter invites HEIs to submit three-year QR GCRF strategies, to be assessed ahead of the allocation of QR GCRF for three years from 2018-19. Institutional strategies should be emailed to globalchallenges@hefce.ac.uk by noon on Monday 26 March 2018.

Background
The GCRF is a £1.5 billion fund announced by the Government to support cutting-edge research that addresses the challenges faced by developing countries. Annex B contains information on the GCRF and conditions attached to this funding. Additional detail on the aims of the GCRF can be found in the ‘UK Strategy for the GCRF’ (http://www.rcuk.ac.uk/funding/gcrf/challenges/).

4. From 2016-17 HEFCE has distributed GCRF allocations to all higher education institutions (HEIs) in receipt of QR funding in proportion to their mainstream QR
allocations. This process was not judged sufficient to meet the ODA reporting standards by the Independent Commission for Aid Impact in summer 2017, so we are implementing this process requiring institutions to submit strategies and participate in annual monitoring to increase accountability. From 2018-19, all HEIs in receipt of QR will be eligible to receive QR GCRF by submitting a three-year QR GCRF strategy that is assessed as ODA-compliant.

**Principles and process**

5. The overarching aim of the Global Challenges Research Fund is ‘to ensure the UK takes the lead in addressing the problems faced by developing countries, whilst developing our ability to deliver cutting-edge research’ (‘UK Strategy for the GCRF’). QR GCRF allocations must be used according to ODA principles, which state that only research directly and primarily of benefit to the problems of developing countries may be counted as ODA (‘Global Challenges Research Fund Guidance’, [http://www.rcuk.ac.uk/funding/gcrf/](http://www.rcuk.ac.uk/funding/gcrf/)). Any benefit to the UK or other developed countries from QR GCRF activity must be a secondary consideration. GCRF activity must also comply with ODA guidelines by working with and supporting development in countries and territories on the ‘Development Assistance Committee (DAC)’s list of ODA recipients’ ([http://www.oecd.org/dac/stats/daclist.htm](http://www.oecd.org/dac/stats/daclist.htm)). Any part of an HEI’s QR GCRF allocation that is not spent on ODA-compliant activities will be recouped. All spending using QR GCRF allocations must also be in line with the broader GCRF strategy developed by the delivery partners (‘UK Strategy for the GCRF’).

6. To demonstrate that GCRF funds are being spent on ODA-compliant activity and to support the case for continued funding, HEFCE is implementing a triennial exercise in which HEIs submit a strategy outlining their overarching strategy for development-related research activity and how it intends to prioritise and spend QR GCRF allocations. HEFCE will publish HEIs’ strategies on its website. This exercise will begin in 2018 and will cover funding for three years from the academic year 2018-19. HEIs will be asked to complete the strategy based on the indicative allocations for GCRF that HEFCE has received in grant letters from the Department for Business, Energy and Industrial Strategy.

7. Submitting a strategy will not be mandatory, but HEIs will only be able to receive QR GCRF allocations for the three years from 2018-19 by submitting a strategy that is assessed as ODA-compliant.

8. The Office for Students and UK Research and Innovation will be established on 1 April 2018. UK Research and Innovation will comprise the seven Research Councils, Innovate UK and Research England, the last of which will take on the former research and knowledge exchange functions of HEFCE. The QR GCRF strategies process will begin under HEFCE and is expected to transfer to Research England on 1 April 2018. We do not expect this transfer to affect the process.

9. Research England will also enhance its monitoring process to better assure ODA compliance for QR GCRF allocations. For 2017-18 allocations, Research England will monitor all HEIs in receipt of QR GCRF by rolling out the case studies approach HEFCE used in a pilot survey in 2016-17 across the whole sector. This pilot survey
asked 28 HEIs to provide information on up to three projects funded through their QR GCRF allocation in 2016-17, and to assure HEFCE that total QR GCRF allocations had been used for eligible activity. For 2017-18, this monitoring process will ask HEIs to quantify and break down activities by spending where possible. HEIs will also be asked to provide information on the types of activity funded, the DAC list countries involved, and the impacts and outputs.

10. For allocations for 2018-19 and beyond, HEIs will be monitored annually and will be required to report against their strategies. HEFCE is in the process of developing the template for this monitoring, which will be delivered under Research England. It is expected that the monitoring process will require HEIs to provide a breakdown of the spending of their whole QR GCRF allocation, including information on the types of activity funded, the DAC list countries involved and the impacts and outputs produced. Institutions will also need to report on the progress against intentions outlined in their strategies, and explain how activities align with their strategy (or why any activities have diverged from their strategy). Completing the annual monitoring process and reporting sufficiently against strategies will be a condition of grant. If an institution fails to participate successfully in the monitoring process, or if any of its activities are assessed as not ODA compliant, Research England will reserve the right to adjust future funding allocations to recoup the QR GCRF grant, to refuse future QR GCRF funding, or both.

**Action required**

11. HEIs wishing to receive a QR GCRF allocation should complete and return Annexes A1 and A2, which are available to download alongside this letter at [http://www.hefce.ac.uk/rsrch/funding/gcrf/](http://www.hefce.ac.uk/rsrch/funding/gcrf/). Guidance notes for completion are available at Annex B and indicative allocations for 2018-19 are available at Annex C. Institutional strategies should be emailed to globalchallenges@hefce.ac.uk by **noon on Monday 26 March 2018**.

Yours faithfully

David Sweeney
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