

# INSTITUTE FOR SECURITY & DEVELOPMENT POLICY

ANNUAL REPORT  
2018



Institute for Security &  
Development Policy





## DEAR FRIENDS AND COLLEAGUES,

In 2018, developments in ISDP's areas of expertise have been both alarming and encouraging. The Korean Peninsula, for example, has seen several high-level meetings but only modest progress toward denuclearization. To achieve real progress on the Peninsula, the need for creative diplomacy and confidence-building is ever more urgent. Relations between China and the U.S. have been a growing concern for the international community with a trade conflict threatening to spread worldwide.

The trajectory of Central Asia has been more positive with Kazakhstan and Uzbekistan both remaining on the road to reform.

Responding to these developments will require more engagement and a willingness to revise outdated assumptions about the region. In the case of Turkey, however, relations with both the U.S. and Europe have continued to deteriorate, requiring renewed efforts to restore a decades-old partnership.

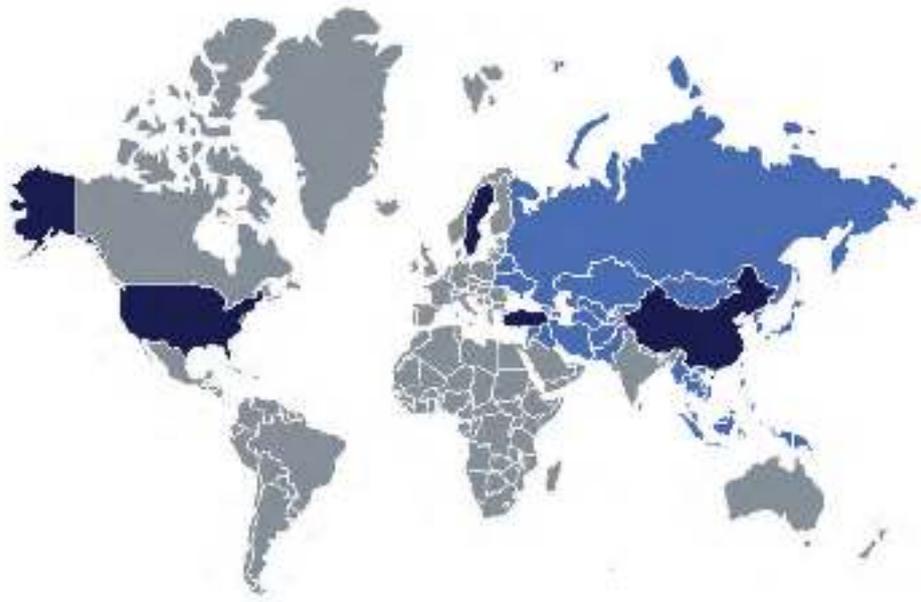
Across the Eurasian continent economic challenges are mounting, and the ambiguity of the U.S. global posture continues to complicate strategic planning. American allies, not least South Korea and Japan, increasingly doubt the U.S.' willingness to cooperate. This uncertainty also contributes to the trend toward centralization of

power, which goes hand-in-hand with the populist waves that are hitting various nations globally.

In all these areas, the need for solid analysis, in-depth discussion, and dialogue are apparent. ISDP has continued to bridge the gap between academia and policymakers by providing up-to-date analysis and forums for discussion and debate.

We look forward to continually deepening cooperation with our sponsors and partners, receiving feedback, and meeting you at our events in the coming year.

Sincerely,  
Niklas Swanström &  
Svante E. Cornell



- ISDP Country Representatives
- ISDP Focus Countries

## THE INSTITUTE

ISDP is a Stockholm-based non-profit and non-partisan research and policy organization.

ISDP operates through two principal and permanent programs: the Asia Program and the Silk Road Studies Program. Within these two principal Programs, work at ISDP is organized in Centers and Projects. Centers have a long-term scope and focus on larger thematic areas whereas Projects are established to deliver specific outputs with a deeper and narrower focus, within a short-term framework.

The Asia Program con-

ducts research into security and development challenges in the Asian region with a focus on the sub-regions of Northeast, Southeast, and South Asia. As such, it carries out policy-oriented and practical research, facilitates confidence-building exercises, and organizes conferences and seminars. The main objectives are not only to be a bridge between academia and policy but to provide strategic insights and policy recommendations to decision-makers in governments, international institutions, and the private sector.

The Silk Road Studies Program runs a Joint Transatlantic Research and Policy Center with the American Foreign Policy Council in Washington D.C. The Program focuses on the western part of Eurasia, Central Asia, the Caucasus, Turkey, and Eastern Europe. The main activities and research are on state-building and political development, security and conflict, as well as the relationships between the regions and the West.

# RESEARCH AND ENGAGEMENT

For over a decade, ISDP has worked to expand the understanding of international affairs in its areas of focus. Concentrating on the inter-relationship between security, conflict, and development, ISDP works to further security and development through its analysis as well as practical activities aimed at promoting dialogue.

Since 2007, the Institute has provided independent analysis to policy makers and other relevant institutions. ISDP functions as a focal point for academic, policy, and public discussion of its focus areas

through applied research, publications, research cooperation, public lectures, and seminars.

ISDP strives to work closely with governments and independent organizations located in its regions of study and to pursue extensive collaborative projects, such as through exchanges of researchers and the organizing of joint conferences.

The Institute holds firm to the conviction that an understanding of international affairs requires a deep and comprehensive knowledge of the culture and history of regions and

countries under study, and continuous interaction with a broad cross-section of these societies.

## 2018 IN NUMBERS

1000+

MEDIA QUOTES

40+

EVENTS

90+

PUBLICATIONS

*Independent thinking, strategic solutions*

## VISION & MISSION

ISDP's **mission** is to promote understanding of the nexus between conflict, security and development in our regions of focus; inform and influence decision makers; provide analytical products and tools; and enable inclusive dialogue and debate.

ISDP's **vision** is to become a leading platform that equips decision makers with the tools and knowledge to address complex policy challenges affecting peace and security.

The Institute strongly believes in **ethnic diversity, gender equality, and religious and political freedom** and firmly stands for it in all aspects of its work.



## WESTERN POLICY ON THE SILK ROAD

The question of unresolved conflicts has grown higher on the European agenda as a result of developments in Ukraine. However, these events should lead to greater and not lesser attention to the precursor “frozen conflicts”: those in Georgia and between Armenia and Azerbaijan. In all these areas, it is clear that local confrontations are worsened by Moscow’s attempts to manipulate conflicts to maximize its leverage in this critical geographic space between the EU and Russia.

Thus, the Georgian government continues to confront attempts by Moscow

and the separatist governments of South Ossetia and Abkhazia to establish new facts on the ground, and develop closer forms of integration of these territories into Russia. Yet given the focus of Western attention on Ukraine, these steps are not receiving the attention they deserve in Western capitals.

In parallel, the last several years have seen a continuous escalation of the Armenia-Azerbaijan conflict. This culminated in a brief military conflict in April 2016, which saw shifts of territorial control for the first time in 22 years. These events, taken

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*...local confrontations are worsened by Moscow’s attempts to manipulate conflicts to maximize its leverage...*

together, indicate that the unresolved conflicts are far from “frozen” and continue to require considerable attention from European security institutions.

# CAUCASUS

In 2018, ISDP released a critical analysis of 25 years of U.S. and European policies in Central Asia and the Caucasus. The book, *Long Game on the Silk Road*, argues that American and European policies have suffered from both conceptual and structural impediments. Policies have often been uncoordinated or contradictory.

While authors S. F. Starr and S. E. Cornell embrace the goal of promoting human rights and democracy, they argue that the antagonistic methods adopted to advance this goal have proven counter-productive. They

propose that Western governments work with the regional states rather than on or against them; and that instead of focusing directly on political systems, policies should focus on developing the quality of governance and help build institutions that will be building blocks of rule of law and democracy in the long term.

The authors also argue that Western leaders have largely failed to grasp the significance of this region, relegated it to a subordinate status and thus damaging western interests. The development of sovereign, economical-

ly strong, and effectively self-governing states in the Caucasus and Central Asia is an important goal in its own right; the book stresses the importance of a region where the development and preservation of secular statehood could become a model for the entire Muslim world.



<h1>12%</h1> <p>of Georgia's gas imported from Russia</p>	<h1>59%</h1> <p>of the vote for Salome Zurbishvili</p>	<h1>5</h1> <p>billion USD Russo-Azeri arms deal</p>
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## RUSSIAN HYBRID TACTICS IN GEORGIA

*Silk Road Paper*, February, 2018



*...the growing appeal of Russia's preferred narrative of international politics in this region goes hand in hand with the West's inability to counter it.*

- Nilsson

## THE LONG GAME ON THE SILK ROAD: U.S. AND EU STRATEGY FOR CENTRAL ASIA AND THE CAUCASUS

Book, *Rowman & Littlefield*, 2018



*...the more recent deterioration of U.S.-Russian relations will doubtless cause the Caucasus corridor once more to be a crucial component of any future Western presence in Afghanistan.*

- Starr & Cornell



## UZBEKISTAN'S REFORMS

In the past two years, the previously rather “static” environment in Central Asia gave way to a considerable movement of reform. While this had been taking place in Kazakhstan for some time, the change was most dramatic in Uzbekistan, which had been ruled by President Islam Karimov from independence until his death in September 2016.

The transfer of power to former Prime Minister Shavkat Mirziyoyev unleashed a torrent of reform, as the country moved to improve relations with all its neighbors, and launched long-ranging

reforms in the economic and political areas, aiming to improve government efficiency and responsiveness to the population.

In parallel, a remarkable upswing in regional cooperation has been taking place in Central Asia, a region where countries had long been focused on consolidating their newly won sovereignty. The current enthusiasm for regionalism was made possible by the growing realization in both Kazakhstan and Uzbekistan, the region’s two largest countries, of the need for economic modernization as oil prices declined. In particular, the

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*In particular, the reform process in Uzbekistan served as a trigger that facilitated regionalism.*

reform process in Uzbekistan served as a trigger that facilitated regionalism. Central Asian presidents met at a summit in Astana in March 2018, for the first time in a decade and a second summit would follow in Tashkent a year later.

# CENTRAL ASIA

ISDP responded to developments in Central Asia by undertaking the first systematic analysis of Uzbekistan's reforms. During 2018, this resulted in five Silk Road Papers and one edited volume, Uzbekistan's New Face, which analyzed the reform initiatives in sectors including law, political system, elections, civil society, religious affairs, economic policy and foreign affairs. It paints a picture of an ambitious reform agenda, which if successful would fundamentally change Central Asia's largest and most central country for the better.

Time will tell whether the reform effort will succeed, and challenges are substantial. However, there can be little doubt that the effort is genuine, and its first positive fruits are already visible – particularly in a new dynamism within Uzbek society, as well as a fresh approach to foreign relations, where a new spirit of regionalism is taking root. ISDP also released a Silk Road Paper, "Modernization and Regional Cooperation in Central Asia," which provides a background to efforts at regional cooperation in Central Asia, as well

as a comparative analysis of global models of regionalism and their relevance to the region.



# 7

regional summits since 1991

# 5

countries at Astana summit in 2018

# ≈ 50%

of Uzbekistan's population under 25

## POLITICAL REFORM IN MIRZIYOYEV'S UZBEKISTAN: ELECTIONS, POLITICAL PARTIES AND CIVIL SOCIETY

*Silk Road Paper, March, 2018*



*An overarching goal of the President's reform program and Action Strategy is to root out corruption and inefficiency at the local and national levels of government.*

*- Bowyer*

## MODERNIZATION AND REGIONAL COOPERATION IN CENTRAL ASIA: A NEW SPRING?

*Silk Road Paper, November, 2018*



*...one must also caution against too forceful and fast-paced efforts, advocating instead a gradual, step-by-step and flexible approach.*

*- Starr & Cornell*



## THE SYSTEM BEHIND THE LEADER

Turkey experienced considerable turbulence in 2018, including a currency crisis, a controversial presidential election, and continued foreign policy unrest. President Erdoğan was re-elected in a vote that saw many irregularities but also novelty in the form of a strong opposition alliance that displayed considerable strength.

The crash of the Turkish currency in 2018 also compounded the country's troubles, and interplayed with foreign policy as the leadership blamed the United States for economic warfare against it. Relations between Turkey and

the West continued to be rocky, given the Turkish government's continued anti-Western rhetoric and disagreements over major issues, particularly Syria. Meanwhile, the Khashoggi affair, which allowed Ankara a moment of positive PR, highlighted the unpredictability of regional politics, and of Turkey's relationship both with the West and its neighborhood.

Importantly, Western analysis of Turkey continues to be strongly focused on the personality of President Erdoğan. This ignores the continued importance of other actors in determin-

ing Turkish policy, not least nationalist forces in the military, bureaucracy as well as politics that now form a key part of Erdoğan's power base.

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*...Western analysis of Turkey continues to be strongly focused on the personality of President Erdoğan.*

# TURKEY

In 2018, ISDP's Turkey Center continued to analyze the complex nature of the country's politics, economy and foreign policy. The Turkey Center's main outlet continued to be the Turkey Analyst, a prominent source of analysis on Turkish affairs, and our experts also contributed analysis to a variety of international outlets.

Turkey Analyst coverage focused on the reshaping of Turkish politics in the runup to the presidential elections, as well as the changing balance of power inside the Turkish state, and on the country's eco-

nomic woes. In addition, articles analyzed Turkish policies in Syria and beyond, the related Kurdish question, and Ankara's romance with Moscow.

ISDP expert contributions to other publications included analyses on Turkish domestic politics in Foreign Affairs and Foreign Policy, as well as Turkish-U.S. relations for the American Interest.

In addition, ISDP research focused on the intellectual origins of Turkish Islamism, raising attention in particular to President Erdoğan's mentor, Ne-

cip Fazil Kisakürek, in a lengthy study for the journal Current Trends in Islamist Ideology.



# 52%

voted for Erdoğan's  
AKP

# 290

AKP deputies  
in parliament

# 25%

Turkish Lira  
inflation

## WHY TURKEY IS AUTHORITARIAN: FROM ATATÜRK TO ERDOĞAN

Book, Pluto Press, 2018



*Turkey was a nationalist-bourgeois one-party dictatorship from its founding in 1923 until 1950, when the first free election was held. And it has remained a bourgeois regime.*

- Karaveli

## THE U.S. SHOULD GO AROUND ERDOĞAN TO ENGAGE TURKEY

RealClearWorld, June, 2018



*America and Israel should contain Erdogan's dangerous behavior while engaging with the broad cross-section of Turkish society that opposes the president's direction for their country.*

- Blum & Cornell



## LONG ROAD TO PEACE

2018 will be remembered as a historic year in which confrontation gave way to dialogue on the Korean Peninsula. There were no new nuclear and missile tests by North Korea while military exercises between the United States and South Korea were cancelled, thus allowing diplomacy to be given a chance to work. Inter-Korean exchanges blossomed as the two Korean leaders met three times and inked agreements on a new peaceful future for Korea. The first ever meeting between a serving U.S. president and North Korean leader also

raised hopes for a new dynamic in relations, if short on detail on how denuclearization and the establishment of a peace regime were to be achieved.

However, while developments in 2018 planted the seeds for a longer-term peace and denuclearization process, the outlook ahead remains uncertain. North Korea and the United States have found it difficult to find a middle ground to make further progress, while a deepening of inter-Korean relations remains frustrated by sanctions and lack of movement on the nuclear issue.

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*2018 was a year in which confrontation gave way to dialogue on the Korean Peninsula.*

In spite of the challenges, it is to be hoped that all sides seize opportunities to consolidate the progress made last year and do not allow a vicious cycle of tensions to return.

# KOREA

In line with the diplomatic momentum witnessed on the Korean Peninsula, 2018 was a busy year for ISDP's Korea Center in which its activities enjoyed an elevated profile bolstered by funding from the Korea Foundation.

Leveraging its reputation as an even-handed platform for exchange, it continued to facilitate unofficial multilateral dialogue between think tanks from the main conflict actors in line with the Center's central aim of contributing to a peacebuilding process on the Peninsula.

The Center's guest researcher program invited

North and South Korean guest researchers to conduct joint research on topics of mutual interest, including on prospects for deepening diplomatic relations as well as advancing gender equality.

The Center was also very active in publishing timely commentary and analysis on developments related to the peace and denuclearization process, as well as held well-attended public forums for the policy and academic community in Sweden.

Finally, with much attention focused on Korea this year, ISDP's experts were in high demand

by national and international media outlets for opinion and analysis.



# 3

inter-Korean summits in 2018

# 10,3

million food insecure in DPRK

# 47,8%

women in the DPRK workforce

## WINDOW OF OPPORTUNITY: BREAKING IMPASSE ON THE KOREAN PENINSULA

*Policy Brief, November 2018*



*... if anything, the past year has shown that patient and flexible diplomacy, that does not unduly inflate expectations, can make slow but steady results.*

- ISDP

## GENDER EQUALITY ON THE KOREAN PENINSULA

*Focus Asia, November 2018*



*... only with the meaningful participation of women can the road to reunification be lasting and comprehensive.*

- Eun Ha Chang



## THE WAR FOR TRADE AND RESPECT

During 2018 the administrations of Presidents Xi and Trump continued to vie with one another rhetorically while imposing tariffs on an ever-widening set of goods. Trump has indicated that he believes Chinese law and practice place an intolerable burden on the U.S. through unfair trade practices and theft of intellectual property. Meanwhile Xi Jinping maintains that the limitations placed on goods produced in China amount to efforts by Washington to trade protectionism and unfairly hurt China. The growing ideological

rift between China and the U.S. is also reflected in continuing geo-strategic tensions in places like the South China Sea and Northeast Asia. China remained solidly imbedded in western headlines with minority relations in Xinjiang and Tibet, Cross-Strait relations and alleged political motivated arrests of foreigners taking pride of place. Tensions over trade have provided the backdrop for negotiations between Washington and Beijing, speculation about which have caused fears not only among American strategic allies but also

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*Trump has indicated that he believes Chinese law and practice place an intolerable burden on the U.S.*

in the ranks of investors. Although it seems unlikely that the current standoff will escalate, both Trump and Xi are likely to have a profound effect on their respective governments, with long-ranging consequences for the balance of international politics.

# CHINA

In a year full of exciting and important developments, the Stockholm China Center has sought to keep pace with publications, public events and workshops.

A steady stream of topically relevant blog posts, policy papers and other publications shared the Institute's views and insights in international relations with the public, while several events held in Stockholm allowed the seminar going public to engage directly with knowledgeable speakers. Furthermore, China Center

staff contributed to academic publications which were published in both English and Chinese.

Despite rising diplomatic tension, the China Center maintained its extensive contact networks in China and Europe with a view to providing critically needed mutual understanding.

During 2018, the China Center's staff regularly contributed to the media discourse, provide in depth knowledge to journalists covering issues pertaining to international security. Not least, ISDP has been able to host visit-

ing scholars and researchers from China who have benefitted immensely from the opportunity to engage with Swedish counterparts and the public at large.



# 25%

tariff on significant Chinese tech products

# 131

countries involved in the BRI

# 42

overseas port projects in 2018

## MADE IN CHINA 2025

*Backgrounder, June 2018*



*...an initiative which strives to secure China's position a global powerhouse in high-tech industries.*

- ISDP

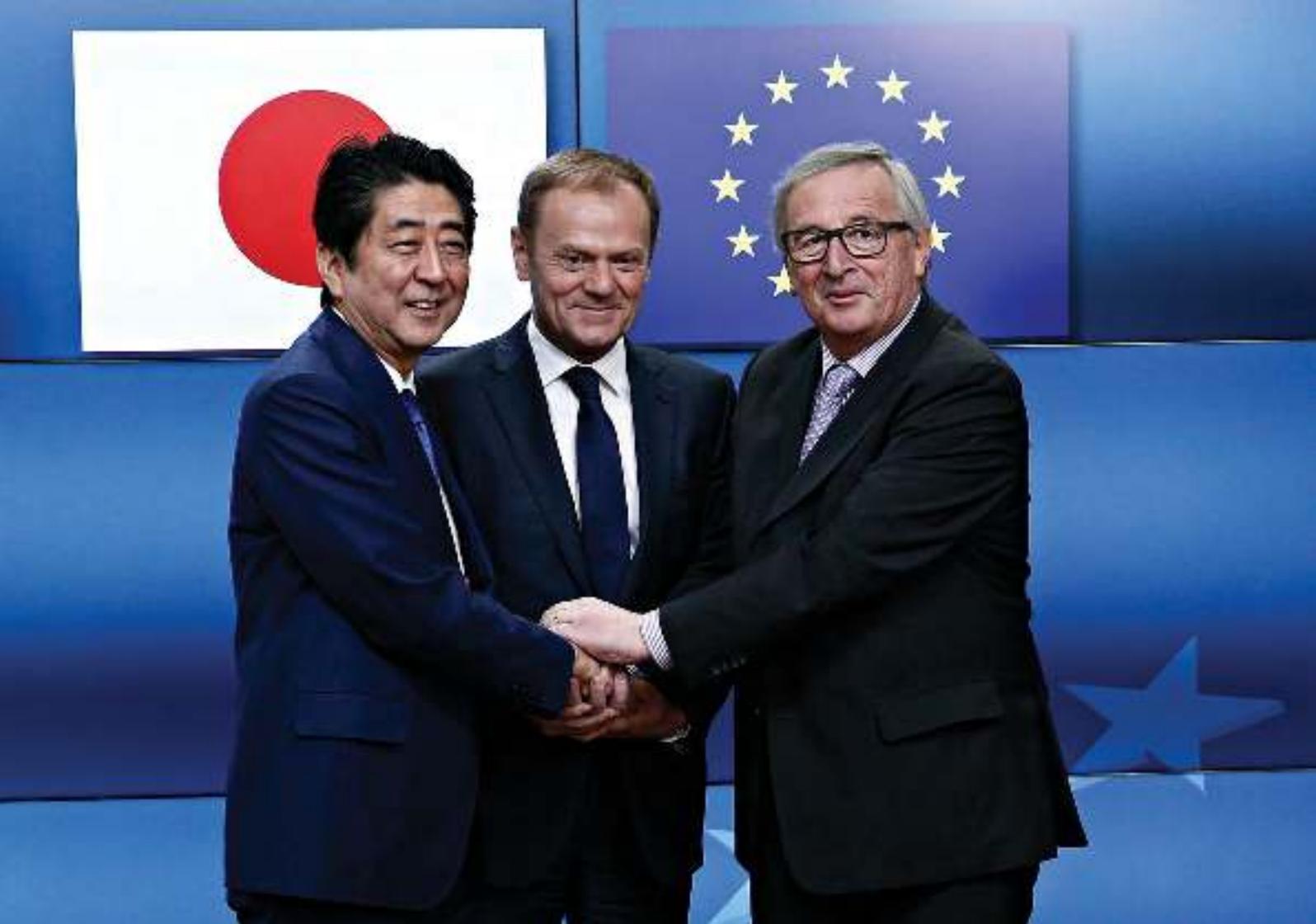
## MANAGING CONNECTIVITY CONFLICT: EU-INDIA COOPERATION AND CHINA'S BRI

*Asia Paper, December 2018*



*...the BRI is a manifestation of China's re-globalization ambitions.*

- Okano-Heijmans & Panda



## THE FREE TRADE CHAMPION

2018 was a year of mixed results for the government of Shinzo Abe in Japan. The debate over amending the constitution remains at a standstill and allegations of government favoritism have come under close public scrutiny. However, Abe has been re-elected as head of the ruling Liberal Democratic Party for an unprecedented third term, which if he completes, would make him the longest serving Japanese prime minister in history. On the international stage Japan has successfully played the role of a free trade champion, culminating in the EU-Japan

Economic Partnership Agreement (EPA) as well as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11). While Abe's seemingly close relationship with President Donald Trump is seen as conducive to Japan's national interests, there is a broad recognition in the country that bilateral trade negotiations will be difficult since the U.S. president has a record of mixing praise with threats with regard to trade policy. While Japan-South Korea relations continue to be at odds, and the outcome of the Russia-Japan peace

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*...Japan has successfully played the role of a free trade champion...*

treaty and disputed territories talks yet remains to be seen, long-strained Sino-Japanese relations might have entered a “new historic phase”, following Abe's recent meeting with President Xi Jinping, the first official visit of a Japanese leader to China in seven years.

# JAPAN

Over the course of 2018, ISDP's Stockholm Japan Center held several events, starting with a joint conference with the European Japan Experts Association (EJEA) on Integration and Disintegration in the Japanese Vision of Society 5.0. In September, ISDP initiated a roundtable discussion on Sweden's efforts on the Korean Peninsula with the Japanese Matsushita Institute of Government and Management delegates, soon followed by the ISDP Forum Meeting Shared Challenges – Securing the Liberal International Order analyzing Japan's commitment to upholding

the rules-based order. In December, the ISDP Forum Japan in the World – Toward a Larger Role concluded our 2018 activities. Throughout the year, the Center published a number of papers and articles, including several well-timed blog posts on Japan's Asia-Pacific engagement and leadership in safeguarding the international order. In April, the Center published a Backgrounder on the debate over Japan's constitutional amendments. This was followed by an op-ed piece in *The Diplomat* on what potential rapprochement with North

Korea would bring about. Additionally, ISDP Distinguished Fellow and Head of the Stockholm Japan Center Dr. Lars Vargö has given numerous expert interviews to Swedish and international news agencies.



# 6

years with Abe in power

# 25+

PM visits to foreign countries

# ¥27

trillion defense spending increase by 2023

## JAPAN'S DILEMMA WITH SANCTIONS POLICY TOWARDS RUSSIA: A DELICATE BALANCING ACT

*Focus Asia*, November 2018



*"Tokyo will find it more difficult to maintain its delicate balance between the G7 and Moscow."*

- Shagina

## A NEW DAWN FOR SINO-JAPANESE RELATIONS? LESSONS FOR JAPAN-SOUTH KOREA

*ISDP Voices*, November 2018



*"Abe's historic visit to Beijing, the first official visit of a Japanese leader to China in nearly seven years, took place after years of tensions [...]"*

- Vargö & Starchenko

# ORGANIZATION

## ISDP BOARD

The ISDP Board consists of high-level professionals and convenes three to five times a year.

### **Anna Wieslander**

*Chairman of the Board*

*Director for Northern Europe,  
Atlantic Council*

### **Karlis Neretnieks**

*Deputy Chairman of the Board*

*Board member of the Royal Swedish  
Academy of War Sciences*

### **Agneta Bladh**

*Former State Secretary in the Swedish  
Ministry of Education*

### **Per Storm**

*General Manager and Managing Director,  
EIT RawMaterials North AB*

### **Diana Janse**

*Senior Foreign Policy Advisor and Head  
of International Affairs, Moderate Party  
(Sweden)*

### **Per Eklund**

*Senior Fellow, ISDP*

## ISDP OFFICE

Niklas Swanström is Executive Director and Svante Cornell is Director of the Institute, while Malin Almquist Dworsky is Deputy Director and the Chief Financial Officer (on maternity leave in 2018 and replaced by Andrea Wernerman). ISDP's main office is located on Västra Finnbodavägen 2 in Nacka, Stockholm, Sweden. In 2018, ISDP consisted of 14 full-time staff members, 10 men and 4 women.

## INTERNSHIP PROGRAM

Each semester ISDP accepts four to six interns from all over the world to assist in the work of the Institute. The ISDP internship program offers the interns work experience in an international environment, encourages them to write and publish with staff members, and shoulder progressive responsibilities within the organization. During 2017, the 10 individuals from eight countries enrolled in the internship program were:

**Ádám Bozsik**

*Outreach and Publications Team*

**Stephen Crowther**

*Stockholm China Center*

**Fatoumata Diallo**

*Stockholm China Center*

**Joanna Diaz**

*Stockholm Korea Center*

**Persia Goudarzi**

*Stockholm China Center*

**Maximilian Menhard**

*Silk Road Studies Program*

**Luran Min**

*Stockholm China Center*

**Alice Privey**

*Stockholm Korea Center*

**Elin Sjöquist**

*Stockholm Japan Center*

**Anastasiia Starchenko**

*Stockholm Japan Center*

## GUEST RESEARCHER PROGRAM

ISDP regularly invites guest researchers to undertake research at the Institute. The Guest Researcher Program provides opportunities for professional development to scholars and other specialists and networking opportunities in Sweden. During their stay, guest researchers conduct research on a topic related to the Institute's core areas. During 2018, the following individuals participated in the guest researcher program:

**Chang Eun Ha**

*Korean Women's Development Institute,  
South Korea*

**Katherine Kjellström Elgin**

*Princeton University, USA*

**Fu Zhengnan**

*PLA Academy of Military Sciences*

**Guo Qiucheng**

*PLA Academy of Military Sciences*

**Huang Fang**

*China Institutes of Contemporary  
International Relations*

**Hwang Su Yon**

*Korea-Europe Association, North Korea*

**Jo Hyun Hae**

*Ministry of Public Administration and  
Security, South Korea*

**Jon Min Dok**

*Institute for Disarmament and Peace, North  
Korea*

**Kang Hyun Jung**

*Ministry of Land, Infrastructure and  
Transport, South Korea*

**O Son Hwa**

*Korea-Europe Association, North Korea*

**Park Hyeong Jung**  
*Korea Institute for National Unification, South Korea*

**Shi Lan**  
*Xinjiang Academy of Social Sciences*

**Sin Hyok**  
*Institute for Disarmament and Peace, North Korea*

**Song Jung Il**  
*Ministry of Justice, South Korea*

**Yang Kunfei**  
*Sichuan University*

**Jian Zhang**  
*University of New South Wales Canberra, Australia*

## **RECRUITMENT**

During 2018 ISDP had the pleasure of recruiting the following new experts:

**Fatoumata Diallo**  
*Junior Research Fellow*

**Andrea Wernerman**  
*Chief Financial Officer*

**Mats Engman**  
*Distinguished Military Fellow*

**Jian Zhang**  
*Associated Senior Research Fellow*

**Oskar Gustafson**  
*Editor*

## **NEW RESEARCH COOPERATION**

Institute of World Economics and Politics under the Foundation of the First President of the Republic of Kazakhstan, Kazakhstan

Korean Institute for National Unification, South Korea

Korean Women's Development Institute, South Korea



# FINANCIAL REVIEW

## INCOME

The Institute has successfully maintained a diversified income base, and consequently reduced the risk of having a high dependence of one core funder. The funding from the Swedish Ministry of Foreign Affairs accounted for 40 percent of the total revenue, a total of 14.3 MSEK. Four percent of the revenue is linked to the Institute's taxable operations and the remaining 56 percent can be allocated from other funders, such as; Korea foundation, Vetenskapsrådet, Stiftelsen Riksbankens Jubileumsfond, NordForsk, and the Ministry of Foreign Affairs of Kazakhstan, amongst others.

## COSTS

During 2018, the main focus has been on continued cost control. The Institute's greatest asset is its human resources. Personnel costs therefore continue to be a large part of the Institute's overall budget. It is vital that the Institute continues and develops this primary resource to maintain its current position as an attractive think tank for Swedish and international funders.

## RESULT

The financial turnover of 2013 resulted in a negative equity. This was mainly due to a lower income than expected, combined with the time it takes to adapt cost structure to a new level of revenue. The same year, the ISDP management and board drew up a plan to restore equity by the end of 2018. The positive result of 132 TSEK in 2018, are in line with that plan and the Institute now has a positive equity, which shows that the cost savings and efficiency measures taken place, have had an effect.

## LOOKING AHEAD

The Institute's long-term budget and prognosis indicates that activities can proceed with continued effective results. ISDP will continue to focus on a diversified funding and create long-term, stable relationships with all stakeholders, as well as consistently aim to achieve high-quality outputs. Funding from Japan Bank for International Co-operation, Korea foundation, NordForsk and the Ministry of Foreign Affairs of Japan, amongst others, will continue into 2019.

## AUDITOR

The auditor of ISDP is Micaela Karlström at Allegretto Revision.

## FIVE-YEAR FINANCIAL OVERVIEW

	2018	2017	2016	2015	2014
Income*	14,276,102	17,693,389	19,772,263	18,156,719	13,741,534
Expenses**	14,144,056	17,435,253	19,289,181	17,874,763	13,696,778
<b>Reported Results</b>	<b>132,046</b>	<b>258,136</b>	<b>483,082</b>	<b>281,956</b>	<b>44,756</b>

\*Incoming Resources including Revenue, Government Grant and Other Grants

\*\*Resources Expended including Result (EBIT), Financial Revenue and costs, Appropriations and Tax

## INCOME STATEMENT

	2018	2017
Revenue	617,981	1,136,498
Government Grants	7,855,686	7,932,430
Other Grants	5,802,435	8,624,461
<i>Total</i>	14,276,102	17,693,389
<b>Costs</b>		
Personnel Costs	-8,148,672	-8,556,598
Other Costs	-5,943,342	-8,582,980
<b>Result (EBITDA)</b>	<b>184,088</b>	<b>553,811</b>
Depreciation	-117,743	-115,803
<b>Result (EBIT)</b>	<b>66,345</b>	<b>438,008</b>
Interest, interest cost etc.	65,701	-183,172
Tax	-	3,300
<b>Net Result</b>	<b>132,046</b>	<b>258,136</b>

## BALANCE SHEET

ASSETS	2018	2017
<i>Fixed Assets</i>		
Inventories	47,756	84,238
Homepage	-	67,202
<i>Total</i>	47,756	151,440
<i>Current Assets</i>		
Account receivables	259,345	93,750
Other receivables	-	740,089
Prepaid expenses and accrued income	640,509	553,886
Liquid assets	<b>1,668,616</b>	<b>4,139,644</b>
<i>Total</i>	2,568,470	5,527,369
<b>TOTAL ASSETS</b>	<b>2,616,226</b>	<b>5,678,809</b>

## LIABILITIES AND EQUITY

<i>Current Liabilities</i>		
Accounts payable	172,429	196,097
Tax liabilities	10,109	24,668
Prepaid income	894,353	3,286,967
Other current liabilities	316,583	842,300
Interim liabilities	1,201,019	1,439,090
<i>Total</i>	2,594,493	5,789,122
<i>Equity</i>	21,733	-110,313
Equity	21,733	-110,313
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,616,226</b>	<b>5,678,809</b>

## FUNDERS IN 2018

Our work at ISDP is strengthened by engaging with sponsors and funders, who share our interests in interpreting and informing the policy debate. The support provided by funders to the Institute is invaluable and allows us to expand and improve our work, and to sustain our independence. We acknowledge and appreciate funders' support to the Institute, and are humbled by their confidence in our work.

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**This list includes core funding and project support, as well as commercial contracts during the course of 2018.**

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