



1) Update on Institute finances

- The revenue for 2023 was 130M SEK, slightly higher than in 2022. Given the cut in the strategic grant and the declining value of the core grant, this is a good result overall. In 2023, the core grant was 28.4M SEK, the same as it was in 2014; and as far back as 2003.
- Over this period, inflation meant higher costs of rent, electricity, heating, licenses and travel.
- SIPRI ended 2023 with a deficit of 4.6M SEK. This follows a surplus of 1.6M SEK in 2022.
- This deficit came about despite our reforecasts in late 2023 showing there would be a much smaller deficit or a balance. The reason for being caught by surprise like this primarily has to do with the transition to Maconomy, a system that we have been using for a few years, but which we have still not fully implemented.
  - The shift to Maconomy is important, but the transition has been difficult. The problem is unlikely to recur because we have learnt the lesson.
  - We have the reserves we need to handle this. Whilst these previously amounted to 17M SEK, they now stand at above 12M SEK. These reserves are regularly drawn from, including when there is a delay to the strategic grant.
  - We will need to build the reserves back up, as this is both a legal and practical requirement. The focus will be on fundraising.
- There is no news or signal regarding the strategic grant for next year. However, the fact that SIPRI did receive the grant this year was good news, and indicative of the Swedish government appreciating our work.
  - Part of the strategy will be to continue developing the relationship with the MFA, to pave the way for a successful application next year.
  - At the same time, we must attempt to secure other grants. If both come through, there will be resources for strategic investment.
  - Reserves can be used in the event of contingencies, but this is to be avoided.
  - There is no intention to go through a wind-down, and the situation does not call for it.
- SIPRI has successfully increased its share of external funding from 45% to 57% and is no longer as reliant on the strategic and core grants as it was.
- We are redoubling our efforts to showcase our research and activities to the private sector. That was the spirit in which we participated at Davos. Demand for our work is high and increasing.
- The possibility for all program managers to see their budgets and outcomes on Maconomy is being implemented. This will facilitate and expedite reporting.
- Some precautionary measures should be applied in managing our expenditure:
  - Minimize or leave aside anything that is not a 'must-have'.
  - Move forward, but always with a sense of calculated risk. Confident, but also prudent.
  - Do not do anything that is not covered by funding without first checking.
  - Follow the budgeting advice and make sure it is being implemented.
- Questions, issues, and worries should be brought to line managers, the finance team, the PMO and Grants Acquisition. Cluster meetings can also be a good place to discuss these subjects.

2) Initiating the recruitment of the next SIPRI Director

a. Process

- SIPRI Directors serve for 5 years, renewable once. Dan's contract began in 2015 and will end on August 31, 2025. An international recruitment process will determine his successor.
- The aim is to appoint a new Director early in 2025 so they have time to leave their current position and get ready for SIPRI.
- The SIPRI Governing Board has already met to set the baselines and launch the process.
- Dan will ensure the process is well set up but will not take part in the decision-making.
- Steph and Joakim have found the advertisement that was used the last time, in 2014. This ad was provided to the Board and will be emailed to the RSC.
- Staff members are encouraged to engage with the recruitment process and provide input on what they would like to see in the next Director, through the following channels:
  - Teams and clusters.
  - RSC representatives, staff unions, and the Cooperation Group.
  - Timo Smit, the Staff Observer on the Board.
  - At the next RSC, ahead of the Board Meeting scheduled in May.

b. Timeline

- The Board will meet in mid-May 2024. Input from consultations with staff members will be presented prior to this meeting for the Board's consideration.
  - At the meeting, the Board will establish a Recruitment Committee.
  - After the meeting, the advertisement will be posted. The closing date will presumably be in late September or early October 2024.
  - Next, the Recruitment Committee will assess applications and generate a shortlist.
  - In December 2024, interviews with shortlisted candidates will be held. Candidates will travel to Stockholm for interviews and to meet with staff
  - The Recruitment Committee will present its proposed selection to the Board in January 2025, so the successful candidate has at least six months before taking up the post.

3) Recruitment of the next deputy Director

- The Deputy Director, Joakim, will also step down and return to the MFA in late August 2024. Recruiting a new Deputy Director will follow the same procedure as last time.
- Recommendations to the Board for this position will be made jointly by The Recruitment Committee, the Director and the Head of Operations.
- The ad will be published shortly. This will be followed by interviews, which will be held with the Director and staff members (including a couple from each cluster).
- Anyone can apply to the position. As the new Director likely will not be Swedish, it is critical to have someone senior who can connect them to the Swedish Authorities.
- The new Deputy Director will help run the process of recruiting the next Director.

4) Staff Observer on the Governing Board

- The Staff Observer serves for 3 years, renewable once. Timo is coming to the end of his term.
- The Observer represents the staff at the Board, but cannot vote.

- The Director and Deputy Director are ineligible to stand for election as Staff Observer and will therefore run the election process. They will ask for nominations on Survey Monkey for one week. Elections are held if there is more than one.
  - If elections are held, the 1<sup>st</sup> round will last one week. Winning requires a 2/3 majority. Absent that, there will be a 2nd round with two candidates, or three candidates if the 1<sup>st</sup> round ended with a two-way tie for second place.
  - For the 2<sup>nd</sup> round, a simple majority (50%+) is required to win.
  - If needed, there will be a 3<sup>rd</sup> round of voting.
- The plan is to complete this process by 28 March, the Thursday before Easter.
- It should also be noted that there is no Deputy Staff Observer at SIPRI.

#### 5) RSC Representative on the Cooperation Group

- There are two volunteers for the role of RSC Representative: Diego and Gretchen. They have volunteered to do this for one year. There will be a support group behind them, to facilitate information exchange and other processes. They were both approved by the RSC.
- There will be a short silent procedure for any other volunteers until Friday 8 March 2024.

#### 6) AOB

- Thanks to a joint effort by the Finance Team, Operations and Cluster Representatives, the implementation of projects was developed significantly this year.