



Research Staff Collegium

Date: Thursday, 12 December 2024 at 13:00

Location: Conference Room

Minute-taker: Simone Bunse

Minutes

The agenda covered three points:

- 1. The forthcoming governing board meeting;
- 2. SIPRI's finances; and
- 3. The recruitment of a new director.

1) Governing Board meeting 16-17 December

- Charlotta shared the agenda of the governing board meeting on 16-17 December.

Day 1

- In the morning of 16 December, the Board will discuss:
 - the general report from the Director and Deputy Director;
 - finances and fundraising; and
 - risk assessment on activities SIPRI undertakes. This exercise follows a standard methodology assessing the probability and impacts of risks related to SIPRI's activities (finances, reputation, physical injury, liabilities, etc.) and examining mitigation strategies.
- In the afternoon of 16 December, the Board will engage with staff to discuss:
 - how SIPRI might navigate and adapt to changing financial circumstances and funding environment.
- Staff will be divided into four cross-cluster groups. The discussions will be facilitated by SMT members. Four volunteers are asked to come forward to act as rapporteurs.
- In the afternoon of 16 December, there will be a mingle for all staff and Board members in the library.

Day 2

- In the morning of 17 December, the Board will have discussions:
 - with the Unions;
 - on the recruitment of the next Director (ahead of the interviews that follow the meeting);
 - on new board members; and
 - on insights emerging from the staff interactions of the previous day.
- Barbara will act as the staff observer during the Board meeting, deputizing for Timo who is on paternity leave.
- The RSC kindly asked that the Board is made aware of its potential legal liability related to SIPRI's financial situation.
- Dan confirmed that no information related to SIPRI's finances will be withheld from the Board. The Board will receive an analysis of what has gone wrong and right since the forecast and financial report presented earlier this year.

2) Update on SIPRI finances

- Kristina shared an update on SIPRI's finances and projected budget for 2025. There were not many changes since the last RSC.

2024

- SIPRI expects a deficit of 11.1 million SEK in 2024.
- Key points raised in the presentation on the 2024 budget include:
 - SIPRI's core grant has remained the same, but its value has decreased due to inflation;
 - SIPRI's strategic grant has decreased;
 - Project grant income is lower in 2024 than 2023, reflecting the cuts in our donors' budgets;
 - significantly more project proposals have gone out this year (110) compared to last year (70) reflecting the hard work of SIPRI's staff;
 - royalty and other income is much better this year (largely due to a refund from Deloitte and cost reduction efforts);
 - union negotiations continue on this year's salary review;
 - administrative costs have been significantly lower than in the budget thanks to renegotiations of contracts, a rent discount, not traveling without external coverage, and reducing budgets for activities such as 'away days' and Christmas parties.

2025

- For 2025, two budget scenarios were presented based on different assumptions: a) the size of the strategic grant is 18.5 million SEK; or b) the size of the strategic grant is 15 million SEK. Should the grant be smaller than 15 million SEK, the budget will be adjusted further. SIPRI's strategic grant application is for three years.
- The overall budget size is 108 and 111 million depending on the size of the strategic grant. It was stressed that the budget is a plan that estimates incomes and costs based on available facts and figures. As such, it is not an account but an intention. SIPRI's budgets and internal reports are based on a summation of projects, activities, and teams per cluster. Figures can be made available by cluster.
- Key points raised in the discussion of the 2025 budget include:
 - SIPRI has secured grants of 35.4 million SEK for 2025. These are projects that are already signed off and will commence or are ongoing. This figure is higher than in the past. If SIPRI staff can bring forward timelines for work on these projects, this will help prevent a liquidity crunch.
 - Many grant applications have been sent in. On assessment of the probability of success with each application, income of 17 million SEK is estimated.
 - Further grant applications need to be sent in to achieve a further 12 million SEK income.
 - SIPRI downsized in terms of salaries as contracts came to an end of staff was leaving.
 - Redundancies are not ruled out, particularly if the strategic grant goes down further. SIPRI does not have any signals from the Swedish MFA to this extent.

Charlotta has weekly meetings with officials from the Swedish MFA, both at the political and civil servant level.

- Staff who left have been primarily from the research side. This may reduce the ability to produce new ideas for project proposals. However, the GAD team, newly established in 2024, is contributing to increasing SIPRI's success rate of getting grants.
 - SIPRI will have 1 million SEK left in reserves by the end of 2024. The reserves must be built up slowly and over time.
 - Income from licenses related to SIPRI's databases goes to the respective projects.
 - Currently, SIPRI has 60 outstanding grant applications. There is a need for another 60. There is also a need to avoid deficits early in 2025.
 - Concerns were raised about a "collective exhaustion" in the case of large numbers of small projects. SIPRI needs to aim for fewer, but larger projects. Too many of SIPRI's current donors prefer smaller projects. Staff are encouraged to reuse project proposals as much as possible.
- Other observations include:
 - Over the past year we have experienced changing and diverse reactions to our work within the Swedish MFA.
 - The civil servants remain highly appreciative of SIPRI's work.
 - The political level has been consumed by its focus on Ukraine and efforts to distance itself from the previous government. Currently, interest in engagement with SIPRI seems to be growing. SIPRI staff was encouraged to continue working on their own dialogues with MFA officials.
 - There is no clear deadline for when a decision on a potential strategic grant for SIPRI will be taken. SIPRI staff were asked for patience and assured that SMT members continue to check, nudge, pressure and meet with all relevant actors. It is uncertain if SIPRI will secure a three-year commitment by the Swedish MFA. The senior management seeking a decision as soon as possible: January would be excellent but unlikely, February would be very good and possible, and March would still be fine but a delay beyond then would be difficult for SIPRI. The senior management has communicated this clearly to MFA officials.
 - Overall, Swedish government funding for research institutions has gone up, but SIPRI has not benefited from this increase. Sweden now also supports two centers of excellence.
 - Though the Swedish government budget no longer specifies what amount is going to each research centre, the senior management expects that the core grant from the government for 2025 will be the same scale as for 2024. For 2026 and beyond, the budget category within which SIPRI sits will receive an inflation-linked adjustment.

- SIPRI's talks with auditors continue to establish whether databases can be considered immaterial assets. If so, this would allow SIPRI to save some reserves. This will affect the balance sheet but not liquidity.
- A liquidity shortfall (amounting to -895,000 SEK) is forecast for March 2025; this is later than previously forecast, reflecting modest improvements in the finances in the meantime. Discussions with SEB regarding SIPRI's ability to obtain an overdraft credit are positive and ongoing. If finances move forward positively, liquidity problems may be deferred until later and/or surmounted.
- SIPRI can go below its reserves, but SIPRI's liquidity is problematic. If an overdraft is not possible, SIPRI will need to hold off suppliers until it has the financial means to pay.

3) Update on Director recruitment

- Charlotta thanked Diego and Gretchen for their help in the recruitment process.
- The three shortlisted candidates are Karim Haggag (former Ambassador and professor at AUC), Fabienne Hara (Executive Director of the Paris Peace Forum) and Neil Melvin (Director, International Security at the Royal United Services Institute/RUSI).
- Fabienne Hara will be interviewed and meet with staff on December 17.
- Neil Melvin and Karim Haggag will be interviewed and meet with staff on December 18 and 19.
- Peter will moderate the conversations between the applicants and staff. They offer an opportunity for the candidates to ask SIPRI's staff questions and for staff to help candidates understand what SIPRI is about and get an impression who the candidates are.
- While the board will discuss the recruitment process, the recruitment committee, including Dr Mohamed Ibn Chambas, Dr Rada Kumar and Dr Jessica Tuchman Mathews is responsible for the appointment. Charlotta is currently checking the references of the candidates.
- Stefan Löfven called for a special board meeting before the formal decision on the new director is taken. The appointment is expected for February 2025.