



SIPRI ANNUAL REPORT FOR 2011

(Unofficial English version)

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 2011

Chairman

Mr Göran Lennmarker

Members

Professor Dewi Fortuna Anwar, *Indonesia*

Dr Vladimir Baranovsky, *Russia* (appointed March 1, 2011)

Ambassador Lakhdar Brahimi, *Algeria*

Ambassador Jayantha Dhanapala, *Sri Lanka*

Ms. Susan Eisenhower, *United States* (appointed February 1, 2011)

Professor Mary Kaldor, *United Kingdom*

Ambassador Wolfgang Ischinger, *Germany*

The Director, Dr Bates Gill, *United States*

The 2011 Governing Board meeting was held on June 14-15, 2011.

Director and Deputy Director, 2011

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 2011

Overview

In 2011, SIPRI continued to solidify its place as one of the world's leading research institutes focusing on international security, armaments and disarmament. The large cuts to the SIPRI core funding grant which took place in 2008 and 2009 continue to shape our operations and how we carry out our work. At the same time, however, 2011 was marked by strong progress on a number of important fronts.

In 2011, SIPRI was ranked in the top 10 think tanks in the world, and number 2 outside of the United States.

In 2011, the most comprehensive and important global ranking of research institutes carried out by the University of Pennsylvania places SIPRI in the top ten in the world, and number two among non-American institutions; SIPRI held a similar ranking in 2008, 2009, and 2010 as well. While we cannot take such surveys to be the definitive final word, it is nonetheless significant that SIPRI is ranked so highly by hundreds of our peers from across the world who contribute to the survey. One important reason for this success is our continued 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. Indeed, SIPRI's public and media relations was ranked in the top 20 globally according to the University of Pennsylvania survey.

Finances

With regard to the institution's finances, we note that 2011 was quite successful and one of SIPRI's best on record for a number of reasons. Our operational budget reached a record high of 50 699 152 SEK, and we were able to post a surplus of 2 781 081 SEK. The core grant of support from the Swedish government represented 47 percent of SIPRI's total operational budget, the second year in row this has been the case. Compared with 2007, when SIPRI operated on 33 451 774 SEK, the operational budget for 2011 represents an increase of 52 percent. The principal reason for this significant growth is the increase in external funding from 6 205 464 SEK in 2007 to 26 735 313 SEK for 2011, a more than four-fold increase in this five-year period.

Generating a surplus for 2011 is an important development and it marks the second year in a row that SIPRI has done so. Our auditors strongly recommend that we rebuild our reserves, and we are determined to continue doing so.

Research

In 2011, 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,

In late-2011, SIPRI opened operations of SIPRI North America in Washington, D.C., and formally launched the new center at the House of Sweden at an event including Carl Bildt and Zbigniew Brzezinski.

arms control, and disarmament. Three newer programmes at SIPRI also continued to grow in 2011: the Programme on Global Health and Security, the Programme on China and Global Security, and the project on transportation and security. The newest research undertakings in 2011 were the establishment of an institute-wide initiative on “Afghanistan’s Neighbourhood post-2014” which will examine and put forward recommendations about a regional approach to peace and stability following the downsizing of ISAF military operations in Afghanistan, with a special emphasis on how the trans-Atlantic partnership can contribute to peaceable solutions in the region. In addition, in late-2011, SIPRI opened operations of SIPRI North America. SIPRI North America, an independent, non-profit entity registered in Washington, D.C., will be a SIPRI sister organization which aims to bring new global perspectives to security and foreign policy debates across North America and strengthen cooperation between SIPRI and its transatlantic partners.

Publications

SIPRI published 17 titles in 2011, covering such diverse subjects as arms supplies to Africa, conflict minerals, China’s relations with Russia, and budgetary priorities in Latin America. Most prominently, the flagship SIPRI Yearbook, distributed by Oxford University Press, appeared in print and online for the second year. *SIPRI Yearbook 2011* is being translated into Chinese, Russian, Ukrainian and, after a short gap, once more in Arabic. In addition, SIPRI’s widely used *Handbook of Applied Biosecurity* appeared in Farsi translation, and a Japanese translation of SIPRI’s *New Foreign Policy Actors in China* sold over 4 000 copies, showing the worldwide interest in our work. SIPRI was also chosen as publisher of a series of background papers for the European Union Non-Proliferation Consortium, which will result in over 40 publications by 2013, the first of which appeared in 2011.

In 2011, SIPRI was quoted in more than 13 500 media outlets in over 130 countries, a potential readership of over 80 million.

Media outreach

SIPRI’s presence in traditional and new media continues to expand. During 2011, SIPRI was quoted in more than 13 500 media outlets in over 130 countries. This is about 2000 more articles than during 2010. Prominent outlets for SIPRI include such international media as *Financial Times*, *Washington Post*, *Wall Street Journal*, *Al Jazeera*, *BBC*, *CNBC*, *CNN*, *RT*, *CCTV*, and all major wire services to name a few. The estimated total potential readership for articles citing SIPRI during 2011 is more than 80 million persons.

SIPRI in 2011 worked to make the monthly SIPRI newsletter a more timely and widely-anticipated piece of analysis. In 2011, SIPRI newsletter essays have been republished as a “debatt” article in *Dagens Nyheter* and in *Le Monde* opinion pages. Further essays have been republished by SVT Debatt among others. By the end of 2011, the SIPRI Newsletter reaches more than 22 000 global recipients monthly, an increase of 8 000 since 2010. With Twitter, Scribd and YouTube, SIPRI further explored new media for its communications and outreach work.

IT upgrades and web presence

SIPRI information technology (IT) has also continued to improve. With the help of our external consultants the IT

More than 500 gigabytes of information were retrieved from SIPRI servers in 2011, equivalent to more than 500,000 books of at least 500 pages.

department has again in 2011 maintained adequate service levels at lower costs than in previous years. Major improvements concerning reliability and stability in our server environment have been made by introducing a virtual server system and by implementing a servers monitoring system. Other technology improvements included backup-system upgrades, updates of our database software packages as well as upgrades of our website Contents Management Systems. In 2011, SIPRI maintained its level of website visitors, with an average of more than 3 000 per day or just over 1 million visitors per year. Development of the SIPRI Internet portal for which SIPRI was awarded a generous project grant in late 2010 is progressing as planned. The launch of the new portal is planned for the end of 2012 and will result in an even more attractive website, improved user experience, and increased traffic to the SIPRI via the web.

Governance

SIPRI continues to benefit from strong strategic leadership. The Chairman of the SIPRI Governing Board, Göran Lennmarker, marked one year in this position in September 2011. He has been deeply engaged in the Institute's activities, and taken a leading role in developing a new project on "Afghanistan's Neighborhood Post-2014", in supporting the establishment of SIPRI North America, and in carrying out representational duties in Eurasia, North America, and North Africa. Dr. Alexei Arbatov, a member of the SIPRI Governing Board from Russia, stepped down in March 2011 after 10 years of dedicated service to SIPRI. Ms. Susan Eisenhower, from the United States, joined the SIPRI Governing Board in February 2011. Dr. Vladimir Baranovsky, of Russia, joined the SIPRI Governing Board in March 2011.

In sum, SIPRI continued to make significant, positive strides ahead in 2011, particularly in expanding its global presence and standing, and in solidifying its financial position.



INCOME AND EXPENDITURE ACCOUNT (all figures in Swedish crowns)

	Note	2011-01-01 2011-12-31	2010-01-01 2010-12-31
<i>Net income</i>	1	50 699 152	47 039 593
Expenditure	2	-19 920 067	-17 861 166
Staff costs		-28 330 223	-27 051 040
<i>Operating profit</i>		2 448 862	2 127 387
<i>Financial income</i>			
Financial net amount		332 219	65 201
<i>Result</i>		2 781 081	2 192 588

BALANCE SHEET (all figures in Swedish crowns)

	Note	2011-12-31	2010-12-31
<hr/>			
<i>Assets</i>			
<i>Current assets</i>			
Prepayments and accrued income		93 655	993 829
Other claims		297 117	179 681
Cash at bank and in hand		24 585 614	18 812 876
<i>Total current assets</i>		24 976 386	19 986 386
Total assets		24 976 386	19 986 386
<hr/>			
<i>Liabilities, provisions for pension and capital</i>			
<i>Capital</i>			
Balance at beginning of year		3 587 041	1 394 453
Result		2 781 081	2 192 588
<i>Balance</i>		6 368 122	3 587 041
Provisions for pensions		0	229 547
<i>Current liabilities</i>			
Accounts payable		441 866	278 461
Tax liabilities		0	0
Liabilities to grant foundations		14 823 083	12 914 453
Accrued expenses and prepaid income		3 343 315	2 976 884
<i>Total current liabilities</i>		18 608 264	16 399 345
Total liabilities and capital		24 976 386	19 986 386
<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

1. Net income	2011	2010
Grant	23 787 000	23 166 000
Grant for projects	26 735 313	23 682 463
Royalties, sales	161 543	141 253
Other	<u>15 296</u>	<u>49 877</u>
Total	50 699 152	47 039 593

<i>Used project grants</i>	<i>2011</i>	<i>2010</i>	<i>2009</i>
Swedish Government Agencies	5 534 148	4 711 288	2 450 129
Other Governments	9 261 576	3 915 324	6 874 649
Private Research Foundations	3 746 013	8 790 974	5 590 913
EU and EU-governments	7 405 174	5 442 334	1 154 318
UN and other international organizations	501 292	70 374	190 250
Other	287 110	752 169	861 295
Total:	26 735 313	23 682 463	17 121 554

2. Expenditure

	2011	2010
Project expenditure from Grants	11 834 664	11 116 394
Project expenditure other	0	40 100
Administrative expenditure	<u>8 085 402</u>	<u>6 704 672</u>
Total	19 920 066	17 861 166

Personnel information and expenditure 2011 (previous year)

The average number of employees in 2011 was 56 of whom 32 men and 24 women.

In 2010 the average number was 48 employees, of whom 26 men and 22 women.

In 2011, 18 (17) different nationalities were represented among the staff of the Institute. The number of full-time research staff was 31 (31) persons.

The total hours of staff sickness for 2011 amounted to 785 (1847) hours, 0,75% (1,66%) of total working hours. Staff sickness as a proportion of total working hours amounted to 1,35% (3,18%) for women and 0,22% (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.

Staff costs financed from external grants amounted to 13 969 107 (12 240 152) Swedish crowns.

	2011	2010
Salaries and reimbursement to		
- board and director	1 342 288	1 348 800
- other staff	<u>19 790 975</u>	<u>19 098 959</u>
<i>Total</i>	<i>21 133 263</i>	<i>20 447 759</i>

Social costs for

- board and director	254 815	228 989
- other staff	<u>4 906 978</u>	<u>4 256 248</u>
<i>Total</i>	<i>5 161 793</i>	<i>4 485 237</i>

Pension fees for

- board and director	173 619	173 724
- other staff	<u>1 144 909</u>	<u>1 255 820</u>
<i>Total</i>	<i>1 318 528</i>	<i>1 429 544</i>



Signatures



Dr Bates Gill, Director



Göran Lennmarker, Chairman