



## SIPRI ANNUAL REPORT FOR 2010

(Unofficial English translation)

SIPRI Organization no. 802006-2660

Stockholm International Peace Research Institute

***The Stockholm International Peace Research Institute (SIPRI) was established on 1 July 1966. According to its Statutes, SIPRI's purpose 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.'***

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## **SIPRI Governing Board in 2010**

### **Chairman**

Ambassador Rolf Ekéus, until August 31, 2010  
Mr Göran Lennmarker, from September 1, 2010

### **Members**

Dr Alexei Arbatov, *Russia*  
Ambassador Lakhdar Brahimi, *Algeria*  
Ambassador Jayantha Dhanapala, *Sri Lanka*  
Dr Nabil Elaraby, *Egypt*, until November 8, 2010  
Professor Mary Kaldor, *United Kingdom*  
Ambassador Wolfgang Ischinger, *Germany*  
Professor Dewi Fortuna Anwar, *Indonesia*, from March 1, 2010  
The Director, Dr Bates Gill, *United States*

The 2010 Governing Board meeting was held on June 8-9, 2010.

### **Director and Deputy Director, 2010**

Dr Bates Gill, Director  
Mr Daniel Nord, Deputy Director

### **Auditors**

Appointed by the government for the period 2008–12:  
Margareta Ousbäck, Director, Swedish Ministry of Foreign Affairs  
Ove Olsson, chartered accountant, BDO Nordic Stockholm AB



## Director's annual report 2010

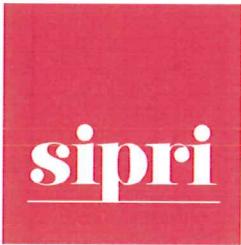
In 2010, work continued to further strengthen SIPRI's place as one of the leading research institutes in the world on matters of international security, armaments and disarmament. The large cuts to the SIPRI core funding grant which took place in 2008 and 2009 continued to shape our operations in significant ways. But overall, 2010 marked a very important and positive turning point for the institute.

We continued the strategic initiative to increase SIPRI's international and domestic Swedish profile through more professional communications, a new and more dynamic website, more diverse publications and products, and increasing our efforts to attract external funding. We note that this drive has been successful. In 2010, the most comprehensive and important global ranking of research institutes dealing with international security issues places SIPRI in the top ten in the world, and number three among non-American institutions; SIPRI held a similar ranking in 2008 and 2009 as well. While such surveys should be taken with some caution, it is a clear indication that while SIPRI weathered some difficult years, it managed to emerge as strong or stronger in terms of its international impact and reputation.

With regard to the institution's finances, we note that 2010 was one of SIPRI's most successful years in its history. Our operational budget reached a record high of

47 039 593 SEK, and we were able to post a surplus of 2 192 588 SEK. Importantly, for the first time in its history, the core grant of support from the Swedish government represented less than half of SIPRI's total operational budget. Compared with 2007, when SIPRI operated on 33 451 774 SEK, the operational budget for 2010 represents an increase of 40 percent. The principal reason for this significant growth is the increase in external funding from 6 205 464 SEK in 2007 to 23 682 463 for 2010.

Generating a surplus for 2010 is welcome news. It is the first surplus since 2007, and helps strengthen our reserves which were severely depleted during 2008 and 2009. Our auditors strongly recommend that we rebuild our reserves, and we are determined to continue doing so. The personnel structure has also changed since 2007 with a shift to a higher percentage of researchers versus administrative and support staff. Whereas in 2007, approximately 50 percent of the total SIPRI staff were researchers, for 2010, that figure reached 65 percent.



In 2010, SIPRI continued working in the principal areas of focus for which it is well-known: international security, armed conflict, conflict management, peace operations, military expenditures, arms production, arms trade, nonproliferation, arms control, and disarmament. Two new programmes at SIPRI also gathered strength in 2010: the Programme on Global Health and Security and the Programme on China and Global Security. The project on countering illicit trafficking and assisting humanitarian cargo logistics also grew rapidly in 2010, with very large grants secured from the European Commission Humanitarian Affairs Office (ECHO) and other European government support.

SIPRI published 19 titles in 2010, from a four-page fact sheet to the 600-page flagship of the institution, the *SIPRI Yearbook*, distributed by Oxford University Press. For the first time, the SIPRI Yearbook in 2010 was published in fully-searchable electronic form and was made available via the worldwide web. Another publication, a 60-page report entitled, *New Foreign Policy Actors in China*, was named by the US-based magazine *Foreign Policy* as one of the ten best writings on the global political economy in 2010. SIPRI also published a major book, *Governing the Bomb*, a comprehensive analysis of the degree of civilian control and democratic accountability over the nuclear weapons programmes in eight nuclear-armed states.

SIPRI's IT department suffered a tragedy in 2010 when Steve Ward, a long-time colleague, unexpectedly passed away. When another long-time IT colleague, Sten Wiksten, retired in August after 19 years at SIPRI, the SIPRI's IT work faced additional challenges and changes. We decided to hire outside consultants who are available fewer hours than the former in-house IT staff. However, with some adjustments and technology fixes, we have maintained adequate service levels and saved costs. In 2010, SIPRI's website had a record of more than 3 000 visitors per day from more than 380 000 servers worldwide. SIPRI was also awarded a generous project grant in late 2010 to develop an Internet portal where all SIPRI research and data can be combined and made more user-friendly and interactive, which will further raise the institution's profile and attractiveness of the website.

On the financial and administrative side, SIPRI hired a Grants Officer in August to facilitate financial reporting to external funders, and assist researchers with financial information when developing new project proposals. This was an important step given the dramatic increase in the search for and receipt of external grants.



The Chairman of the SIPRI Governing Board, Ambassador Rolf Ekéus, stepped down on August 31, 2010 after 10 years of service, the maximum term allowed by the SIPRI statutes. Ambassador Ekéus provided strong and insightful support to the SIPRI leadership and staff, and contributed greatly to building the institute's international position. The new chairman, former Swedish Parliament member Göran Lennmarker, took office on September 1, and has been deeply involved in the Institute's activities. Ambassador Nabil Elaraby, Egypt, left the Board in November after 10 years and Professor Dewi Fortuna Anwar, Indonesia, took office in March.

In sum, following the difficult years of 2008 and 2009, SIPRI has made major strides forward in 2010, in its research programme, in its international profile, and in its financial situation, placing it on firmer footing for the years ahead.



## INCOME AND EXPENDITURE ACCOUNT (all figures in Swedish crowns)

	Note	2010-01-01	2009-01-01
		2010-12-31	2009-12-31
<hr/>			
<i>Net income</i>	1	<b>47 039 593</b>	<b>38 647 118</b>
Expenditure	2	-17 861 166	-18 400 504
Staff costs		-27 051 040	-23 253 157
Depreciation	3	0	0
Operating profit		-2 127 387	-3 006 543
<i>Financial income</i>			
Financial net amount		65 201	79 357
<i>Result</i>		<b>2 192 588</b>	<b>-2 927 186</b>



## BALANCE SHEET (all figures in Swedish crowns)

	Note	2010-12-31	2009-12-31
<hr/>			
<b>Assets</b>			
<i>Fixed assets</i>			
<i>Property and equipment</i>			
Machines and inventory	3	0	0
<i>Total property and equipment</i>		0	0
<i>Current assets</i>			
Prepayments and accrued income		993 829	1 022 130
Other claims		179 681	108 748
Cash at bank and in hand		18 812 876	19 309 319
<i>Total current assets</i>		19 986 386	20 440 197
<b>Total assets</b>		<b>19 986 386</b>	<b>20 440 197</b>
<hr/>			
<b>Liabilities, provisions for pension and capital</b>			
<i>Capital</i>			
Balance at beginning of year		1 394 453	4 321 638
Result		2 192 588	-2 927 186
<i>Balance</i>		3 587 041	1 394 453
Provisions for pensions		229 547	325 552
<i>Current liabilities</i>			
Accounts payable		278 461	343 846
Tax liabilities		0	0
Liabilities to grant foundations		12 914 453	16 181 516
Accrued expenses and prepaid income		2 976 884	2 194 830
<i>Total current liabilities</i>		16 399 345	19 045 744
<b>Total liabilities and capital</b>		<b>19 986 386</b>	<b>20 440 197</b>
<i>Pledged securities and liabilities on account of outstanding guarantees</i>		<i>none</i>	<i>none</i>



## NOTES TO FINANCIAL STATEMENTS (all figures in Swedish crowns)

### PRINCIPLES OF ACCOUNTING POLICY

The annual account has been prepared in accordance with the Book-keeping Act.

#### *Claims, other assets and liabilities*

Claims and liabilities in foreign currencies are valued according to the exchange-rate of the day of receipt, in accordance with the Swedish Financial accounting Standards Council (*Redovisningsrådet*) recommendation RR8 accounting for the effects of changed exchange rates. Claims have been recorded at the amounts, which are expected to come in. Other assets and liabilities have been recorded at the procurement value unless otherwise indicated.

### NOTES

	2010	2009
<b>1. Net income</b>		
Grant	23 166 000	20 843 000
Grant for projects	23 682 463	17 652 789
Royalties, sales	141 253	126 669
Other	<u>49 877</u>	<u>24 660</u>
Total	47 039 593	38 647 118

	2010	2009	2008
<i>Used project grants</i>			
Swedish Government Agencies	4 711 288	2 450 129	4 802 100
Other Governments	3 915 324	6 874 649	3 516 895
Private Research Foundations	8 790 974	5 590 913	1 154 354
EU	5 442 334	1 154 318	860 732
UN and other international organizations	70 374	190 250	787 670
Other	752 169	861 295	216 166
Total:	23 682 463	17 121 554	11 337 917

	2010	2009
<b>2. Expenditure</b>		
Project expenditure from Grants	11 116 394	9 793 436
Project expenditure other	40 100	1 663 337
Administrative expenditure	<u>6 704 672</u>	<u>6 943 731</u>
Total	17 861 166	18 400 504

### *Personnel information and expenditure 2010*

The average number of employees in 2010 was 48, of whom 26 men and 22 women.

In 2009 the average number was 50 employees, of whom 27 men and 23 women.

In 2010, 17 different nationalities were represented among the staff of the Institute. The number of full-time research staff was 31 persons.

The total hours of staff sickness for 2010 amounted to 1847 hours, 1,66% of total working hours. Staff sickness as a proportion of total working hours amounted to 3,18% for women and 0.45% for men.

For research staff employed from abroad, tax-free benefits are paid according to the Local Tax Law (*inkomstskattelagen*).

For tenured staff and for the director, a fee is paid for state occupational pensions. The current appointment of the director is until 31 September 2012.

Staff costs financed from Outside Grants amounted to 12 240 152 Swedish crowns 2010.

During 2009 staff was financed from Outside Grants with 8 307 039 Swedish crowns.

	2010	2009
Salaries and remunerations to		
Board and director	1 348 800	1 281 032
- Other staff	<u>14 035 314</u>	<u>14 538 433</u>
<i>Total</i>	<i>15 384 114</i>	<i>15 819 465</i>
Payroll tax		
- Board and director	228 989	251 684
- Other staff	<u>4 256 248</u>	<u>3 885 470</u>
<i>Total</i>	<i>4 485 237</i>	<i>4 137 154</i>
Pension fees		
- Board and director	173 724	123 093
- Other staff	<u>1 255 820</u>	<u>3 247 084</u>
<i>Total</i>	<i>1 429 544</i>	<i>3 370 177</i>

### **3. Machines and inventory**

Principles for depreciation, according to decision.

Computers directly on procurement; fixed inventory 10 years.

Costs of improvements to real estate owned by others i.e security equipment, and inventory 5 years.

Total procurement value	Acc. Depreciation	Depr. 2010	Entered outst. value
5 yrs	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Signatures

A handwritten signature in black ink, appearing to read "Bates Gill".

Dr Bates Gill, Director

A handwritten signature in blue ink, appearing to read "Göran Lennmarker".

Göran Lennmarker, Chairman

Dr Alexei Arbatov

Ambassador Lakhdar Brahimi

Jayantha Dhanapala

Ambassador Wolfgang Ischinger

Professor Mary Kaldor

Professor Dewi Fortuna Anwar