



Summary:

Swedish Foundation for Humanities and Social Sciences – contributes to Swedish research

Summary and conclusions

Riksbankens Jubileumsfond (Swedish Foundation for Humanities and Social Sciences, RJ) was set up by the Riksdag in 1964 to commemorate the 300th anniversary of the Riksbank. The purpose was to support academic research connected with Sweden. RJ mainly supports research in the social sciences and humanities. RJ manages capital of SEK 11.7 billion and in 2015 distributed SEK 543 million for research. RJ is thus a significant financier of research in the social sciences and humanities. The foundation is to exist indefinitely.

Purpose of the audit

The purpose of the audit is to scrutinise RJ's operations. The following questions have been addressed in the audit:

- Does RJ's research funding fulfil the purpose of the operations?
- Is RJ's fund management characterised by sound financial management?
- Does RJ's Board of Directors work appropriately?

The Swedish National Audit Office has not audited the outcomes of research funded by RJ.

Audit findings

RJ's research funding fulfils the purpose of the operations

In the past ten years RJ has developed various forms of support. Until 2006 projects, in other words funding extending over three years, was the predominant form of support but new forms have since been added. Those that have grown most are programme-funding extending over eight years and focused initiatives. This means that the board has used the

opportunity to develop the focus of operations “in light of experience gained and taking into account the development requirements” which the Riksdag expressed in 1964.

RJ's statutes state that the foundation must give priority to areas of research where funding needs are not otherwise well provided for. RJ's interpretation of this has since the 1990s in practice been to almost exclusively support research in the social sciences and humanities. The Swedish NAO considers that this is a reasonable interpretation but that both a wider and a narrower interpretation are possible. The statutes further state that RJ is to support in particular large, long-term research projects, support new research assignments requiring prompt, vigorous measures and promote contacts with international research. Through forms of support such as programmes, focused initiatives targeting particularly important areas of research and funding of guest professorships these purposes are fulfilled. The Swedish NAO's assessment is therefore that RJ fulfils its purpose. Researchers also appreciate the fact that RJ to a great extent provides free research funds that are not focused on a particular research question. At the same time RJ's statutes and the intentions expressed by the Riksdag in 1964 when RJ was set up are worded in general terms since the Riksdag did not want to tie the foundation to a formulation of purpose that could prove too narrow in the future. This means that the board of directors of the foundation has great freedom to formulate and set priorities between forms of support, determine the extent of support for various research subjects and decide which criteria to use for ranking research applications.

Researchers want more feedback and the grant rate is low

Research applications are dealt with in RJ's preparatory groups that propose the projects that are to be granted funds. The audit shows that the reasons given for refusal in the preparatory groups are relevant in relation to the scientific quality criterion. But the working methods of the preparatory groups differ somewhat and discussions of criteria, such as the international connection, were not conducted in all preparatory groups.

The academic perception of RJ's preparatory process is generally positive, but there is a demand for feedback on refusal at the first stage, where applicants would like to know if it is worth working more on a proposal or not. RJ has introduced a limit on researchers' opportunities to apply for project funding that prohibits an applicant from submitting a project application if it has been refused two years in a row. This restriction has strengthened the need for feedback from RJ to applicants not granted funding. The researcher can thus get to know if it is worth working further on the research proposal or not.

Due to a high pressure of applications the overall grant rate is low – on average it was 6.4 per cent in the period 2000–2015. In addition, the grant rate varies between subject areas and also higher education institutions. For example, the areas of probability theory and

statistics have a grant rate of 24 per cent, while educational science has a grant rate of 2.5 per cent. The low grant rate may in itself constitute a challenge, since researchers invest a considerable amount of time in unsuccessful applications while the probability of a successful application may depend on small differences in quality.

Continued gender equality challenges

RJ has formulated clear gender equality goals and the preparatory groups have an even gender distribution. The percentage of project applications with female project leaders has increased considerably in the past 15 years and now corresponds to the percentage of doctoral researchers in the humanities and social sciences. At the same time, female researchers with a career age of 20 years or more have a considerably lower grant rate than male researchers with a comparable career age, and the difference cannot be explained by academic position.

In addition, the more extensive programme grants covering eight years are more often granted for programmes led by men. The difference in grant rate between in particular older female and older male researchers deserves further analysis by RJ.

Fund management is characterised overall by sound financial management

The foundation's statutes regulate how its funds are to be managed and specify that the board of directors must manage the capital of the foundation with the aim of maintaining the long-term capacity for grants. RJ's yield fulfils the goals of the board and the long-term distribution of funds to research lies at a level that maintains the original value of the foundation's capital.

RJ has decided on an active fund management strategy. The fund management performance exceeds the index and the choice of securities makes a positive contribution to excess return. RJ's fund management performance compares well with other research foundations formed by the State and the National Swedish Pension Funds (1–4). Hence yield is satisfactory in relation to the chosen risk level.

RJ's fund management costs are in the higher range compared with other research foundations formed by the State, but reasonable nevertheless. The costs are driven up by external administrative costs, which include brokerage and administration of external fund charges.

Deficiencies in documentation and reporting

RJ's fund management is taken care of by a relatively small organisation, which makes it dependent on individuals. Since RJ has chosen an active management strategy the assessment is that staffing is the lowest possible.

The policy documents mainly comply with best practice but there has been a lack of instructions on investment policy, financial policy and in the internal job descriptions for back-office on how non-compliance is to be reported. Consequently there is a risk that the board will not receive information on any deviations from current policies.

The Swedish NAO considers it important that there is clear documentation and procedures for non-compliance reporting so that the board is informed and to allow the organisation to learn from previous deficiencies to avoid their repetition. Knowledge of procedures must not disappear if an employee leaves.

There are no counterparty agreements and it is possible to reduce transaction costs

RJ trades in securities via Swedish and foreign counterparties. Counterparty agreements describe what the parties have agreed on, such as brokerage for transactions when buying or selling shares and the costs of analyses. However, in several cases there are no counterparty agreements and RJ has not negotiated any special terms and conditions to reduce costs, despite the fact that the foundation manages substantial capital and could be a strong negotiation partner. At the same time the turnover rate is high. The Swedish NAO therefore considers that it is possible to reduce transaction costs.

The board can work more strategically

RJ's board has above all approved items that were prepared and has not had the time or scope for strategy discussions, for example concerning the focus of the foundation. The board meets to approve prepared items of business, such as the annual report, budget and the research grants that the preparatory groups propose. The board has, however, initiated questions of ethics and sustainability in funds management, gender equality in research funding and evaluation of projects as a form of support.

Given RJ's considerable freedom to design operations within the framework of the statutes there is reason for the board to conduct discussions to a greater extent on the future focus of research funding. The board should also discuss matters concerning the work of the chief executive and the secretariat without the presence of the secretariat at the meeting.

Better follow-up of real estate policy is needed

RJ has decided to invest some of its capital in directly owned real estate. The board determines RJ's real estate policy and under this the chief executive decides on the allocation of vacant apartments. The apartments must either be offered to employees of RJ or be put at the disposal of the Stockholm Housing Agency). Of the existing tenants, seven are employees or former employees of RJ.

Half of all vacant apartments must be put at the disposal of the Stockholm Housing Agency. Of the apartments put at the disposal of the Housing Agency since 2005 a majority

were small apartments and of the ten apartments made available since 2011, nine for short-term contracts. The tenth apartment was ordinary rental accommodation left to the Agency in May 2016. It has not been possible for the Swedish NAO to monitor real estate policy compliance since 2005, that is how many apartments that have become vacant and how they were allocated.

Ownership of real estate entails risks, such as varying forms of compensation between tenants when exchanging apartments, bribes in connection with rental and mass media reporting. Therefore, it is important that there is a current real estate policy that is followed and that the board is informed annually of compliance with the real estate policy, of the number of vacant apartments and of how these have been allocated.