



**STOCKHOLM INTERNATIONAL
PEACE RESEARCH INSTITUTE**

Annual Report for 2012

Stockholm International Peace Research Institute

Organization no. 802006-2660

(Unofficial English version)

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The foundation's mission

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

According to paragraph 2 of the foundations 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 2012

Chairman

Göran Lennmarker

Members

Professor Dewi Fortuna Anwar, *Indonesia*

Dr Vladimir Baranovsky, *Russia*

Ambassador Lakhdar Brahimi, *Algeria*

Jayantha Dhanapala, *Sri Lanka*

Susan Eisenhower, *United States*

Professor Mary Kaldor, *United Kingdom*

Ambassador Wolfgang Ischinger, *Germany*

The Director

Governing Board meeting, 2012

The 2012 Governing Board meeting was held on 13–15 May 2012.

Director and Deputy Director, 2012

Dr Bates Gill, Director until 30 September 2012

Daniel Nord, Deputy Director until 31 August 2012

Jakob Hallgren, Deputy Director from 1 September 2012 and Acting Director from 1 October to 31 December 2012

Auditors

Appointed by the government for the period 2008–12:

Margareta Ousbäck, Director, Swedish Ministry for Foreign Affairs

Ove Olsson, Chartered Accountant, BDO Nordic Stockholm AB

Director's annual report 2012

Overview

In 2012, SIPRI continued to prove itself as one of the world's leading research institutes focusing on international conflict, peace and security as well as armaments and disarmament. This was recognized for example in the global ranking of research institutes carried out by the University of Pennsylvania, which once again placed SIPRI in the absolute top echelon, this time as the fourth most influential think tank in the world in all categories—a position that we are very proud of.

One important reason for this success is our commitment to providing transparent and reliable information through our world class databases, which are often the foundation of our analysis and expert comments. Another reason is our systematic investment in dissemination and outreach through our publications, through our website, through a growing social media presence, and through our presence in traditional broadcast and print media.

The year 2012 was marked by a change of guard. My predecessor as Director, Dr Bates Gill, stepped down after 5 years of dedicated and distinguished service. In addition, the Deputy Director, Daniel Nord, moved on after 7 years of successful service. The Institute is grateful to both Bates and Daniel for the leadership they provided in what were at times challenging circumstances and we wish them well in their new positions. In September 2012 Jakob Hallgren took on the post of Deputy Director, joining us from the Swedish Ministry for Foreign Affairs (MFA).

Finances

Financially, 2012 was a satisfactory year that ended with a slight surplus, which will help to strengthen our modest reserves. The overall budget once again reached a new record high, of 53 654 560 SEK, and the proportion of the total budget represented by the core grant from the Swedish Government fell to a new record low of less than 45 per cent.

The turnover in 2012 represents an increase of 62 per cent in nominal terms from 2007, when SIPRI operated on 33 451 774 SEK. The principal reason for this significant growth is the increase in funding from sources other than the MFA core grant, from 6 205 464 SEK in 2007 to 29 393 428 SEK in 2012, an almost fivefold increase over 5 years. SIPRI now raises 81 SEK in external funding for each 100 SEK spent on research staff salaries, which is a significant change to our business model compared to 5 years ago.

Research

In 2012, SIPRI continued to produce balanced and accurate research in the traditional areas of strength for which it is well known: international security, armed conflict, conflict management, peace operations, military expenditure, arms production, arms trade, non-proliferation, arms control and disarmament.

The newer programmes at SIPRI also continued to consolidate in 2012; notably the China and Global Security Programme, the project on transportation and security, and the research initiative on 'Afghanistan's neighbourhood post-2014'. All of these made important headway and developed at a steady pace. We also took the first steps to explore how to develop our research agenda in the context of conflict-affected and fragile states and started exploring future research collaborations in South East and South Asia.

Publications

SIPRI published 31 titles in 2012, including 18 on behalf of the EU Non-Proliferation Consortium. Subjects covered ranged from China's policy on the Arctic, via maritime smuggling to peace operation deployments.

Most prominently, the flagship SIPRI Yearbook, co-published by Oxford University Press, appeared online for the third year as well as in print. Bucking the trend in a contracting book market, sales of *SIPRI Yearbook 2011* were slightly up on the 2010 edition and sales of the 2012 edition remain strong. *SIPRI Yearbook 2012* is being translated into Arabic, Chinese, Russian and

Ukrainian, with summaries available in Catalan, Dutch, French, German, Italian, Spanish and Swedish, another sign of the unique role that the Yearbook plays around the world.

Media outreach

In 2012, SIPRI continued to diversify its media outreach tools. Adding to the essays that were introduced in the year before as short pieces intended to be accessible to wider audiences, SIPRI started to issue expert comments in 2012 as an immediate and time-critical output to inform international debates on issues of current concern. In 2012 SIPRI also introduced the proactive use of film and video interviews of guests and visitors to feed output channels and social media. The number of SIPRI followers on both Facebook and Twitter passed 2500 in 2012 and further online media outputs where SIPRI is present include Scribd, YouTube and Wikipedia.

Key media launches in 2012 included:

- the launch of the SIPRI Top 100 arms-producing companies, which reached more than 950 media outlets
- the launch of the SIPRI arms transfers data in March, which reached more than 2800 media outlets
- the launch of SIPRI's military expenditure data in April, which reached more than 2100 media outlets
- the launch of the SIPRI Yearbook in June, which reached more than 1000 media outlets

In total, during 2012, SIPRI was quoted in more than 18 500 media outlets in more than 130 countries and the estimated total readership of SIPRI's media outlets was estimated to be more than 87 million people.

Key public SIPRI events in 2012 included a seminar related to the upcoming Nuclear Security Summit, in cooperation with the South Korean Embassy in Stockholm, a high-profile event on revitalizing conventional arms control in Europe with the United States Acting Under Secretary for Arms Control and

International Security, Rose Gottemoeller, another featured event with the Mongolian President, Tsakhiagiin Elbegdorj (in cooperation with International IDEA), and a panel discussion on arms exports and authoritarian regimes, featuring the 2012 Right Livelihood Award winner, the Campaign Against Arms Trade.

Governance

SIPRI continues to benefit from strong strategic leadership. The Chairman of the SIPRI Governing Board, Göran Lennmarker, has led the Board since September 2010. He has been very engaged in the Institute's activities, for example taking a leading role in developing the new project on 'Afghanistan's neighbourhood post-2014' and in carrying out representational duties in Europe, North America and Asia.

The Institute continues to engage with its Governing Board members between board meetings and is grateful for the advice, involvement and support it receives from its committed board members.

Outlook

In sum, SIPRI continued to make significant, positive strides in 2012 while undergoing a double transition in its leadership. As the Institute looks ahead to 2013, it is embarking on an ambitious strategic review of its operations. In a collaborative effort, we aim to update and develop our vision and work plan to ensure that we will continue to achieve quality and relevance in our research and outreach activities, thereby contributing to the strengthening of peace and security in our world.

Tilman Brück
28 February 2013

Income and expenditure account

All figures are in SEK.

	Note	1 January– 31 December 2012	1 January– 31 December 2011
Net income	1	53 654 560	50 699 152
Expenditure	2	–24 272 289	–19 920 067
Staff costs		–29 412 847	–28 330 223
Depreciation		–102 360	0
<i>Operating profit</i>		<i>–132 936</i>	<i>2 448 862</i>
<i>Financial income</i>			
Financial net amount		386 205	332 219
Change in capital for the year		253 269	2 781 081

Balance sheet

All figures are in SEK.

	Note	31 Dec. 2012	31 Dec. 2011
Assets			
<i>Tangible fixed assets</i>			
Machinery, equipment, fixtures and fittings	3	204 721	0
<i>Total fixed assets</i>		<i>204 721</i>	<i>0</i>
<i>Current assets</i>			
Prepaid expenses and accrued income		1 079 635	96 677
Other short-term claims		82 815	235 698
Cash at bank and in hand		26 377 522	24 644 011
<i>Total current assets</i>		<i>27 539 972</i>	<i>24 976 386</i>
Total assets		27 744 693	24 976 386
Liabilities and capital			
<i>Capital</i>			
Balance at beginning of year		6 368 122	3 587 041
Change in capital		253 269	2 781 081
<i>Balance total capital</i>		<i>6 621 391</i>	<i>6 368 122</i>
<i>Current liabilities</i>			
Accounts payable		930 451	441 866
Other liabilities		4 537	0
Unused grants		17 058 845	14 823 083
Accrued expenses and prepaid income		3 129 469	3 343 315
<i>Total current liabilities</i>		<i>21 123 302</i>	<i>18 608 264</i>
Total liabilities and capital		27 744 693	24 976 386
<i>Pledged securities and liabilities</i>		<i>none</i>	<i>none</i>
<i>on account of outstanding guarantees</i>			

Notes to financial statements

All figures are in SEK.

Principles of accounting policy

The annual account has been prepared in accordance with the Bookkeeping 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

	2012	2011	
1. Net income			
Grant from Swedish Government	24 094 000	23 787 000	
Grant from other funders	29 393 428	26 735 313	
Royalties, sales	153 962	161 543	
Other	13 170	15 296	
Total	53 654 560	50 699 152	
<i>Used project grants</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Swedish Government agencies	5 553 643	5 534 148	4 711 288
Other governments	3 026 007	9 261 576	3 915 324
Private research foundations	1 756 901	3 746 013	8 790 974
EU and EU governments	12 080 067	7 405 174	5 442 334
UN and other international organizations	5 666 051	501 292	70 374
Other	1 310 759	287 110	752 169
Total	29 393 428	26 735 313	23 682 463

	2012	2011
2. Expenditure		
Project expenditure from Grants	13 703 341	11 834 664
Administrative expenditure	<u>10 568 948</u>	<u>8 085 402</u>
Total	24 272 289	19 920 066

Personnel information and expenditure 2012 (2011)

The average number of employees in 2012 was 51 (51) of whom 27 (27) were men and 24 (24) women.

In 2012, 19 (18) different nationalities were represented among the staff of the Institute. The number of full-time research staff was 33 (33) persons and during the year 33 interns and 5 guest researcher visited SIPRI. The total hours of staff sickness for 2012 amounted to 1357 (785) hours, 1.28% (0.75%) of total working hours. Staff sickness as a proportion of total working hours amounted to 2.15% (1.35%) for women and 0.54% (0.22%) 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. Staff costs financed from external grants amounted to 14 333 434 (13 969 107) SEK.

	2012	2011
Salaries and reimbursement to		
- the Board and director	1 036 800	1 342 288
- other staff	<u>20 951 588</u>	<u>19 790 975</u>
Total	21 988 388	21 133 263
Social costs for		
- the Board and director	199 925	254 815
- other staff	4 835 234	4 906 978
Total	5 035 159	5 161 793
Pension fees for		
- the Board and director	108 360	173 619
- other staff	1 307 350	1 144 909
Total	1 415 710	1 318 528

3. Machinery, equipment, fixtures and fittings etc.

	2012	2011
- Opening acquisition value	0	0
- Acquisition for the year	307 081	0
- Minus acquisition of scrapped/sold equipment	0	0
<i>Closing acquisition value</i>	<i>307 081</i>	<i>0</i>
- Closing acquisition value	0	0
- Depreciation for the year	<u>102 360</u>	<u>0</u>
<i>Closing accumulated depreciation</i>	<i>102 360</i>	<i>0</i>
<i>Book value fixed assets</i>	<i>204 721</i>	<i>0</i>

Signatures

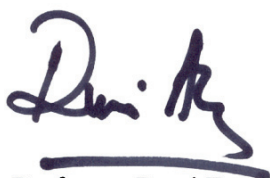
Solna, 28 February 2013



Professor Dr Tilman Brück
Director



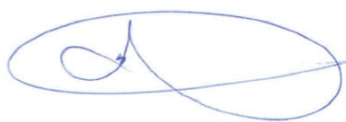
Göran Lennmarker
Chairman



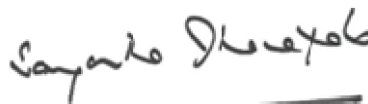
Professor Dewi Fortuna Anwar



Dr Vladimir Baranovsky



Ambassador Lakhdar Brahimi



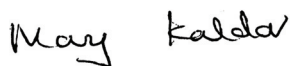
Jayantha Dhanapala



Susan Eisenhower



Ambassador Wolfgang Ischinger



Professor Mary Kaldor

Vår revisionsberättelse har avgivits den 14 mars 2013



Ove Olsson
Autoriserad revisor



Margaretha Ousbeck
Margareta Ousbeck