



Stockholm International Peace Research Institute

Organization no: 802006-2660

# Annual Report for 2015

Stockholm International Peace Research Institute

Organization no. 802006-2660

(Unofficial English version)

## Contents

The mandate of the Foundation	2
SIPRI Governing Board in 2015	2
Director and Deputy Director 2015	3
Auditors	3
Director's Annual Report 2015	4
Income and assets comparison, 2011–2015	10
Distribution of earnings	10
Income and expenditure account	11
Balance sheet	12
Equity and Liabilities	13
Additional Information	14
Notes to financial statement	16



Stockholm International Peace Research Institute

Organization no: 802006-2660

## **The mandate of the Foundation**

Stockholm International Peace Research Institute (SIPRI) was established on 1 July 1966.

According to paragraph 2 of the Foundation's statutes:

*'In accordance with the guidelines for the allocation of funds which the Swedish Parliament has approved in pursuance to Government Bills 1966:76 and 1979/80:106, the purpose of the Foundation is to conduct scientific research on questions of conflict and co-operation of importance for international peace and security, with the aim of contributing to an understanding of the conditions for peaceful solutions of international conflicts and for a stable peace.'*

## **SIPRI Governing Board in 2015**

### *Chairman*

Ambassador Sven-Olof Petersson, *Sweden*

### *Members*

Professor Dewi Fortuna Anwar, *Indonesia*

Dr. Vladimir Baranovsky, *Russia*

Ambassador Lakhdar Brahimi, *Algeria*

Ambassador Jayantha Dhanapala, *Sri Lanka* (until October 9 2015)

Ambassador Wolfgang Ischinger, *Germany*

Professor Mary Kaldor, *United Kingdom*

Dr. Radha Kumar, *India* (from February 25 2016)

The Director

### *Governing Board meeting 2015*

The annual Governing Board meeting was held in Solna on 11 – 12 May 2015



Stockholm International Peace Research Institute

Organization no: 802006-2660

### **Director and Deputy Director 2015**

Dr. Ian Anthony, *United Kingdom*, Director ad interim until 31 August 2015

Mr. Dan Smith, Director, *United Kingdom* from 1 September 2015

Mr. Jakob Hallgren, Deputy Director, *Sweden*,

### **Auditors**

Appointed by the Swedish Government for the period 2014 to 2018:

Daniel Nilsson, *Sweden*, Desk Officer, Sweden's Ministry for Foreign Affairs

Ove Olsson, *Sweden*, Chartered Accountant, BDO Nordic Stockholm AB



Stockholm International Peace Research Institute

Organization no: 802006-2660

## **Director's Annual Report 2015**

### *Overview*

In 2015 SIPRI continued to deliver as one of the world's leading research centres focusing on international conflict, peace, armaments and disarmament as well as security and development. This was recognized in the global ranking of think tanks carried out by the University of Pennsylvania, which early in 2015 once again placed SIPRI in the very top echelon, this time as the sixth most influential think tank in the world in all categories.

One important reason for this success is the commitment to providing transparent and reliable information through SIPRI's globally unique databases, which are the foundation of much of our analysis and expert commentary. The second reason is the broad scope of SIPRI's research into issues related to peace and security. The third reason is the investment in dissemination and outreach through SIPRI's publications and events. None of this would have been possible without the foundations upon which it rests – the hard and excellent work of the Institute's researchers and support staff.

2015 was for SIPRI a year of transition and preparations for the celebration of its first 50 years in 2016. In March 2015 I had the privilege to be appointed to lead SIPRI as its ninth Director. I assumed office in September and would like to express my sincere thanks to Dr Ian Anthony who led the Institute for more than a year as interim Director. Further, SIPRI spent most of the second half of the year in temporary premises while its premises were renovated and moved back to its premises in Frösunda in Solna in December; SIPRI has thus upgraded its physical infrastructure to be on par with its world class reputation.

### *Research*

In 2015 SIPRI continued to produce balanced and accurate research in the thematic areas in which it is well-known, including international security,



Stockholm International Peace Research Institute

Organization no: 802006-2660

armed conflict, conflict management, peace operations, military expenditure, arms production, international arms transfers, dual-use and arms trade controls, non-proliferation, and arms control and disarmament.

One interesting new area of research that started in 2015 was the study into various aspects of LAWS (*Lethal Autonomous Weapons Systems*). This stream of work began early in the year with a review of definitions and government positions of the matter, continued to assess legal aspects of LAWS in a second project, and was by late 2015 developing towards an overall mapping of the state of technical development of these weapons systems. It's a pleasure to see how this work follows the example established at SIPRI over the years of uncovering and studying previously unrecognised issues and areas of armaments.

Moreover, SIPRI's newer areas of research, focussing mainly on issues related to the drivers of conflict in fragile and resource poor settings, have also continued to thrive. One example is the Programme on Security and Development, which followed the process towards the adoption of the Sustainable Development Goals for 2030 closely, and another is a field research project that ended in a comprehensive report on the state of the Private Sector in Afghanistan. A strong illustration of the dynamism in these streams of research was the successful second "Stockholm Forum on Security and Development" in May 2015.

### *Publications*

SIPRI published 22 titles in 2015, including 6 on behalf of the European Union Non-Proliferation Consortium. Formats, issues and titles varied. Most importantly the *SIPRI Yearbook 2015 was issued*, SIPRI's flagship publication. It serves as the most trusted and respected, single authoritative and independent source on armaments, disarmament and international security.

The Yearbook is published through the Oxford University Press (OUP) and it has since 2010 also included an online version. Full translations of the SIPRI Yearbook were also published in Arabic, Chinese, Russian and Ukrainian, and



Stockholm International Peace Research Institute

Organization no: 802006-2660

summaries were issued in Catalan, Dutch, English, French, German, Italian, Spanish and Swedish, all representing the global appeal of the Yearbook and the core work of SIPRI. Among SIPRI's other publications, one monograph was published by OUP on 'Nuclear Forensics: Analysis of Nuclear Materials for Security Purposes'.

### *Media*

In 2015 the Institute continued frequent outreach and communication activities with a continuation of public events, targeted mailings and campaigns and social media presence. During 2015, SIPRI was covered in more than 16 800 stories in over 1 500 global media outlets in 96 countries. At the end of 2015, SIPRI counted more than 23 300 followers on Twitter and more than 13 000 on Facebook. Moreover, SIPRI issued 9 major press releases, 11 expert comments by SIPRI researchers and 11 essays in conjunction with the monthly SIPRI Update.

Key media launches in 2015 included:

- The launch of SIPRI's data on international arms transfers in March, which was covered by more than 2 700 media outlets.
- The launch of SIPRI's military expenditure data launch in April, which was profiled in more than 1 700 media outlets.
- The launch of SIPRI's nuclear force data was in June, which cited in over 1 100 media outlets.
- The early launch of SIPRI's Top 100 for 2014 in December, which saw coverage in over 1 400 media outlets.

Other notable events included:

- A launch event on SIPRI's monograph 'Security Activities of External Actors in Africa' in cooperation with the United Nations Economic Commission in Africa (UNECA) and the Institute for Peace and Security Studies (IPSS) in Addis Ababa in April.



Stockholm International Peace Research Institute

Organization no: 802006-2660

- A panel discussion entitled 'Promoting a Successful Outcome of the 2015 NPT Review Conference' on the opening day of the 2015 Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) at the United Nations in New York in cooperation with the Ministry of Foreign Affairs of Sweden in April.
- The second 'Stockholm Forum on Security and Development - Promotion of sustainable peace' with more than 150 policymakers, researchers and practitioners gathered in Stockholm on 12-13 May, co-hosted with the Swedish Ministry for Foreign Affairs.
- The launch of a strategic vision for civil society's contribution to the Malian peace process in cooperation with partner CONASCIPAL in Bamako, Mali, in September.
- A High-Level Panel discussion: 'Perspectives on disarmament and the continued relevance of the recommendations of the Blix Commission' in cooperation with the Swedish Ministry for Foreign Affairs at the UN in New York in October.

#### *Finance and administration*

With regard to SIPRI's finances, 2015 was a seemingly very successful year and it is true that the almost 1 400 000 SEK in surplus is a much welcome relief after two years in the red. However, most of that surplus is already factored in for outstanding costs related to the renovation which need to be serviced in the first part of 2016. Accordingly, as well as maintaining strict cost control, we shall continue the quest to broaden and expand SIPRI's funding base.

The overall turnover for 2015 also increased slightly over the average in the last few years, and totalled 55 250 000 SEK. The bedrock of our finances is the un-earmarked and generous core grant from the Swedish government; without it SIPRI would not have been able to sustain its important mission. The proportion of external grants to the overall turnover of SIPRI remained at 55 per cent, which shows that external funding income remains a stable pillar of the Institute's finances.



Stockholm International Peace Research Institute

Organization no: 802006-2660

Discussions continued within the Governing Board, as well as with external stakeholders, to explore options to broaden SIPRI's core donor base to private donors in Sweden, and beyond. This is a long process where further important progress was made in 2015, which will hopefully bear fruit in the anniversary year 2016.

Finally, much work at SIPRI in 2015 went into the planning and successful implementation of the renovation of SIPRI's main premises. This included two moves for all SIPRI staff during the year, as the Institute had to temporarily relocate from June to November, a lot of weeding out of old material, and it required flexibility for our visitors and stakeholders. It was a real pleasure to see the patience and flexibility of the SIPRI staff, and it was particularly gratifying to see that the timetable for this makeover was kept. Contrary to the expectations of many the Institute was able to re-open in shiny new offices a couple of weeks ahead of the anniversary year, all according to plan.

### *Governance*

SIPRI continues to benefit from strong leadership through its Governing Board. The interactions of the Institute with all Governing Board members have been intense during the year and their vision and support have enabled the Institute to maintain its standing in the world. Board members notably participated actively in the Director recruitment process, and they were very supportive both during the interim period and to myself as a new Director.

In October 2015 the Deputy Chairman Ambassador Jayantha Dhanapala completed his second and final term on the Board. I wish to extend my sincere thanks to Jayantha for his wisdom, experience and outstanding commitment to SIPRI over these years. We will miss him dearly on the Board.

### *Outlook*

In summary, SIPRI continued in 2015 to serve global audiences with well-respected, unbiased and authoritative research in ways that re-confirmed its position as a world leading research institute focusing on international peace





Stockholm International Peace Research Institute

Organization no: 802006-2660

and security. However, in order to remain relevant and world leading we may not become complacent, and we need to permanently re-assess and develop SIPRI's focus, research and activities.

In 2015, as a new Director, I was only able to identify the broad outlines of a strategy to assure SIPRI's continued relevance and success. I have branded the 50<sup>th</sup> anniversary year a 'year of reflection' where I invite all who take an interest in SIPRI to make their contributions on where the Institute ought to go from now. In this endeavour I much look forward to working together with the SIPRI Governing Board, with all the dedicated researchers and staff at SIPRI, and with all our friends in Sweden and around the world.

SIPRI's mission was minted in 1966. It went into the statutes that govern SIPRI's work to this day; that the Institute shall conduct 'scientific research on questions of conflict and co-operation of importance for international peace and security, with the aim of contributing to an understanding of the conditions for peaceful solutions of international conflicts and for a stable peace.'

It's with some humility that I need to conclude this report with the thought that much work still remains to be done.

Dan Smith

Director

26 February 2016



Stockholm International Peace Research Institute

Organization no: 802006-2660

## Income and assets comparison, 2011–2015

All figures in SEK

	2015	2014	2013	2012	2011
Net income	55 253 463	53 885 755	51 936 072	53 654 560	50 699 152
Operating profit	1 402 506	–808 274	–1 589 363	253 269	2 781 081
<i>Operation (%)</i>	<i>2.5</i>	<i>–1.5</i>	<i>–3.1</i>	<i>0.5</i>	<i>5.5</i>
Total assets	22 027 502	21 422 708	21 610 381	27 744 693	24 976 386
<i>Cash ratio (%)</i>	<i>130.3</i>	<i>124.0</i>	<i>128.8</i>	<i>130.4</i>	<i>134.2</i>

## Distribution of earnings

### Proposal distribution of earnings

To the Assembly's disposal	4 223 753
Earnings	1 402 506
	<hr/> 5 626 259
 The Board proposes to be carried forward:	 1 402 506
	<hr/> 1 402 506

Regarding the association's results and financial position, refer to the following financial statements and related disclosures.



Stockholm International Peace Research Institute

Organization no: 802006-2660

## Income and expenditure account

	Note	2015	2014
<b>Operating income</b>			
Net income	1	55 253 463	53 885 755
<b>Total of Operating income</b>		55 253 463	53 885 755
<b>Operating expenses</b>			
Direct external costs	3	-14 929 986	-13 288 317
Other external costs	2, 3	-9 996 892	-9 932 258
Staff costs	4	-29 345 660	-31 786 491
Depreciation and amortization of tangible and intangible fixed assets		-101 699	-127 367
Other operating costs		0	-37 290
<b>Total of Operating expenses</b>		-54 374 237	-55 171 723
<b>Operating income</b>		879 226	-1 285 968
<b>Income from financial items</b>			
Financial income	5	526 762	479 727
Financial expenses		-3 482	-2 033
<b>Total of Income from financial items</b>		523 280	477 694
<b>Profit after financial items</b>		1 402 506	-808 274
<b>Change in capital this year</b>		<b>1 402 506</b>	<b>-808 274</b>



Stockholm International Peace Research Institute

Organization no: 802006-2660

## Balance sheet

	31/12/15	31/12/14
<b>ASSETS</b>		
<b>Tangible fixed assets</b>		
Equipment	659 744	90 517
<b>Total of Tangible fixed assets</b>	659 744	90 517
<b>Total fixed assets</b>	659 744	90 517
<b>Current assets</b>		
<b>Current receivables</b>		
Accounts receivable	635 787	977 897
Current tax	932	48 992
Other short term claims	36 434	14 357
Prepaid expenses and accrued income	1 754 653	1 126 628
<b>Total of Current receivables</b>	2 427 806	2 167 875
<b>Cash and bank balances</b>		
Cash at bank and in hands	18 939 952	19 164 316
<b>Total cash and cash equivalents</b>	18 939 952	19 164 316
<b>Total current assets</b>	21 367 758	21 332 191
<b>Total assets</b>	<b>22 027 502</b>	<b>21 422 708</b>



Stockholm International Peace Research Institute

Organization no: 802006-2660

## Equity and Liabilities

### Equity

Balance forward	4 223 753	5 032 027
Change in capital	1 402 506	-808 274
<b>Total equity</b>	<b>5 626 259</b>	<b>4 223 753</b>

### Current liabilities

Accounts payable	3 584 661	2 561 988
Unused Grants	7 861 446	11 089 460
Other short term liabilities	845 035	718 952
Accrued expenses and prepaid income	4 110 101	2 828 556
<b>Total current liabilities</b>	<b>16 401 243</b>	<b>17 198 956</b>

### TOTAL EQUITY AND LIABILITIES

<b>22 027 502</b>	<b>21 422 708</b>
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<b>Pledged securities and liabilities</b>	none	none
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<b>Contingent liabilities</b>	none	none
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Stockholm International Peace Research Institute

Organization no: 802006-2660

## **Additional Information**

### *General Information*

#### *Accounting principles*

The annual report was first prepared in accordance with the Annual Accounts Act and BFAR 2012: 1.

#### *Valuation Principles*

##### *Receivables*

Receivables are recognized at the amounts expected to be received.

##### *Other assets, provisions and liabilities*

Other assets, provisions and liabilities are valued at cost unless otherwise stated below.

##### *Revenue Recognition*

The income is recognized at the fair value of the consideration received or receivable. A conditional contribution is a contribution made subject to conditions that involve a repayment obligation if the condition is not met. Conditional grants as liabilities until the costs allowance to cover arise.

##### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. The useful life is reviewed at each reporting date. The following useful lives are applied: 5 years.

Assets are depreciated over their estimated useful lives except land, which is not depreciated.



Stockholm International Peace Research Institute

Organization no: 802006-2660

### *Leases*

Operating leases are calculated on a straight-line basis over the lease term

### *Employee Benefits*

#### Pensions

##### Defined contribution pension plans

Fees for defined contribution pension plans are expensed as incurred. All of SIPRI's pension plans are defined contribution plans.

### *Receivables and liabilities in foreign currency*

Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate.

Exchange differences arising on the settlement or translation of monetary items are recognized in the income statement of the financial year in which they arise, as either an operating or a financial item based on the underlying business event.

### *Public funding*

Public contributions are valued at the fair value of the asset that the company has received or will receive.

Government subsidies are not linked to demands for future achievement, known as unconditional grants, recognized when the conditions for the grant met, that is usually associated with the grant is received. Government subsidies associated with the requirement of future performance, so-called conditional grants, a liability when the grant will be received and recognized as income then when the performance is.

## Notes to financial statement

### Note 1 Net income

	2015	2014
Grant from Swedish Government	24 402 000	24 431 000
Grant form other funders	30 310 282	29 226 646
Royalties and sales	146 135	134 040
Other	395 046	94 069
	<u>55 253 463</u>	<u>53 885 755</u>

	2015	2014
Used project grants		
Swedish Government agencies	11 670 700	12 516 509
Other Government	6 071 897	3 446 064
Private research foundations	5 030 193	2 711 949
EU	5 881 973	5 930 315
UN and other international organizations	1 119 673	3 079 042
Other	535 846	1 542 767
	<u>30 310 282</u>	<u>29 226 646</u>

### Note 2 Operational lease

	2015	2014
During the year, the association's lease payments amounted to	3 971 140	4 171 206
Future minimum lease payments under non-cancellable leases, mature as follows:		
Within 1 year	5 261 895	3 777 536
Between 2 to 5 years	20 909 540	393 670
Later than 5 years	24 750 000	0
	<u>50 921 435</u>	<u>4 171 206</u>

### Note 3 Other external expenses

	2015	2014
Project costs for funded	14 929 986	13 288 317
Administrative costs	9 996 892	9 932 258
	<u>24 926 878</u>	<u>23 220 575</u>





Stockholm International Peace Research Institute

Organization no: 802006-2660

**Note 4 Staff**

**2015**

**2014**

***Average number of employees***

The average number of employees is based on the association paid

Attendance Hours relation to normal working hours.

Average number of employees has been:	48	47
of which women	25	22
which men	23	25

Among them were 16 (18) different nationalities represented

Research Staff were 34 (33) people

The total sickness absence for 2015 amounted to 421.89 (912.40) hours, 0.42x% (0.94%) of the total number of hours worked.

Sick leave in relation to the total number of hours worked amounted to 0.72% (1.36%) for men and 0.10% (0.57%) for men.

For Foreign competitors contracted research staff paid tax-free benefits under the Income Tax Act.

For permanent employees as well as the Director-refundable fee of government service.



Stockholm International Peace Research Institute

Organization no: 802006-2660

***Salaries, benefits, etc.***

Salaries, benefits, social costs and pension costs were paid the following amounts:

All employees:

Salaries and benefits

Pension costs

**2015**

**2014**

15 857 939

18 037 928

1 440 753

1 354 762

17 298 692

19 392 690

Social costs

5 289 340

5 777 613

Total all employees

22 588 032

25 170 302

***Gender distribution of board and management***

**2015**

**2014**

Number of board member

8

8

of which women

2

2

which men

6

6

Number of other executives

3

3

of which women

1

1

which men

2

2

***Note 5 Other interest receivable and similar income***

**2015**

**2014**

Interest

2 835

107 807

Exchange differences

523 927

371 920

526 762

479 727



Stockholm International Peace Research Institute

Organization no: 802006-2660

**Note 6 Machinery and other technical facilities**

	<b>31/12/15</b>	<b>31/12/14</b>
Opening cost	462 415	518 350
Investments for the year	670 926	235 207
Sales/disposals	<u>0</u>	<u>-55 935</u>
Accumulated acquisition values	1 133 341	462 415
Depreciation	-371 898	-263 177
Sales/disposals	0	18 646
Depreciation of the year	<u>-101 699</u>	<u>-127 367</u>
Accumulated depreciation	-473 597	-371 898
Total carrying value	<u>659 744</u>	<u>90 517</u>



Stockholm International Peace Research Institute

Organization no: 802006-2660

Solna February 26 2016

Dan Smith

Sven-Olof Petersson

Dewi Fortuna Anwar

Lakhdar Brahimi

Radha Kumar

Wolfgang Ischinger

Mary Kaldor

Vladimir Baranovsky

Our Audit Report was submitted on February 26, 2016

Ove Olsson  
Auktoriserad revisor

Daniel Nilsson