



Summary

Date: 2023-03-30

Reference number: 3.1.1-2021-1001

RiR 2023:7

Trust and control

– central government grants to civil society

Summary

The central government allocates more than SEK 20 billion to civil society organisations every year. The main incentive for the allocations is the key role of civil society for a vibrant democracy. Central government grants are governed by some 80 ordinances and are distributed with the help of around 40 central government agencies and in some cases civil society's own organisations, such as the Swedish Sports Confederation and the Swedish National Council of Adult Education.

The Swedish National Audit Office (Swedish NAO) has audited central government grants to civil society at four central government agencies: the Swedish Gender Equality Agency, the Swedish Agency for Support to Faith Communities, the Swedish Agency for Youth and Civil Society (MUCF), and the National Board of Health and Welfare. In 2021, these agencies together accounted for just over SEK 1.4 billion of central government support to civil society.

The overall conclusion of the Swedish NAO is that the agencies' grant allocation is not sufficiently effective. The allocation of grants to civil society is based on a convention of trust. At the same time, the audit shows that there is an increasing risk of that trust being exploited by unscrupulous actors and that the government agencies have not adapted their control to the altered risk. Suspicion of fraud and incorrect payments risk damaging confidence in the government grants and the activities carried out by civil society. The shortcomings highlighted by the audit

therefore need to be addressed to reduce the risk of incorrect payments and to uphold the legitimacy of grant allocation.

The audit shows that the government agencies need to cooperate more to increase the efficiency of grant allocation. According to the Swedish NAO, an important explanation to the limited cooperation is that the government agencies lack easily accessible information concerning which grants other agencies issue and to which organisations the grants are issued. The Swedish NAO considers that a central database of available government grants would improve transparency in the grant systems in a way that would benefit both the government agencies and the grant-seeking organisations. It would make it easier for government agencies to avoid incorrect payments, while allowing civil society organisations to see which grants they can apply for.

The Swedish NAO assesses that each audited agency, albeit to varying degrees, needs to develop and strengthen their controls based on the altered risk. It is a matter of using a more risk-based approach and carrying out more visits to organisations. At the same time, grant allocation adapted to the altered risk requires certain organisational capacity. In this respect, the audit shows that the Government's governance can play a major role. The governance of MUCF is a good example, where the Government, through increased focus on the control aspect and expanded resources has made it possible for the agency to improve its risk-based control activities.

It is important to ensure that strengthened control does not become an unnecessary administrative burden for organisations applying for grants. The Swedish NAO therefore recommends a progression toward a more stringent control that does not involve any major administrative burden for civil society organisations. Although such a change will lead to some additional work for the grant-giving agencies, it is the Swedish NAO's assessment that more stringent control is completely necessary to safeguard that central government resources are not misused and to maintain the legitimacy of grant allocation.

Recommendations

Recommendations to the Government

- Task a suitable government agency with establishing a central database that includes all available government grants to civil society and the organisations that have received such support.
- Task suitable agencies with establishing national support functions concerning material risks in connection with grant allocation to civil society. The support functions must be able to provide grant-giving agencies with special competencies concerning financial risks, violent extremism, and non-democratic activities.
- Task grant-giving agencies with developing and strengthening control, for example by increasing the frequency of risk-based visits to organisations.
- Task grant-giving agencies with improving grant recipients' opportunities to fulfil the grant requirements, for example by providing basic training concerning requirements placed on organisations that receive grants.