

INSTITUTE FOR SECURITY & DEVELOPMENT POLICY

ANNUAL REPORT
2017



Institute for Security &
Development Policy



DEAR FRIENDS AND COLLEAGUES,

In 2017, the flurry of activity in ISDP's focus areas has kept the Institute busy. Developments have been both alarming and encouraging. The Korean Peninsula have been a key area of focus. With serious implications for regional and international security, the need for creative diplomacy and confidence-building becomes ever more urgent.

The trajectory of Central Asia, long viewed by many as an area dominated by problems, has been more positive. The two major states of the region, Kazakhstan and Uzbekistan, have both embarked

on significant efforts to reform and modernize their political systems and their economies. Responding to these developments will require more engagement and a willingness to revise outdated assumptions about the region.

Across the Eurasian continent, the one constant is uncertainty: economic challenges are mounting, and the ambiguity of the U.S. global posture continues to complicate strategic planning. Uncertainty also contributes to the trend toward centralization of power, which continues in major countries.

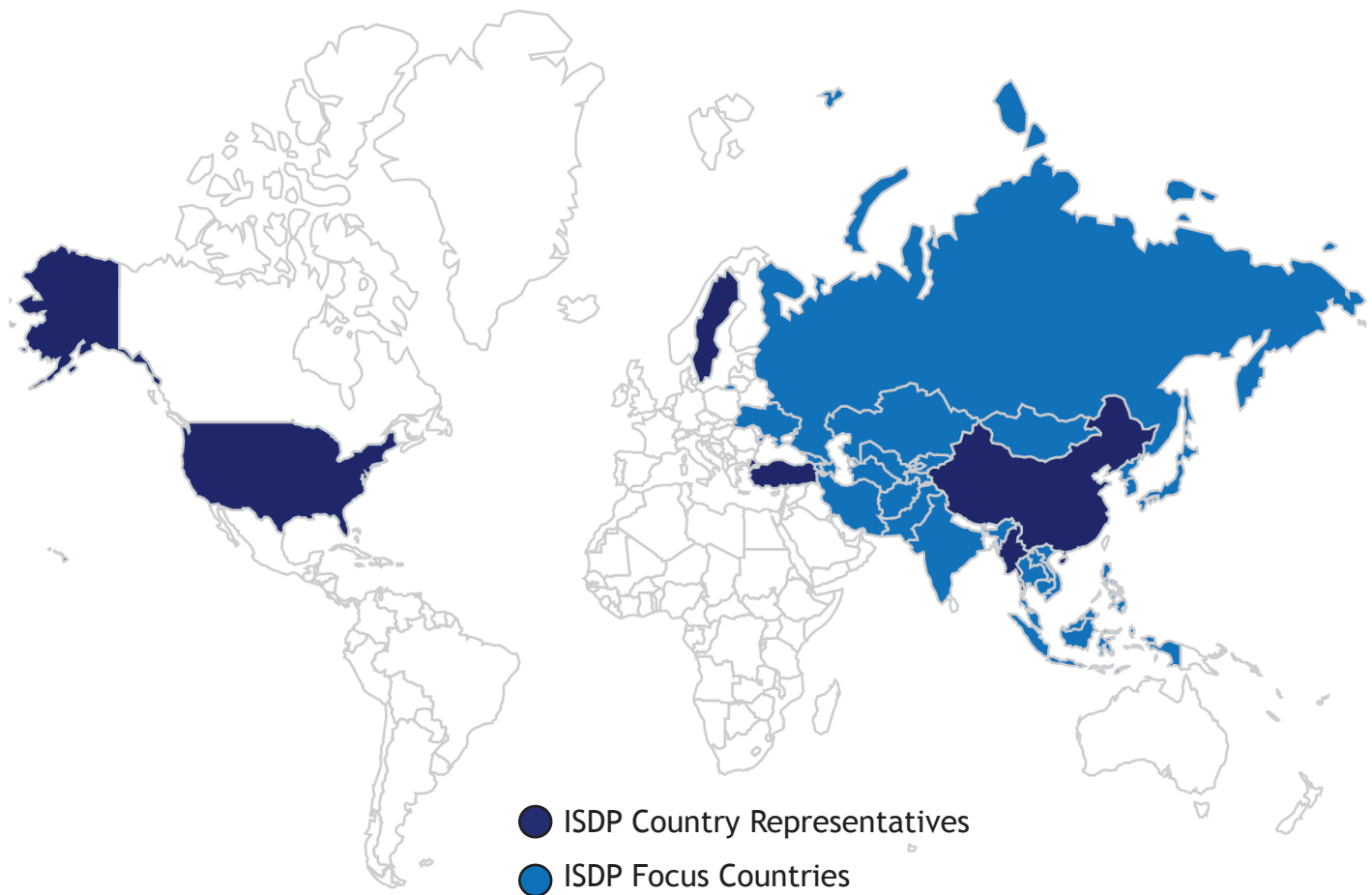
In all of these areas, the

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 fora for discussion and debate.

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

Sincerely,

Niklas Swanström &
Svante E. Cornell



THE CORE

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. ISDP also incorporates the cross-cutting Center for Transnational Threats, which straddles the two programs. 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 out-

puts with a deeper and narrower focus, within a short-term framework.

The Asia Program conducts 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.

ISDP 10 YEARS

For 10 years, ISDP has worked to expand 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.

2017 IN NUMBERS

900+

MEDIA QUOTES

30+

EVENTS

100+

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.



FROZEN CONFLICTS?

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

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

CAUCASUS

In 2017, ISDP has focused extensively on issues ranging from regional relations and frozen conflicts, to military exercises and energy security in the Caucasus region. With over 60 published articles in 2017, and an ever-growing readership, the CACI Analyst continues to be ISDP's main publications outlet on the region.

In addition to shorter articles, ISDP also published one longer paper and one book. The Silk Road Paper, by Emil Aslan Souleimanov and Josef Kraus, discusses Iran's Azerbaijan question, which epitomizes the growing intersection

between the affairs of the South Caucasus and those of the Middle East. The book, *International Politics of the Armenian-Azerbaijani Conflict*, was published by Palgrave Macmillan and edited by Svante E. Cornell. It contains texts by a series of leading experts, framing the Nagorno-Karabakh conflict in the context of European and international security.

It includes chapters on the conflict's role in European security, its international legal implications, its role in the changing regional geopolitics, the roles of Russia, Turkey, Iran, Europe and the

United States, and its prospects for the future. The book was launched at events in Stockholm and Washington in Spring 2017.



4400

square kilometers of
disputed territory

29

years of unresolved
conflict

4

days of clashes in
2016

THE INTERNATIONAL POLITICS OF THE ARMENIAN-AZERBAIJANI CONFLICT

- Cornell ed.



...the "frozen conflicts" of Eurasia have been affected by transformations in European security.

Book, Palgrave Macmillan US, 2017

IRAN'S AZERBAIJAN QUESTION IN EVOLUTION: IDENTITY, SOCIETY, AND REGIONAL SECURITY

- Souleimanov & Kraus



...the Azerbaijani question in Iran epitomizes the growing intersection between the affairs of the South Caucasus and those of the Middle East.

Silk Road Paper, September, 2017



RIPE FOR REFORM

In the past two years, the previously rather “static” environment in Central Asia gave way to a considerable movement of reform, affecting in particular the region’s two most important countries, Kazakhstan and Uzbekistan.

Following the fall in oil prices in 2014, Kazakhstan embarked upon a significant effort to modernize its economic and political system, including constitutional reforms that reduced the powers of the president. Kazakhstan also signed an Enhanced Partnership and Cooperation Agreement with the EU in 2015, which was

ratified in late 2017, bringing Kazakhstan closer to European institutions. 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. Tashkent 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. Taken together, these developments suggest

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...these developments suggest Central Asia is changing at a faster pace than before.

Central Asia is changing at a faster pace than before. As these countries look for inspirations to reform, it is to Europe that they increasingly turn. Responding to this growing interest for engagement will prove a challenge for European states and institutions in coming years.

CENTRAL ASIA

2017 continued to bear witness to many important events with wide-ranging policy implications for the Central Asian region. As such, ISDP continued to provide well-received analysis on events in Central Asia, resulting in publications ranging from shorter articles in the CACI Analyst, to longer papers and monographs.

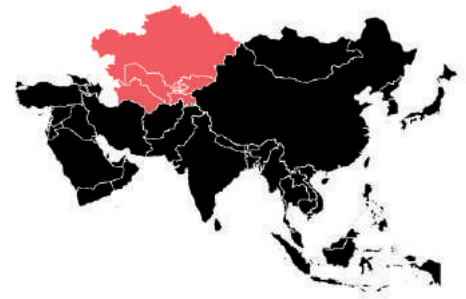
Notable publications included two Silk Road Papers – one paper by Svante Cornell and Johan Engvall on Kazakhstan’s European Identity; and one by Nicklas Norling, which examined party problems and factionalism in Soviet

Uzbekistan from 1924-1925 to independence in 1991.

ISDP was also active in the debate regarding radicalization in Central Asia, following several terrorist attacks by Central Asian perpetrators in 2017, one of which took place in Stockholm.

In addition to analytical contributions, ISDP hosted several events and panel discussions focusing on Central Asian issues, often organized through its Joint Transatlantic Research and Policy Center with the Central Asia-Caucasus Institute at the American Foreign Policy Council. The report Secular Gov-

ernance in Central Asia: the Case of Kazakhstan was launched in Stockholm and Washington D.C in November and December respectively, attracting a high level of interest from the audience.



32

million people live in Uzbekistan

34%

are younger than 14

79%

of the population is Muslim

KAZAKHSTAN IN EUROPE: WHY NOT?

- Cornell, Starr, Engvall



For Kazakhstan, the main question is to what extent its leadership is prepared to fully embrace its European identity.

Silk Road Paper, October, 2016

PARTY PROBLEMS AND FACTIONALISM IN SOVIET UZBEKISTAN: EVIDENCE FROM THE COMMUNIST PARTY ARCHIVES

- Norling



...there are few reasons to conceive of factionalism and party problems as different from republics in the western non-Muslim parts of the empire.

Silk Road Paper, March, 2017



TURKEY AND THE WEST

Relations between Turkey and the West have become increasingly tense, particularly because of Turkey's progressively more authoritarian government and anti-Western rhetoric and the growing number of sanctions imposed by the West, including the United States and the European Union.

Relations between Turkey and the United States have soured due to the Fethullah Gülen issue and the U.S. prosecution of high-level Turks for evading Iran sanctions. Both issues have increased anti-American rhetoric from the President Re-

cep Tayyip Erdoğan and his Justice and Development Party (AKP). The 2016 military coup also increased the anti-Western paranoia within the government. In response, Washington is attempting to exert pressure on Ankara, including through suspending visa services in Turkey. Similarly, Turkey and the EU are at odds on human rights issues.

The likelihood of an improvement of relations between the West and Turkey in the next year is small, in spite of continued interaction and communication through institutions such as NATO.

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Nevertheless, Turkey and Western nations maintain a common interest communicating and cooperating on issues such as the Syrian conflict and the current refugee crisis.

TURKEY

In 2017, the Turkey Center has continued analyzing the increasing authoritarianism in Turkey, from the April referendum where Erdogan consolidated his power, to the country's worsening relations with the West.

The main outlet of ISDP's Turkey Center continues to be the Turkey Analyst, which is a prominent source of analysis on Turkish affairs. Furthermore, ISDP experts were in high demand by international media institutions, both as guest authors and providing quotes on current events. Two prominent examples included a report on EU-Turkey Relations

published by the Free World Forum, authored by Svante Cornell, and a Foreign Affairs article by Halil Karaveli, covering the topic of the assassination of Andrei Karlov, Russia's ambassador to Turkey.

During 2017, ISDP organized two well-attended events focusing on Turkey. The first featured ISDP's Halil Karaveli, Svante Cornell, and Suat Kınıklıoğlu, and presented perspectives on post-referendum Turkey. ISDP's Istanbul-based analyst Gareth Jenkins joined via video link, offering his insights from the ground. During the second event held in November,

Svante Cornell, Halil Karaveli, and Bilge Yabancı from the Stockholm University Institute for Turkish Studies, discussed the future of Turkish democracy.



51%

voted yes in the April referendum

18

constitutional amendments

50

million people voted

LIVING ON DIFFERENT PLANETS: WASHINGTON, ANKARA AND THE ZARRAB CASE

- Cornell & Karaveli



Ankara and Washington not only disagree, but interpret reality in diametrically different ways.

Turkey Analyst, December, 2017

TURKEY AND THE WEST: HOW BAD IS IT?

- Kınıklıoğlu



The Turkish leadership is not interested in a sudden rupture, but rather wants a gradual process that does not upset delicate balances both home and abroad.

Turkey Analyst, October, 2017



NUCLEAR CRISIS

2017 was a pivotal year on the Korean Peninsula. A new liberal government in South Korea under President Moon Jae-in was elected, after nearly a decade of conservative governments. Much speculation focused on whether Moon would seek to resurrect the “sunshine policy” of his predecessors towards North Korea. The incoming Trump administration, meanwhile, signaled an end to the Obama-era policy of strategic patience.

North Korea’s missile and nuclear tests continued unabated, however, with its sixth, most power-

ful, nuclear test coming on September 2, and the test launch of what it claimed to be an ICBM that could hit the U.S. mainland on November 28. While doubts still exist over the credibility of its claims, many experts now believe it is only a question of time before North Korea perfects its nuclear capabilities. UN Security Council sanctions against North Korea have been bolstered as a response, while the U.S., South Korea, and Japan have sought to strengthen deterrence capabilities.

Amidst a vicious cycle of tensions and acute

lack of trust, positions on each side have hardened, thwarting the resumption of formal negotiations. But while the picture ahead would appear gloomy for any immediate diplomatic resolution of the nuclear issue, channels and opportunities still exist for a de-escalation of tensions. It must be hoped that all sides take such steps in 2018.

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KOREA

ISDP's Korea Peninsula Project published a number of articles and papers this year relating to the deteriorating security situation on the Peninsula. Following North Korea's sixth nuclear test, a policy brief was issued calling for the urgent implementation of crisis management mechanisms to contain the spiraling tensions. ISDP also hosted a number of South and North Korean guest researchers and visitors which led to their giving seminars and publishing papers. Significant in this regard were two papers which provided a rare, in-depth North Korean

perspective on the current situation. In addition to public seminars, the Korea Project also hosted two closed-door dialogue meetings during the year as part of its long-term aim of contributing to a trust-building process between key actors on the Peninsula.

While often overshadowed by developments in North Korea, other important issues in South Korea were also in focus, including the election of Moon Jae-in, the contentious issue of constitutional reform to check the power of the presidency, as well as the country's worsening domestic air pollution.

Finally, with much international attention focused on North Korea this year, ISDP's experts were in high demand by national and international media outlets for interviews and analysis.



16

DPRK missile tests in 2017

6

nuclear weapons tests in total

6,3

magnitude of 2017 nuclear weapons test

CONTAINING CRISIS ON THE KOREAN PENINSULA

- Forss, Lee & Swanström



...cool heads are needed to control the escalation of crisis and ultimately find a way back to the negotiation table.

Policy Brief, September, 2017

REFORMING SOUTH KOREA'S "IMPERIAL PRESIDENCY"

- Kim



Reform of the constitution is a pressing issue to bring accountability and transparency to South Korea's often called imperial presidency.

Policy Brief, October, 2017



THE RISE OF XI JINPING

The 19th National Congress of the Communist Party of China (NCCPC) took place in October 2017. Gathering nearly 2,300 delegates from all levels of the Party, the NCCPC set out to reshuffle and establish new leaders. The main outcome of the Congress was the further consolidation of President Xi Jinping's power, reaffirming him as party leader, and inscribing his thoughts within the Party Constitution alongside those of Mao and Deng Xiaoping. This comes at a time when relations between China and the United States are particularly strained.

President Donald Trump's rhetorical threats of a trade war in Asia, President Xi Jinping's commitment to the incorporation of Taiwan into the PRC, and strategic posturing by both sides during the past year have dominated Sino-American ties. Not least among the challenges facing the two countries is how to deal with a North Korea which is ambitiously pursuing its nuclear weapons program. Rhetoric and policies coming out of Beijing make it clear that China will in the immediate future continue to become more assertive. While remaining commit-

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Rhetoric and policies coming out of Beijing make it clear that China will in the immediate future continue to become more assertive.

ted to its policy of non-intervention, China will take steps to advance its interests in Asia and reshape the world's economic and political landscapes in what the Chinese leadership views as the “New Era” of Chinese politics.

CHINA

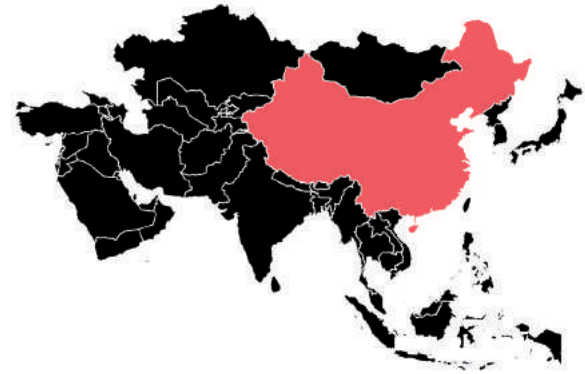
2017 saw the first full year of operation for the ISDP Stockholm China Center. The Center seeks to be a hub for the creation, promotion, and expansion of expert and working networks which facilitate international collaboration between China, Sweden, and other partners in Europe.

The Stockholm China Center organized seven prominent events during the year, with international speakers presenting on subjects ranging from Arctic governance, the NCCPC, Chinese Foreign Direct Investment in the EU, and regional coop-

eration. A notable milestone in December was the hosting in Stockholm of the 10th annual Joint Conference together with the Chinese Academy of Military Science (AMS). In the same month, ISDP also participated in the 1st China-Nordic High-Level Think Tank Forum, organized jointly by ISDP, the Central Compilation and Translation Bureau, and Fujian Normal University.

Additionally, ISDP experts participated in a number of international seminars as well as hosted dialogue sessions between European and Chinese government, political, and academic

institutions. Publications focused on political developments in China as well as Sino-European relations.



5

more years for Xi Jinping

2300

delegates attended the NCCPC

28%

of them were women

THE GREAT REJUVENATION? CHINA'S SEARCH FOR A NEW 'GLOBAL ORDER'

- Chen & Hodzi



...China's multilateral institutions still face insurmountable challenges.

NATIONAL CONGRESS OF THE COMMUNIST PARTY

- ISDP



Xi Jinping may bend the age convention in order to retain powerful allies...



ABE WINS

Domestic Japanese politics in 2017 centered on the timing of the next general election and a series of political scandals for incumbent Prime Minister Shinzo Abe. In the end, however, the Liberal Democratic-Komeito government emerged victorious in the October election, which was seen as a referendum on Abe's response to North Korea, and to a lesser extent on his ideas for constitutional revision.

Indeed, North Korea's advancing nuclear program and missile tests over Japanese territory this year have provoked intense debate on the country's

security and defense posture. The Abe government sees revision of the constitution to allow for a more independent national security policy as necessary to defend itself against threats like North Korea.

After holding on to the two-thirds majority in the election, the public debate in Japan is increasingly turning in the direction of constitutional revision – which would represent a hugely symbolic step for Japan some 70 years after its so-called pacifist constitution was drafted. Nonetheless, any revision will also likely incur frictions with regional neighbors.

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...public debate in Japan is increasingly turning in the direction of constitutional revision.

Those in favor of constitutional revision see it as an opportunity to restore Japan's independence in international affairs, while those opposed view it as eroding Japan's 70 years of peace. Domestic political realities seem to make revision increasingly likely, whereas political realities in the region suggest that any revision will incur frictions with Japan's neighbors.

JAPAN

Having begun activities already in May 2016, ISDP's Stockholm Japan Center was officially inaugurated in March 2017 with a public forum by Professor Hideya Kurata, Associate Professor Norihito Kubota of Japan's National Defense Academy, and Ms. Helen Tung, Visiting Fellow at ISDP.

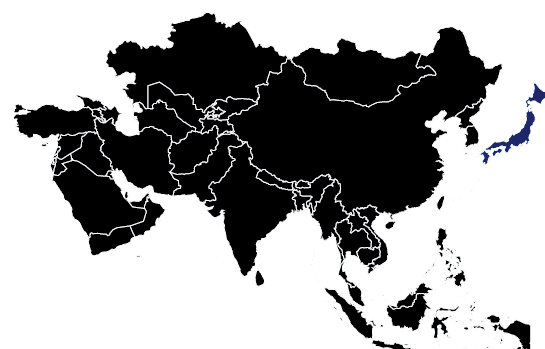
This was followed by a public forum in April about Japan's role on the international stage, and preceded by one in February on the role of Shinto in contemporary Japanese politics. In June, the Japan Center organized a larger conference on the topic of

financial support for Japanese Studies in the Nordic countries. In October, a larger forum on Japan's responses to the crisis on the Korean Peninsula was held, featuring a lecture by Professor Junya Nishino from Keio University.

The year also saw a steady stream of publications, including a number of well-timed blog posts focusing particularly on evolving political developments in Japan. A policy brief was also issued analyzing Japan's position and options in the context of a deteriorating regional security environment featuring North Korea's

accelerating nuclear and missile development.

Additionally, Japan Center associates were regularly interviewed in numerous Swedish and international news outlets regarding Japanese current affairs.



2/3

LDP-Komeito majority

29

Komeito seats

4

more years with Abe in power

JAPAN AND NORTH KOREA: TOWARD ENGAGEMENT FOR REGIONAL SECURITY

- Isaksson, Vargö & Palmbach



...whether or not sanctions work, the next step is dialogue

Policy Brief, October 2017

ARTICLE 9 - ENDING JAPANESE EXCEPTIONALISM

- Vargö



...to view the revision of Article 9, through the lens of past aggressions, ignores the fundamental changes which have occurred in the past seven decades.

ISDP Voices, June, 2017



FRAGILE PROCESSES

As Myanmar emerges from decades of authoritarian rule, the country has entered a critical transformation phase. The former government backed by the military, handed over power in an orderly fashion in March 2016 with the administration entering a new relationship with the military (the Tatmadaw).

Such a political transition has meant significant change, new relationship building with the institutions for all stakeholders in the peace and reform processes. One of the priorities of the NLD government, as it was for the former government, is the

peace process. Myanmar's current peace process has been underway since 2011 and is fragile and nascent. 2017 also seen the re-emergence of unprecedented social tensions that led to civil unrest in Rakhine state and a large displacement of people.

Unresolved conflict, a return to full blown armed conflict in ethnic regions, and ongoing social unrest remains a concern to the government and for the security of the entire country. The peace process and the resolution of social unrest is integral to the overall reform process in Myanmar and future eco-

nomie prosperity. To instill public confidence, the new government will need to deliver on the promised transformation of these areas and improve the lives of all the affected peoples.

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The new government will need to deliver on the promised transformation of these areas and improve the lives of all the affected peoples.

MYANMAR

In 2017, ISDP's Yangon Office undertook activities aimed to support the peace and transition processes by providing a space for dialogue, research, and trainings to key stakeholders on peace related topics. From project start in 2015 to October 2017 approximately 80 events have been held around the country in numerous Regions and States. More than 2600 participants have taken part in ISDP's capacity building workshops, dialogues, roundta-

bles and exposure trips.

The final year of the Peace Education Training Program came to an end with many participants from conflict affected communities taking part. Great attention was paid to making the training practically useful and that trainers were a mix of government, national and international experts.

ISDP's Peace Training project entered its final year in 2017 and the local office closed in October

2017. However, further research projects will continue from the head office in Stockholm.





DEMOCRATIC CORROSION

Transnational organized crime (TOC) has undeniable influence over both national and international economic and political structures. It is a multibillion industry that erodes, corrupts, and coopts the official institutions with which it comes into contact. The side effects of TOC's impact states' economic, social, and political developments. Organized criminal networks (OCN) seek to avoid persecution through evasion, which can take multiple forms. For example, money laundering is used to conceal criminal proceeds. Confrontation

occurs when an OCN employs violent tactics when challenging the state, and can turn them in to a political force to be reckoned with. OCN's furthermore seek to undermine the state through infiltration, whereby bribery is a common used tactic.

Because of their transnational nature, these networks can't be countered by isolated approaches but require a foreign policy-based approach. However, doctrinal or pragmatic differences between countries may cause frictions, which can constrain or prevent cooperation. This becomes especially

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TOC is a multibillion industry that erodes, corrupts, and coopts the institutions with which it comes into contact.

true when OCN:s are able to influence national governments. This can lead to a hybridization of criminal and political aims, where political actors increasingly cooperate with criminal networks to enrich and empower themselves.

CENTER FOR TRANSNATIONAL THREATS

Over the course of 2017, many of the efforts of the Center for Transnational Threats (CTT) have continued to focus on the acquisition of new research projects and the deepening and expansion of our existing networks.

CTT's Program Manager Christina Wenngren and ISDP's Executive Director Niklas Swanström co-authored the journal article "Organized Crime in Foreign Policy," which was published by the Oxford Research Encyclopedia. The study focused on the influence of organized criminal networks on economic

and political structures.

Our experts have also given a number of presentations for both a national and international audience. In September, Walter Kegö held a presentation about the harmful effects of drug production on the environment for the Sweden Against Drugs initiative.

In 2018, the CTT will continue will continue to bridge projects between ISDP's Asia Program and Silk Road Studies

Program, while implementing a range of new projects putting focus on the Center's core issues. In particular, a new research

project will be undertaken aimed at underpinning efforts to strengthen cooperation between the Baltic States in combating the illicit trade of cigarettes.

≈ 8%

of global GDP stems from TOC

50%

of Taliban income from drug trafficking

> 35%

OCN in EU involved in drug trafficking

ORGANIZED CRIME IN FOREIGN POLICY

- Swanström & Wenngren



Features that arise as a side effect of organized criminal activity also impact economic, social, and political developments.

Oxford Research Encyclopedia of Politics, August, 2017

CRYPTOCURRENCIES: TERRORISM'S NEXT FRONTIER?

- Walter



...it is clear that groups such as Islamic State have been very adept at using new technologies and regularly distribute information to followers...

ISDP Voices, December, 2017

ORGANIZATION

ISDP BOARD

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

Roger Svensson

Chairman of the Board

Senior Fellow, ISDP

Karlis Neretnieks

Board member of the Royal Swedish

Academy of War Sciences

Anna Wieslander

Deputy Chairman

Director for Northern Europe,

Atlantic Council

Per Storm

General Manager and Managing Director,

EIT RawMaterials North AB

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. ISDP's main office is located on Västra Finnbodavägen 2 in Nacka, Stockholm, Sweden. In 2017, ISDP consisted of 16 full-time staff members, 10 men and 6 women.

INTERNSHIP PROGRAM

Each semester ISDP accepts six to eight interns or trainees 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 14 individuals from 10 countries enrolled in the internship program:

Maud Descamps

China Center

Jeremy Ha

China Center

Erik Isaksson

Japan Center

Ingrid Eelde Koivisto

Korean Peninsula Project

Surayya Mammadova

Silk Road Studies Program

Julie Martinaud

Outreach Team

Liam Palmbach

Japan Center

Braunny Ramirez

Silk Road Studies Program

Eleonora Rossi

Korean Peninsula Project

Carine Monteiro Da Silva

China Center

Sharanya Thakur

China Center

Mélodie Viallon

Outreach Team

Tim Voice

Center for Transnational Threats

Luc Walter

Center for Transnational Threats

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 2017 the following individuals participated in the guest researcher program:

Woosuk Jung

Ministry of Environment, South Korea

Namgyun Kim

Ministry of Land, Infrastructure and Transport, South Korea

Hwang Ik Hwan

Director of the Institute for Disarmament and Peace (IDP), North Korea

O Chol Yong

Institute for Disarmament and Peace (IDP), North Korea

Helen Tung

University of Greenwich, United Kingdom

Jung-il Song

Ministry of Justice, South Korea

RECRUITMENT

During 2017 ISDP had the pleasure of recruiting the following new experts:

Carla Freeman

Non-resident Senior Fellow

Pär Nyren

Junior Research Fellow

Erik Isaksson

Research Coordinator

Jens Sörensen

Senior Fellow

Bengt Johansson

Associated Fellow

Julian Tucker

Research Coordinator

Johan Lagerkvist

Senior Fellow

Akiko Yamanaka

Special Advisor to the Stockholm Japan Center

NEW RESEARCH COOPERATION

Le Shan Normal University, China

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 35 percent of the total revenue, a total of 17.7 MSEK and the EU accounted for 32 percent. Six percent of the revenue is linked to the Institutes taxable operations and the remaining 27 percent can be allocated from other funders, such as; Korea foundation, Vetenskapsrådet, Stiftelsen riksbankens jubileumsfond, Nordforsk, and the Embassy of Kazakhstan, amongst others.

COSTS

During 2017, 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 thank 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 258 TSEK in 2017, are in line with that plan, which shows that the cost savings and efficiency measures taken place, have had an effect.

LOOKING AHEAD

The Institutes long-term budget and prognosis indicates that activities can proceed with continued effective results. The same prognosis estimates a restored equity by the end of 2018. 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 Vetenskapsrådet, Nordforsk, Korea foundation, Chinese Ministry of Foreign Affairs, the Japanese Ministry of Foreign Affairs and Stiftelsen Riksbankens jubileumsfond, amongst others, will continue into 2018.

AUDITOR

The auditor of ISDP is Elisabeth Raun at Ernst & Young.

FIVE-YEAR FINANCIAL OVERVIEW

	2013	2014	2015	2016	2017
Income*	15 279 506	13 741 534	18 156 719	19,772,263	17,693,389
Expenses**	16 458 085	13 696 778	17 874 763	19,289,181	17,435,253
Reported Result	-1 178 579	44 756	281,956	483,082	258,136

*Incoming Resources including Revenue, Government Grant and Other Grants

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

INCOME STATEMENT

	2017	2016
Revenue	1,136,498	1,833,714
Government grants	7,932,430	7,595,783
Other grants	8,624,461	10,342,766
	<u>17,693,389</u>	<u>19,772,263</u>
<i>Costs</i>		
Personnel costs	-8,556,598	-7,829,321
Other costs	-8,582,980	-11,343,016
Result(EBITDA)	553,811	599,926
Depreciation	-115,803	-102,151
Result (EBIT)	438,008	497,775
Interest, interest cost etc	-183,172	14,734
Tax	3,300	-29,427
Net Result	258,136	483,082

BALANCE SHEET

ASSETS	31-12-17	31-12-16
<i>Fixed assets</i>		
Inventories	84,238	93,439
Homepage	67,202	107,404
	<u>151,440</u>	<u>200,843</u>
<i>Current assets</i>		
Account receivables	93,750	473,631
Other receivables	740,089	505,194
Prepaid expenses and accrued income	553,886	274,998
Liquid assets	4,139,644	6,054,275
	<u>5,527,369</u>	<u>7,308,098</u>
TOTAL ASSETS	5,678,809	7,508,941

LIABILITIES AND EQUITY

<i>Current Liabilities</i>		
Accounts payable	196,097	187,102
Tax liabilities	24,668	32,902
Prepaid income	3,286,967	6,285,661
Other current liabilities	842,300	302,688
Interim liabilities	1,439,090	1,069,038
	<u>5,789,122</u>	<u>7,877,391</u>
<i>Equity</i>		
Equity	-110,313	-368,450
	<u>-110,313</u>	<u>-368,450</u>
TOTAL LIABILITIES AND EQUITY	5,678,809	7,508,941

FUNDERS IN 2017

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.

ISDP seeks to cooperate with its funders concerning projects and deliverables. Nonetheless, ISDP does not accept influence or instructions by funders with regard to content or conclusions drawn in its analytical work, or concerning the division of responsibilities in ongoing projects.

This list includes core funding and project support, as well as commercial contracts during the course of 2017.

FUNDERS

Academy of Military Science, China	Ministry for Foreign Affairs, Kazakhstan
European Union 	Ministry for Foreign Affairs, South Korea
2Secure	Ministry for Foreign Affairs, Sweden
British American Tobacco Sweden AB	Nordforsk
Embassy of Sri Lanka, Sweden	Scandinavia-Japan Sasakawa Foundation
The European Azerbaijani Society	Stiftelsen Riksbankens Jubileumsfond
European Union Institute for Security Studies	Telia Company AB
Korea Foundation	Vetenskapsrådet
Ministry of Defence, United Kingdom	
Ministry for Foreign Affairs, China	
Ministry for Foreign Affairs, Japan	

IMAGE CREDIT

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