

**Stiftelsen The Stockholm Environment Institute**

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# **Annual Report**

**1 January - 31 December 2012**

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## DIRECTOR'S REPORT FOR THE FINANCIAL YEAR 2012

### *SEI in a nutshell*

The Stockholm Environment Institute (SEI) is an international independent non-profit research institute established in 1989 by the Swedish Government. SEI's mission is to support decision-making and induce change towards sustainable development by providing integrative knowledge that bridges science and policy in the field of environment and development. SEI is a distributed institute, with centres or offices in Bangkok (Thailand), Boston, Davis and Seattle (USA), Oxford (UK), Stockholm (Sweden), Tallinn (Estonia), York (UK) and Dar es Salaam (Tanzania). The combined centres include approximately 160 research staff.

SEI carries out integrated policy oriented research on environment and development, tackling overarching issues like climate change, energy systems, vulnerability and governance, as well as specific problems such as water resources and air pollution. SEI's research is organised within four overarching themes: Managing environmental systems; Reducing climate risk; Transforming governance, and Rethinking development (see the SEI Strategy 2010-2014 at <http://www.sei-international.org>).

### *Consolidation and development in 2012*

For SEI as a whole, 2012 has been a year of both consolidation as well as progressive development. SEI's financial capacity was strengthened by the Swedish government's decision to increase the cores support from 11,9 million in 2011 to 17 million in 2012. This increase made it possible to invest resources both to strengthen the core functions of the institute (leadership, management and organization) as well as in key competences through a number of strategic recruitments and other investment. The Programme Management, Evaluation and Communication (PMEC) system also became fully operational in 2012 and now covers all projects and activities. The underlying financial situation has also continued to improve for the foundation.

2012 saw some changes in the leadership of the institute. In April, Johan Kuylenstierna (previously Centre Director for SEI Stockholm Centre) took up the position as Executive Director after Johan Rockström, who had served the organization for eight years. Jakob Granit was recruited as new Centre Director for the Stockholm Centre. Lisa Emberson was appointed new Centre Director from 1 December after Johan C L Kuylenstierna, who instead was appointed as SEI Policy Director. The process to develop a new Centre Director in Asia was initiated but not completed by the end of the year. A new, institutional leadership structure was also developed and implemented, consisting of an

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Executive Team, a SEI-wide Management Team and the cross centre Theme Leadership. The new Board programme was also implemented, which stipulated 4 meetings per year and a smaller, more management and operations oriented Board. The SEI Science Advisory Council members were invited and appointed, although the first meeting of the Council will be held in 2013.

A very important and positive news came with the decision in December 2012 by the Swedish government to continue to increase SEI's core funding by an additional 10 million kronor, to reach a total of 27 million in 2013. This is a considerable strengthening of the institute and will allow for further investments. Through this decision, SEI now also has access to matching funds / co-financing, which will stimulate further applications for EU funding and collaboration with various international actors in joint initiatives. The programme support from Sida also continued in 2012 (and is secured up until 2014), at an annual level of 25 million kronor.

More information on SEI's work in 2012 is provided below under the sections on communications and SEI centres. Highlights in 2012 includes the World Summit on Sustainable Development (Rio+20) represented a major event in 2012 and SEI was well represented from different centres. The organization was involved in events ranging from Short Lived Climate Pollutants (SLCP) to energy security in a low-carbon world, water-food-energy Nexus dialogues and, together with the Stockholm Resilience Centre, hosted a two day session on science-policy dialogue as a continuation of the 2011 Nobel Laureate Symposium. The outcome of Rio will shape some of SEI's global policy work agenda in the years to come, in particular in areas such as Sustainable Development Goals and the Green Economy.

Together with a 12 international research foundations from all over the world, SEI initiated the Independent Research Forum for the Post 2015 agenda, to foster further collaboration related to global environment-development issues in general and the formulation of science-based Sustainable Development Goals in particular. SEI also continues to be strongly engaged in various key science and policy processes, related to the Arctic regions (Arctic Resilience Report), The Baltic Sea, Climate Change (climate adaptation and mitigation policies at national, regional and global levels, contribution to the Intergovernmental of Climate Change 6<sup>th</sup> Assessment, active engagement in Conference of the Parties within the United Nations Framework Convention on Climate Change, Climate Equity etc), Short Lived Climate Pollutants (through engagement in the Climate and Clean Air Coalition, Renewable Energy, Household Energy) and water-food-energy security (through strategic planning tool development (for example integrated WEAP-LEAP), the water-food-energy Nexus) just to mention a few.

### Communication highlights

In communicating our research SEI aims to expose the interdependence of development and environment issues, describe the complex relationships between people, nature and social systems, and strive for a complete picture rather than looking at aspects of a problem in isolation. Making this sort of impact requires a dialogue that connects our

research with the right people, in the right way, at the right time. The communication challenge is three-fold: understanding who we wish to influence; translating science-based research findings into effective messages; and identifying and executing opportunities for listening and getting our messages across. For 2012, the Global Go To Think Tank Index ranked SEI as the sixth most influential environment think tank in the world, up from eighth place in 2011 and tenth place in 2010.

In line with the SEI Strategy, our communications work in 2012 has continued to engage with our four core audiences in the North and South: academia, public policy decision makers, media and NGOs. We have consolidated our position as a trusted convener of dialogues that bridge different constituencies (North and South, business and research, policy and research) through events such as the Nobel Dialogues at the UN Conference on Sustainable Development (Rio+20), the visit of the Prince of Wales and King of Sweden to SEI headquarters and an open seminar with Jeffrey Sachs attended by 500 people. SEI continues to publish widely in peer-reviewed journals and hosts *Climate and Development*, the leading international peer-reviewed journal on the links between climate and development. In 2011 the Journal Citation Reports, *Climate and Development* was listed with an 'Impact Factor' of 1.206. Considering that the journal has only been publishing for three years, this is an excellent impact factor.

In 2012 we have also reached out to a broader spectrum of change makers by engaging with the business sector by framing our insights in terms/contexts that are relevant for companies – in May we co-hosted a conference for 300 business leaders with the Stockholm School of Economics. We have also made a particular effort over the past year to take advantage of new technologies and ways of interacting. In particular, our social media presence has grown significantly, with well over 6000 followers on SEI Twitter accounts. We are also producing more video and blog content, for dissemination on social media. Using these tools we have also been able to increase and monitor the uptake of our communications efforts by the media and some key decision makers (e.g. on bioenergy).

In 2012, the number of unique visitors to the SEI website increased 27 percent compared to 2011 (and 43 percent increase compared to 2010). The majority of people visiting the website searched content via Google ('search traffic'). In addition, there are a large number of visitors referred to the site ('referral traffic') from SEI social media accounts. Direct traffic now accounts for less than 25 percent of visitors. These statistics indicate this (i) that the internet is clearly the dominant source for obtaining information about SEI's research, (ii) the success of our strategy to increase the quality and quantity of online content and (iii) the need to continue promoting our work on social media channels (i.e. Twitter, Facebook and blogs).

The dominant theme running through SEI's communications in 2012 was Rio+20 and the Sustainable Development Goals.

- SEI scientists joined more than 2500 other researchers in London at Planet Under Pressure the major scientific conference leading up to Rio+20. SEI staff presented on nine different research topics. Among these were the first results from a major

new international study, Valuing the Ocean, which was launched at Planet Under Pressure to inform preparations for the Rio+20 Earth Summit in June. This study, coordinated by SEI, shows climate change alone could reduce the economic value of key ocean services by up to 2 trillion USD a year by 2100, and urges world leaders to make the oceans a priority in global sustainability goals. The study was featured in The Economist, BBC, MSNBC, The Independent and Reuters.

- SEI was heavily involved in the preparation and moderation of the Swedish government's preparatory contribution to Rio+20 – Stockholm+40. Johan L. Kuylenstierna was a main moderator for the event, and Robert Watt moderated sessions on innovation and chemicals (providing a report to the roundtable on chemicals with policy makers and industry representatives). In addition, Karl Hallding presented a paper on the green economy. The Stockholm call for action includes many of these elements prominently.
- At Rio+20, SEI contributed to discussions on the critical issues, such as sustainable energy for all, food security and the inclusive green economy. Our experts focused on five main themes and participated in a total of 8 side events. One of the main topics of discussion at Rio+20 was energy. SEI's contribution, Energy for a shared development agenda was launched at the UN conference. The report, and accompanying policy brief, shows that achieving UN energy goals within a 2°C pathway is possible, but will require a massive scale-up of low-carbon technologies, driven by a shared development agenda and strong, effective policies. The report concluded that world leaders could lay the groundwork at Rio+20.
- SEI co-hosted a high-level dialogue on science and the 'green economy' in the margins of Rio+20. Nobel Laureates and other leading thinkers urged world leaders to seize this 'historic opportunity' to put the planet on a sustainable path. After a keynote statement by HRH King Carl XVI Gustaf of Sweden, the organizers issued a declaration, "The Future We Choose", which they presented to Brice Lalonde, executive coordinator of Rio+20, and to the public. Along with the event organizers, signatories include Tarja Halonen, former President of Finland and co-chair of the High-level Panel on Global Sustainability; Gro Harlem Brundtland, former Prime Minister of Norway, former Director-General of the World Health Organization, and member of The Elders and the GSP; and Yuan-Tseh Lee, Nobel laureate in chemistry and President of the International Council for Science.) The declaration was accompanied by a press release and a multimedia press kit. The declaration was launched by Gro Harlem Brundtland in an op-ed in the International Herald Tribune on 19 June.
- One of the most significant outcomes from the Rio+20 Summit was the agreement to develop Sustainable Development Goals, a new set of goals to succeed the Millennium Development Goals in 2015. In a seminar on 4 September 2012, Jeffrey Sachs, Director of the Earth Institute, discussed the outcomes of the Rio+20 conference with a packed audience of 500 decision makers, academics and representatives of civil society. The event was webcast and the film is available on demand.
- At a seminar on the post-2015 development agenda hosted by Stockholm Environment Institute and Stockholm Resilience Centre on 19 November 2012,

two leading lights of Colombian politics and research discussed why a new set of development goals is needed, how Colombia is developing the SDG concept at a national level and the role of biodiversity and ecosystem services in SDGs. The event can be relived Storify and Flickr.

### **Stronger global position in 2012**

For the third year in a row SEI also moved up the rankings in the Global Go To Think Tank Index, placed for 2012 as the 6th most influential environment think tank, up from 8th position in 2011, and the leading organization based outside the U.S. The index is based on an assessment of more than 6,500 think tanks around the world, and is published in the 2012 Global Go To Think Tank Report, compiled annually by the University of Pennsylvania's Think Tanks and Civil Societies Program.

### **SEI Centre Development and Selected Activities**

#### **SEI Tallinn 2012**

##### *Staff, organization and financial situation*

By the end of the year, the SEI Tallinn centre had a total of 23 staff members (FTE 18,4). The financial situation of the centre has overall been stable. Funding from the Estonian government institutions has been decreasing and was below 20% of the total in 2012, and the share of financial resources from Estonian universities, other organisations and private sector remains marginal (1-3%). The share of other international organisations has increased, mainly through increased collaboration with other SEI centres. Other SEI funding has also increased in 2012, due to HQ support for SEI Tallinn's 20th anniversary celebration as well as support for the strategic recruitment process for a senior environmental economist position.

##### *Selected activities and projects*

In June, the Tallinn Centre organized a seminar on Urban Sustainable Mobility in cooperation with Tallinn City Government. In October, the centre organized the Sustainable Development Forum 2012, entitled "Opportunities and chances for green economy in Estonia". This was a national multi-stakeholder conference and platform for discussions on green economy in the context of sustainable development which was one of the two key topics of the Rio+20 Conference in June 2012. The Forums are periodically organised by SEI Tallinn together with the partners in order to bring sustainability issues to the forefront of public discourse and to increase the impact of sustainable development on the society.

In November, the Centre celebrated its 20th anniversary with an international Forum on Rio+20: Towards Low-Carbon Economy. The Estonian Environment Minister, the Swedish Environment Ambassador, the representatives from private enterprises and experts from across SEI took part in the lively conversation about building a low-carbon society.

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The project “BalticClimate toolkit: Bringing data and resources to key actors in the public and private sectors” came to an end in 2012 after three years. The main product of the project is an electronic Toolkit, designed to empower actors at the local and regional levels who play an important role in preparing, financing and making decisions about climate change measures. It is also meant to help actors identify opportunities for positive economic, environmental, and social development they can capitalise on as they respond to the climate challenge. The Toolkit is available in all 11 Baltic Sea Region languages plus English.

The Centre has also continued to be active in a number of EU FP funded projects. The FP7 LIAISE focuses on Regulatory Impact Assessment methodology and web-based toolbox. The FP7 APRAISE is addressing policy coherence, developing methodology for assessment of efficacy, effectiveness and efficiency of EU environmental policy.

The centre also conducted a study for the State Chancellery of the impact of the use of environmental fees in Estonia 2001-2011, and suggested changes of the fees system and new rates for 2015-2020. It also presented a study on Estonian transition to low carbon economy 2050 and made an assessment of oil-shale use and setting conditions for renewal of National Oil-shale use strategy until 2030, for the Ministry of Environment. On behalf of the Tallinn City Government, the centre drafted the Tallinn Environmental Action Plan 2018 including a plan to become European Green Capital by 2018.

SEI Tallinn has also been involved in four INTERREG funded projects; (i) Transfer Waste to Traffic Fuel through a socio-economic and technological analysis of the use of biodegradable wastes for producing biomethane to be used as a motor fuel; (ii) a component of the Baltic COMPASS project looking at reducing the eutrophication of the Baltic Sea from agricultural pollution; (iii) RECO Baltic 21 Tech with a focus to elaborate a BSR level strategy and a model that defines necessary actions ensuring organisational learning within and between authorities to continue to develop waste management and lower the transaction costs and; (iv) GES-REG project (Good Environmental Status through Regional Coordination and Capacity Building) to support coherent and coordinated implementation of Marine Strategy Framework Directive in the central and north-eastern sub-regions of the Baltic Sea. To carry out socio-economic assessment.

The EMASeasy MOVE-IT! is an eco-innovative software-based support mechanism (a collective coaching and learning model) to help SMEs in the tourism sector to use lean and cost-effective EU EMAS and Ecolabel applications (EU Eco-innovation Programme). The centre has also worked with UNEP to develop a methodology for assessing the effectiveness of the national implementation of multilateral environmental agreements (MEAs).

### **SEI AFRICA (Dar es Salaam)**

#### *Staff, organization and financial situation*

The SEI Africa Centre is financially part of the SEI foundation and was established 4 ½ years ago. The centre remains very small and only had three full time staff members by

the end of 2012: Centre Director Stacey Noel, who works on water issues; Research Fellow Victor Kongo, who focused on water resources and agriculture; and Research Associate Jacqueline Senyagwa, who researches energy-related issues.

In 2012, a number of recruitment processes were initiated in order to build the capacity of the centre; one focusing on climate change and one on sustainable energy. The recruitment processes were successful and the new colleagues will start their positions in early 2013.

#### *Selected activities and projects*

Healthy Futures is a project focusing on the East African Community. It is involving a consortium of 14 organisations and aims to develop decision support tools for three water-related vector-borne diseases (malaria, schistosomiasis and Rift Valley Fever) for East Africa Community decision makers. SEI leads the work package on stakeholder engagement and tool development. In 2012, SEI Africa completed an inventory and analysis of relevant planning documents as well as produced strategic network maps of stakeholders for the five EAC countries.

Where the rain falls: climate change, hunger and human mobility is a project focusing on Tanzania. The project, led by CARE Tanzania, aims to enhance social resilience. Outputs in 2012 included a record of participatory and survey-based data for open use; data sets and site reports, written in local languages, handed over to communities and government authorities participating in the project; and case studies illustrating the interaction between changing rainfall patterns, food security, social inequalities and human mobility, with special emphasis on the experiences of women.

The Agricultural Water Management Solutions focuses on sub-Saharan Africa smallholders farmers in five African countries. It looked at different irrigation options for productivity scaling. Victor Kongo led the engagement with the Government of Tanzania, in which he presented the policy implications of the research at a one-day workshop for the Tanzanian Parliamentary committee on agriculture.

The Rules, Roles and Resources is a project focusing on Rwanda, looking at requirements for successful implementation of productive sanitation systems. The policy implications of the research were presented at a workshop attended by stakeholders from Rwanda, Uganda and Burundi. Thus, the project successfully built on the existing relationship with SEI's sanitation knowledge partner, NETWAS Uganda, to establish ties between the three countries; proposals have been submitted for future collaboration in this group of partners.

#### **SEI Asia (Bangkok)**

##### *Staff, organization and financial situation*

SEI Asia is part of the Foundation and is registered in Thailand as an international non-government, non-profit organization through the Thailand International Development Cooperation Agency (TICA), Ministry of Foreign Affairs, under agreement with the

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Cabinet. The centre was established formally on 1 January 2004 by the SEI Board and its objective is to contribute to a transition to sustainability in the Asian region in general, and the Mekong region in particular, by helping to improve decision-making on sustainable development. Since late 2007, SEI Asia has been relocated to the Chulalongkorn University of Thailand. The centre has since developed collaborative efforts with the University, and SEI staff have been visiting lecturers – notably involving 3 staff in 2012. SEI Asia had at the end of the year 17 staff, with two on long-term study leave, and a visiting post-doctoral researcher.

Owing to a long-term collaboration with Dr Louis Lebel, Director, Unit for Social and Environmental Research (USER), Chiang Mai University, Thailand, SEI Asia invited him to step in as the first SEI Associate linked to the Asia centre in 2012. He significantly contributed to two flagship programmes of SEI Asia including the Sustainable Mekong Research Network (SUMERNET) and the Regional Climate Change Adaptation Knowledge Platform for Asia (AKP), as well as building the research capacity of SEI Asia. Increasing number of peer review publications by SEI Asia centre in 2012 could reflect this fruitful collaboration.

#### *Selected activities and projects*

SUMERNET Phase 2 has entered its final phase in 2012 and will be ending by mid 2013. The process to secure funding for a third phase, from Sida and the Climate and Development Knowledge Network (CDKN), was initiated in 2012. SUMERNET acts by strengthening knowledge-based policy processes and the Secretariat is hosted at SEI-Asia. The mid-term review of SUMERNET Phase 2 carried out in 2012 was mainly positive, noting substantial improvement over Phase 1, and concluding that the case for a Phase 3 remains highly relevant. The review nevertheless raised concerns over delays and timeliness, and emphasized that the objectives must be strengthened in order to better evaluate the program.

The project Exploring Northeast Thailand Futures, which finished in 2012, was a notable project that included considerable policy engagement, as well as a research-based design. SEI developed tools to inform reasonable policy and decision making options for future farming activities in northeast Thailand. SEI and its partners presented insights based on historical and current information on the food-energy-water nexus, considering climate change, land-use and migration to multiple actors, primarily the Thailand River Basin Committees, Office of National Economic and Social Development Board. Through SEI-Asia's engagement in their planning and development process and in local study activities in northeast Thailand, the 11th development plan (2012–2016) for northeast Thailand has already included a strategy and development plan that is considering trade-offs between food and energy security. At the end of the project, the modelling tools developed by SEI were formally handed over to Thai planning agencies after a series of training workshops. The centre plans to build on this experience in the coming year, with plans for further policy-relevant tool development and training around the food-energy-water nexus.

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The Regional Climate Change Adaptation Knowledge Platform for Asia (AKP) ended its second year in 2012. Although the funder, Sida, expressed some interest in extending the program and bringing it into the Asia Pacific Adaptation Network (APAN), after considerable negotiation with SEI and other project partners, Sida decided not to fund a further phase. The centre plans to pursue other opportunities to work on climate adaptation and disaster risk reduction, in collaboration with staff across SEI.

A small project with significant potential for impact and visibility was the “2<sup>nd</sup> Green Economy Green Growth (GEGG) Project” funded by Sida for SEI to provide a technical support to the 2<sup>nd</sup> GEGG forum. The forum, held in Myanmar in November 2012, had more than 500 participants. SEI’s presence and contribution to this forum were prominent and have great potential to influence green initiatives in Myanmar in the future. Several organizations have approached SEI for possible collaborations in Myanmar and beyond, in both the Mekong specifically and ASEAN more generally. Sida also expressed an interest to support SEI to contribute to strategic events and activities similar to this one under the Sida umbrella agreement mentioned below.

Asia Centre staff will contribute to at least eight of the next round of Sida PS-funded projects, decided in 2012, with a further project still under discussion. Other new projects include a relatively small EU FP7-funded project, SUSTAIN-ASEAN, that seeks to map the existing set of collaborative projects between the EU (individual countries or the EU as a body) and ASEAN countries, and identify gaps and opportunities for future collaboration. The work will be carried out in collaboration with SEI York.

In 2012, SEI was invited to enter into discussions with the Sida office in Bangkok over an umbrella agreement that would include expanded SUMERNET and other programs. While the agreement is still under discussion, SEI is proposing a practitioner network as a counterpart to the SUMERNET research network. The agreement would also include funds for strategic participation in meetings, conferences, and workshops, and funds to engage with the China-ASEAN Environmental Cooperation Centre (CAEC) and the Asia Europe Foundation (ASEF). Finally, the centre has been allocated Programme Support (PS) funds that it plans to devote to two highly visible projects. Each research group would have primary responsibility for one of the projects, which would be designed to lead to future funding opportunities.

## **SEI Stockholm**

### *Staff and financial situation*

The financial situation for the Stockholm Centre has continued to improve in 2012. The Centre has worked diligently towards securing research projects and advisory services related to its mission. It has also had the opportunity to strengthen its management capacity and hired inter alia a new Centre Director in September 2012, Dr Jakob Granit. The Stockholm Centre has also had the opportunity to hire several new younger staff to support its mission. The work in the Stockholm Centre is administratively organized in three research groups: Bio resources, European and global climate issues. The centre has about 56 staff out of which about 45 are full time researchers as of 31 October 2012.

Several administrative positions are shared with the SEI HQ which is located in the same office premises. 6 staff are on leave of absence.

#### *Selected activities and projects*

##### Bio-Resources Group

Within this area of work, a number of projects aim at investigating natural resources management and biomass production in rural landscapes, commonly taking a livelihoods' focus. Currently, all projects have a developing country focus, which means that food security and poverty alleviation are the ultimate goal of the work. Specific aspects of natural resources management are addressed within two PhD projects. *The Triple Green - Ethiopia project* focuses on the potential of achieving sustainable intensification of agriculture by combining three agricultural interventions geared towards small-scale farming: productive sanitation, water harvesting for supplemental irrigation and conservation tillage. *Bioscience innovation* is explored in Tanzania and Uganda, in which approaches towards strengthening public institutions' ability to adopt modern biosciences to local needs are studied. *The Swedish International Agricultural Network Initiative (SIANI)* with the overall aim to operationalize the renewed international interest in sustainable agricultural development will continue in 2013 in a bridging year towards a second phase of the project. SEI's key theme on sustainable sanitation continues. The *SuSanA (Sustainable Sanitation Alliance)* was funded by the Bill and Melinda Gates foundation. Disaster risk reduction as a new theme is gaining ground with the *Wash and Rescue* project, which focuses on the preventive actions needed for WASH (water, sanitation and hygiene) systems in Resilient Cities working in partnership with the Swedish Civil Contingencies Agency (SMB). Water, energy and food nexus issues are raising on the international agenda following the Bonn2011 Conference. *In the Lake Tana and Beles sub-Basin* project in Ethiopia the outcomes of different national development plans and studied in a country undergoing rapid economic transition. Within *the Energy Access for the poor in Sub-Saharan Africa to meet the Millennium Development Goals (ENFORSA) project*, house-hold energy access in sub-Saharan Africa is addressed.

##### *European Focus group*

The work in which group members are engaged span a wide range of fields across all four SEI themes. The projects that the group members are involved in have a centre of gravity in Sweden and Europe, but a number of members also work in projects set in the rest of the world. Climate change adaptation projects are developing into one of the Centre's largest in terms of volume. SEI is a partner of a *Centre of Excellence* funded by the Nordic Top Level Research Initiative (NORDSTAR) and will in 2013 have three Research Fellows primarily funded by the Centre, further adding to the volume of work in the adaptation field. The *Combating Climate Change (3C) research project* with the private sector was finalized in 2012. A conference on Climate Change and private sector engagement is planned for 2013 in connection with the launch of the IPCC report in September in Stockholm. Work in *NORSTRAT (Nordic Energy Road Map 2050 - Strategic Choices towards Carbon Neutrality)* continues to build knowledge about possible carbon neutral futures for an integrated Nordic power system in a time

perspective up to 2050. We have engaged during the year with the *International Livestock Research Institute* (ILRI) with a renewed focus on the role of livestock in development. In a pre-study commissioned by the Ministry of Environment we provided an overview of the benefits of action in the climate field, beyond the emissions reduction effects. Key processes related to *Arctic development are the Arctic Futures project* (financed by Mistra, lead KTH, final year 2013) and the Arctic Resilience Report prepared under the Swedish chairmanship of the Arctic Council. The *Baltic COMPASS* project (Comprehensive Policy Actions and Investments in Sustainable Solutions in Agriculture in the Baltic Sea Region) has delivered a number of concrete outputs such as policy analysis reports, guidebooks on best governance practices, and tested models for stakeholder engagement. We were engaged by the "Miljömålsberedningen" (commission established by the Swedish parliament) to prepare a background analysis to support the preparation of a new Swedish integrated freshwater, coastal and marine water policy.

#### *Climate Global group in 2011*

The research focus of the Climate group is clearly topical – in the areas of climate and energy. In terms of scale, the work being done by group members extends from very local (i.e. household energy), to very global (IPCC and UNFCCC processes, Green Climate Fund and adaptation finance) to everything between (municipal level, national level and regionally organized action). Topically, group members' efforts cover both sides of the climate response equation – adaptation and mitigation – and also the energy issues that will largely influence whether we manage to respond effectively to climate change. We have had an ongoing presence, with SEI represented at United Nations Framework Convention on Climate Change *UNFCCC* events and related activities. Feeding knowledge into this process are numerous projects related to adaptation, climate finance and reducing emissions from deforestation and forest degradation (REDD+), research on the obstacles and drivers influencing particular countries' positions and negotiating room in the talks (including the BASIC countries, the US, and the EU), as well as ongoing monitoring of particular aspects of the negotiations by various group members. Work continued with our research journal *Climate and Development*. We concluded an analysis of integrity and transparency for *Transparency International*. We wrote a report for Prime Minister Reinfeldt's *Future Commission* in collaboration with Swedish Defence Research Agency (FOI outlining four distinct possible scenarios for future international political dynamics, with resource and environmental questions the central focus. We finished our third year of a four year cycle as the Consortium lead for a *European Environmental Agency (EEA)* Framework contract

#### **SEI-US Centre (Boston, Davis, Seattle)**

##### *Staff, organization and financial situation*

The SEI U.S. Center had 22 staff by the end of 2012, 19 researchers and three administrative staff. Activities are organized into six research programs:

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- **Water Resources**, which advances integrated approaches to freshwater assessment and policy, in large part through development and application of SEI's WEAP modeling system.
- **Energy Modeling**, which is focused on the development, support and application of LEAP, SEI's energy and climate mitigation modeling system.
- **Climate Mitigation and Carbon Markets** which supports and advises decision-makers and civil society on possible pathways to an equitable low-carbon future. It also conducts research on the design and implications of market mechanisms to address regional, national, and international greenhouse gas emissions.
- **Climate Equity**, which examines global burden sharing frameworks for climate change mitigation, based in part on the use of the Greenhouse Development Rights framework developed at SEI.
- **Climate Vulnerability and Adaptation**, which aims to build understanding of and capacity to respond to the urgent challenge of helping societies adapt to impending climate change.
- **Sustainable Futures**, which applies various tools and techniques for exploring the prospects for a sustainability transition.

In addition to providing policy-relevant analysis, the programs build capacity for integrated planning and action throughout the world through training and partnering on projects. The decision support tools are used by thousands of users in more than 190 countries worldwide.

2012 represented the sixth full year of operation of SEI's U.S. Center after the transition in 2006 to Tufts University. The management structures put in place in 2006 have continued to operate well, but 2012 was difficult in terms of personnel losses. Most notably the centre lost the climate economics research program due to the members of that programming deciding to leave and join a local consulting company.

In spite of these challenges the financial situation of the centre remains sound.

#### *Selected activities and projects*

**WEAP-LEAP Integration.** In 2012, SEI released major new versions of its WEAP and LEAP system that for the first time can be linked together to allow for analysis of issues at the water-energy "nexus". Users of the two systems can now create dynamic, bidirectional links between a WEAP water planning model and a LEAP energy planning model and explore how individual water or energy management choices ripple through both the water and energy systems, understanding tradeoffs that might not be apparent when looking at either system alone. The system has initially been applied in a case study of a water system in California, and expected to be further developed and more widely applied in a range of studies in 2013.

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**Water Resources Planning through Climate Change Capacity Building.** This is a major project (US\$ 1.5m) funded by US-AID, which seeks to develop capacity to achieve water management adaptation to climate change in Colombia. The confluence of complex ecologic, economic, and social factors defining this region create both the motivation and the conditions necessary for effective climate adaptation, in addition to creating an opportunity to scale up lessons learned to the national scale in Colombia. The project involves building applications of SEI's WEAP model for the Rio La Vieja and Alto Magdalena watersheds, based on insights gained through engagement with stakeholders, as well as capacity-building and work to strengthen local institutions.

**Energy for a Shared Development Agenda: Global Scenarios and Governance Implications.** This project fed into the Rio+20 preparations. SEI, together with its partners around the world, prepared a global assessment on the United Nations goal of providing "sustainable energy for all". The study went beyond basic access and instead examined the implications of supporting development more fundamentally by providing energy for productive uses all around the world. The resulting assessment describes viable pathways for achieving these goals, and suggests how a greening of economic and energy development pathways might be governed across different scales.

**Quito Vulnerability Study.** This is funded by CDKN and is evaluating climate change impacts, vulnerability and adaptation issues in Quito, Ecuador to provide information and guidelines to support adaptation planning and implementation. The goal is to increase the resilience of the Metropolitan District of Quito to the effects of climate change and enhance the sustainability of livelihoods and ecosystems, especially for the most vulnerable sectors.

**Economic Assessment of Climate Change: Linking WEAP to an Agricultural Production Model.** This is a collaboration with the University of California–Davis to link an agricultural production model based on water valuation for irrigation water, SWAP (State Wide Agricultural Production Model), with SEI's WEAP (Water Evaluation and Planning System). The model is used for an economic assessment of climate change for the entire Central Valley in California under three land changes scenarios of agricultural land based on population growth projections. The outcome of this work was a series of climate change and population projections to 2100.

**Understanding the Climate Impacts of Energy Production from Woody Biomass.** Advocates have long pointed to biomass energy as offering a potentially significant contribution to long-term, sustainable energy supply. However, in several regions of the United States, proposals to build new biomass power plants have met with stiff opposition, with questions raised regarding the climate benefit of woody biomass energy production. With funding from the Natural Resources Defense Council, SEI developed a spreadsheet tool capable of assessing and clearly presenting the timeline of climate impacts for a range of woody biomass sources for electricity production. The overall objective was to inform ongoing biomass energy discussions at both at the government agency level and with civil society at large, and through doing so, achieve greater consensus on the role of biomass energy in mitigating global climate change.

**UNFCCC Mitigation Guidelines and Training.** In 2012, SEI revamped the training materials on GHG mitigation assessment it has originally authored for the UNFCCC. These materials were used as the basis for three regional workshops held in 2012 for Asia, Africa and Latin America & the Caribbean at which SEI staff trained participants from over 60 countries.

**Developmental Equity & Sustainability.** This project continued and extended the work of the ongoing Greenhouse Development Rights project, instilling a perspective of developmental equity into the climate and sustainability discourse and providing an appropriate framing and the necessary technical, analytical and political substantiation. This project aimed to understand how different kinds of inequality – between individuals, groups, and countries – affect the prospects for long-term sustainability, and to apply that knowledge to practical, policy-relevant questions.

**The Integrity of the Clean Development Mechanism.** SEI was a key part of a team that provided the European Union with a comprehensive appraisal of the strengths and shortcomings of the Clean Development Mechanism (CDM) and a suite of practical reform options. We examined systemic reforms that the EU could promote through changes in CDM governance, rules, and operation as well as unilateral demand-side steps that the EU, as the principal market for certified emission reductions (CERs), could take to leverage change.

**An Application of the Water-Energy-Land Use Framework to Understand Transformations in the Colombian Orinoco.** This project applied the 'nexus' approach to build an analytical framework to support government institutions in thinking about development in the Orinoco river basin in Colombia – particularly around biofuels – and its implications for biodiversity, ecosystems functioning, and the lives of indigenous people. Insights from this project will be valuable not only to decision-makers and stakeholders in the Orinoco region, but also more broadly across Latin America, by illustrating how the nexus approach can help identify water, energy and land-use tradeoffs and support more sustainable development choices that minimize negative impacts.

## **SEI Oxford**

### *Staff, organization and financial situation*

In March 2012, SEI Oxford celebrated its 10th Anniversary with an event at the Office in Oxford and through a newsletter sent to over 200 partners and colleagues, which shared highlights and information related to current projects. The event was attended by 50 colleagues and guests including the Chairperson of the SEI Board.

Ruth Butterfield was formally appointed as SEI Oxford Office Director in April 2012, following 2 years as interim director. The legal transition to a not-for profit status for SEI Oxford Limited was initiated, as an important step in the transfer of SEI Oxford from an

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Office to a full Centre. Investments have also been done to strengthen management systems, with updates of Travel and Project Management guidelines.

By the end of 2012 there were a total of 12 staff members, including one new full time member of staff, 2 interns and six SEI Associates linked to the Oxford office. Staff competencies now include: qualitative and quantitative methods relevant to investigating social and biophysical dimensions of climate adaptation research; expertise in training; expanding capacity to conduct research in Spanish and French; web platform and ICT development.

#### *Selected activities and projects*

Alongside several EC FP7 projects, a new funding stream in 2012 is from the Climate Development Knowledge Network (CDKN). Work on this has supported the development of semantic tagging with REEGLE (a Clean Energy Information Portal), partnerships with AfricaAdapt and integration of downscaled climate data from the Climate information Portal (CSAG), University of Cape Town.

Oxford successfully secured a new portfolio of cross-centre Sida funded PS projects which will start in 2013, the largest being on Strengthening Adaptation Planning in South East Asia and Mapping Climate Adaptation, Governance and Multiple Stressors. The first is in collaboration with SEI Asia to build training capacity in small island communities, and the second with both SEI Africa and Asia is strategically important as it will map partnership networks (updating the Centre strategy documents) as well as mapping important and emerging scientific debates in developing world, to address gaps in our research competence. The project will also contribute to the next phase of development of our innovative participatory tools on knowledge elicitation which are being applied in the Congo basin in April 2013.

The ‘*Climate Change and Forests in the Congo Basin: synergies between adaptation and mitigation*’ (COBAM) is a four-year project which started in 2011. This project aims to provide policymakers, practitioners and local communities with information, analysis and tools to implement projects that contribute to both climate adaptation and mitigation. In the first phase of the project, completed in 2012, community-based vulnerability assessments were implemented in different countries of the Congo Basin working in partnership with CIFOR (Centre for International Forestry Research) and the University of East Anglia. SEI Oxford led the initial work in Cameroon, which was followed by assessments in Rwanda, Equatorial Guinea, and Democratic Republic of Congo. Briefs, working papers and a cross-cutting methodological paper have been drafted on the basis of this work, analyzing vulnerability of local communities and the role of forests in adaptation. In the next two years, research will focus on future vulnerability and identification of adaptation options that are synergistic between adaptation and mitigation. The research will apply Knowledge Elicitation tools (KnETs), participatory scenario analysis, agent-based modelling and social validation.

The EC FP7 MEDIATION project and UNEP PROVIA guidance work continued in 2012 to collate existing but fragmented guidance on tools and methods on impacts, vulnerability and adaptation assessment in a comprehensive and structured way. SEI Oxford is sharing weADAPT global case study content with the project’s “Common



Platform” (the online guide for tools and methods on impacts, vulnerability and adaptation), as examples of where such tools and methods have been applied. This online guide and ‘Toolbox’ may be linked to the European ClimateAdapt portal and will be carried forward by the UNEP PROVIA guidance led by Richard Klein (Sukaina Bharwani is a contributing Author to the latter and so there are valuable synergies being developed for the PROVIA electronic guidance which carry forward the Common Platform when the Mediation project ends). Our research from the Mediation project applying adaptation decision-making tools will be showcased at European CCA conference in March 2013, in collaboration with UPM (Spain) and SYKE (Finland). Other aspects are a large role in the Training Work Package where training modules (including WEAP) are being hosted on weADAPT and training sessions are planned with students from the University of Oxford’s Environmental Change Institute Masters programme.

EC FP7 EcoAdapt is a four-year EC project on “ecosystem-based strategies and innovations in water governance networks for adaptation to climate change in Latin American landscapes” which started in 2012. It is implemented in model forest landscapes located in Argentina, Bolivia and Chile. EcoAdapt seeks to assist communities in these landscapes to develop their ecosystem-based adaptation strategies. This process will be supported by exploratory scenario analysis, participatory agent-based modelling and social validation via hybrid forums. In this first year of the project, SEI played a leading role in Work Package 1 (i.e. knowledge management and learning process for which weADAPT played an important role) and Work Package 2 of the project (i.e. analysis of the socio-institutional context of the three “model forests”).

In 2012, rich collaborations supported by UNITAR (C3D+) and CDKN, have resulted in the integration between weADAPT, CIP (Climate Information Portal) and case studies from AfricaAdapt partners, bringing new information to wider audiences. The integration interface with downscaled climate data was showcased in the C3D+ side-event at COP18 in Doha, Qatar. The collaboration between weADAPT and CIP has produced a remarkable level of interaction between the developers and the user. The CIP has become one of the first sources of downscaled CMIP5 projections for Africa (developed for the IPCC AR5) which is an important advantage for the weADAPT platform.

weADAPT is an online knowledge portal on climate adaptation issues which allows practitioners, researchers and policy makers to access credible, high quality information and to share lessons learnt. The SEI managed portal currently has 2000 members, 500 organizations and 2000+ case studies and articles including training materials, tools and guidance to support all aspects of the climate adaptation cycle. Since its inception at the CBA5 conference in April 2011 weADAPT has received more than 120,000 visits (90,000 unique visits) from 200 countries, with a 70% increase from the first year to the second year showing a remarkable rate of growth which continues to increase daily, through the use of social media and innovate links with other portals mentioned earlier e.g. Mediation Common Platform, CIFOR website, Climate Information Portal, AfricaAdapt etc.

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FP7 ClimateCost project has been completed with 7 policy briefs published on the economics costs of climate change in a range of sectors including river flooding, sea-level rise, energy, health, extreme outcomes, ancillary air quality benefits, European and global climate change projections. The project has also been referenced in 2 European Environment Agency reports. The policy brief on Extremes Outcomes has generated significant interest and has been highlighted through articles in weADAPT and in Pan European Networks, a publication aimed at the European Commission and government agencies and departments across Europe.

Flooding in Cape Town under Climate Risk (FLICCR) is a project in close cooperation with the Cape Town metropolitan government on the sea-level rise and coastal risk management component of this project. Work in 2012 focussed on: the formulation of an Integrated Coastal Management Policy for Cape Town; facilitating a high level workshop between key stakeholders involved in national, provincial and local coastal policy-making, implementation and enforcement; developing a visual flooding (terrestrial and sea-level rise) tool for the Salt River estuary; writing an academic paper on governance of coastal set-back line development and enforcement; and developing an early warning system for sea-level rise flooding.

WD-NACE (funded by the UK Ecosystems and Poverty Alleviation programme) is a project looking at the relationship between governance, power and knowledge structures and how these influence behaviour, actions and decision taking for sustainable social-ecological ecosystems. SEI York and SEI Oxford coordinated the End of Project workshop for WD-NACE (an ESPA PFG), held on 27th September 2012 (see [workshop report](#)). The project used participatory methods to try to understand decision-taking in coastal ecosystems, inclusively of relevant decision networks, different stakeholder perspectives and knowledge inputs. Several journal papers are in preparation (eg. <http://cfpm.org/cpmrep219.html>) and work on the project has led to follow-on project proposals that are currently being evaluated by ESPA.

\* \* \*

The SEI Stockholm Centre, besides its function as a centre, is also the headquarters of the Institute as a whole and a head office for the SEI Foundation. The SEI Foundation comprised the legal entity of SEI Stockholm, SEI Asia, SEI Africa and the subsidiary SEI Oxford Office Ltd (registered in UK under company No. 4404220, not consolidated). The institute as a whole, including also SEI Tallinn (The Estonian Institute for Sustainable Development, established in 1992 and registered in Estonia as an independent non-profit foundation with reg. No. 90000966), SEI US (Stockholm Environment Institute U.S., Inc. registered 2006 in Massachusetts with EIN 20-4659308 as a 501c3 non-profit organization) and SEI York (Environment Department, The University of York) is governed by the SEI Board of Directors of the Foundation.

The previous pages present samples of the research efforts and activities of the whole of the SEI international institute. The financial reports on the following pages refer to the

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SEI Foundation only, registered in Stockholm under the org nr 802014-0763 (see also the notes to the financial statements).

The Foundation recorded the net result for the year 2012 at SEK -103 553.

In 2012 SEI invested in new equipment (computers and furniture) to the value of SEK 356 879.

**Appropriation of accumulated results (amounts in SEK)**

The equity of the foundation at the beginning of 2012:

10 126 589

Net loss for the year 2012:

-103 553

Final balance:

10 023 036

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## Income Statement

<i>Amounts in SEK</i>	<i>Note</i>	<i>2012-01-01 - 2012-12-31</i>	<i>2011-01-01 - 2011-12-31</i>
Government grant		17 000 000	11 928 000
External project funding	1	82 115 800	87 793 523
Sundry income	2	1 657 415	2 327 837
<b>Total income</b>		<b>100 773 215</b>	<b>102 049 360</b>
Personnel costs	3	-40 645 622	-40 414 627
Travel costs		-649 998	-369 336
Consultancy fees / Subcontracting	4	-50 711 745	-51 756 036
Other costs	4	-9 735 571	-8 286 066
Depreciation	5	-447 211	-481 162
<b>Operating profit/loss</b>		<b>-1 416 932</b>	<b>742 133</b>
<b><i>Result from financial investments</i></b>			
Interest income and similar profit items		1 313 656	219 822
Interest expense and similar loss items		-277	-114 355
<b>Profit after financial items</b>		<b>-103 553</b>	<b>847 600</b>
<b>Net Profit for the year</b>		<b>-103 553</b>	<b>847 600</b>

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**Balance Sheet**

<i>Amounts in SEK</i>	<i>Note</i>	<i>2012-12-31</i>	<i>2011-12-31</i>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b><i>Tangible assets</i></b>			
Furniture and office equipment	5	917 647	1 007 979
		<u>917 647</u>	<u>1 007 979</u>
<b><i>Financial assets</i></b>			
Investments in group companies	6	1 439	1 439
		<u>1 439</u>	<u>1 439</u>
<b>Total fixed assets</b>		<b>919 086</b>	<b>1 009 418</b>
<b>Current assets</b>			
<b><i>Current receivables</i></b>			
Accounts receivable, customers		4 633 908	5 432 957
Other receivables	7	1 680 675	2 087 318
Prepaid expenses and accrued income	8	703 846	1 550 054
		<u>7 018 429</u>	<u>9 070 329</u>
<b>Cash and bank balances</b>		<b>37 047 171</b>	<b>40 130 404</b>
<b>Total Current assets</b>		<b>44 065 600</b>	<b>49 200 733</b>
<b>TOTAL ASSETS</b>		<b>44 984 686</b>	<b>50 210 151</b>

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## Balance Sheet

<i>Amounts in SEK</i>	<i>Note</i>	<i>2012-12-31</i>	<i>2011-12-31</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Balance brought forward		10 126 589	9 278 989
Profit for the year		-103 553	847 600
		<u>10 023 036</u>	<u>10 126 589</u>
<b>Current liabilities</b>			
Advance payments	9	15 742 902	21 888 628
Accounts payable, suppliers		4 990 867	2 669 975
Liabilities, SEI offices & affiliated comp. abroad	10	2 333 347	2 404 129
Other liabilities		6 821 428	7 625 805
Accrued expenses and deferred income	11	5 073 106	5 495 025
		<u>34 961 650</u>	<u>40 083 562</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>44 984 686</b>	<b>50 210 151</b>

## Pledged assets and contingent liabilities

<b>Pledged assets</b>			
Floating charge		1 000 000	1 000 000
<b>Contingent liabilities</b>			
	12	—	—

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## Cash Flow Statement

<i>Amounts in SEK</i>		<i>2012-01-01 - 2012-12-31</i>	<i>2011-01-01 - 2011-12-31</i>
Net profit/loss from operations		-103 553	847 600
Non-cash items (depreciation)	5	447 211	481 162
<b>Net cash generated (used) in operating activities before changes in operating assets &amp; liabilities</b>		343 658	1 328 762
Increase (-) / decrease (+) in short-term receivables		2 051 900	494 020
Increase (+) / decrease (-) in short-term liabilities		-5 121 912	-3 295 645
<b>Cash flow before investments</b>		-2 726 354	-1 472 863
<b>Investing activities</b>			
Capital expenditures (acquisition of equipment)	5	-356 879	-511 724
Proceeds from the sale of equipment		-	-
<b>Net cash provided by investing activities</b>		-356 879	-511 724
<b>Net cash flow after investing &amp; financing activities:</b>		-3 083 233	-1 984 587
<b>Cash at beginning of year</b>		40 130 404	42 114 991
<b>Cash at end of year</b>		37 047 171	40 130 404



## Notes to the financial statements

*Amounts in SEK if not else stated*

### General accounting principles

The Annual Report has been prepared in accordance with the Annual Accounts Act and the guidelines issued by the Swedish Accounting Standards Board, no change in the applied principles since previous year.

### Valuation principles

Assets and liabilities have been valued at acquisition value if not otherwise stated below.

Grants received during the year have been valued at market value and are reported in the income statement.

### *Work in progress*

Income recognition on work in progress has been calculated as follows:

Cost on a project is booked upon receipt of invoices, time sheets etc. Income is recognised with the same amount as the cost, which means no profit is recognised before the project is finally closed. In case of a loss, it is recognised as soon as it is foreseeable.

### *Receivables*

Receivables have been individually valued and are reported at the amount expected to be received.

### *Receivables and liabilities in foreign currency*

Receivables and liabilities in foreign currency have been recalculated at the exchange rate at year end according to recommendation no 8 of the Swedish Financial Accounting Standards Council (Redovisningsrådet).

Exchange gains and losses on trade receivables and liabilities are included in the operating profit/loss, while exchange gains/losses on financial assets and liabilities are shown as financial items.

### *Principles for depreciation of fixed assets*

The principles for depreciation are based on the original acquisition value and the estimated economic useful life. In case of a permanent depreciation of value, the acquisition value will be written down.

The following principles for depreciation have been used:

#### *Tangible fixed assets*

Furniture and office equipment	5 years
--------------------------------	---------

### *Group accounting*

The Foundation, as a parent company to SEI Oxford Office Ltd according to Note 6, does not set-up group accounting, applying the 3§, chapter 7 of the Annual Accounts Act. Purchase of services from the subsidiary in 2012 amounted to SEK 791 184 (1 191 968), no sale to the subsidiary was recorded.

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## Stiftelsen The Stockholm Environment Institute

Org nr 802014-0763

### Note 1 External project funding

External project funding received from the following sources:

	2012-01-01 - 2012-12-31		2011-01-01 - 2011-12-31
Swedish International Development Cooperation Agency (Sida)	40 066 503	48,79%	41 824 427
United Nations (UNDP, UNEP, UNESCO, UNFCCC, UNOPS, UNECE, FAO)	5 365 851	6,53%	5 718 236
International Water Management Institute (IWMI)	3 426 060	4,17%	4 935 337
Svenska PostkodLotteriet, Svenska PostkodStiftelsen	3 186 792	3,88%	2 104 201
Naturvårdsverket (Swedish EPA)	2 509 042	3,06%	1 693 914
Swedish Meteorological and Hydrological Institute (SMHI)	2 473 626	3,01%	2 949 409
3C AB (Combat Climate Change)	2 357 973	2,87%	2 089 802
European Commission	2 299 512	2,80%	2 707 197
Swedish Research Council for Envir., Agr.Sc. and Spatial Planning (FORMAS)	2 248 617	2,74%	2 831 215
Swedish Civil Contingencies Agency (MSB)	1 890 378	2,30%	–
SINTEF Energi AS	1 718 097	2,09%	836 813
PricewaterhouseCoopers Services Ltd, CDKN	1 480 173	1,80%	811 040
Riksbankens Jubileumsfond	1 304 143	1,59%	–
Okeanos Foundation	1 181 930	1,44%	803 913
Jordbruksverket (Swedish Board of Agriculture)	1 139 780	1,39%	700 553
European Environment Agency (EEA)	1 121 101	1,37%	2 509 429
NordForsk	952 340	1,16%	527 287
Miljödepartementet (Swedish Ministry of Environment)	702 844	0,86%	1 856 817
The Commonwealth Scientific and Industrial Research Organization (CSIRO)	699 276	0,85%	487 967
International Livestock Research Institute (ILRI)	619 222	0,75%	–
KTH Royal Institute of Technology	464 150	0,57%	364 021
World Wildlife Fund (WWF)	342 529	0,42%	–
Nordic Council of Ministers	321 974	0,39%	–
Regeringskansliet (Government Offices of Sweden)	285 000	0,35%	–
Swedish Chemicals Agency (KEMI)	263 625	0,32%	–
Danish Institute for International Studies (DIIS)	249 612	0,30%	68 763
Sinclair Knight Merz Pty Ltd	241 186	0,29%	60 437
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	219 482	0,27%	867 436
Serious Nature	206 563	0,25%	601 113
DeLaval International AB	200 000	0,24%	–
Nordea Fonder AB	200 000	0,24%	–
Stockholm International Water Institute (SIWI)	191 675	0,23%	–
Swedish Defence Research Agency (FOI)	185 962	0,23%	35 757
Bill & Melinda Gates Foundation	168 566	0,21%	–
Stockholms universitet	133 200	0,16%	–
Global Utmaning	121 754	0,15%	82 124
Sveriges Kommuner och Landsting (SKL)	106 035	0,13%	–
Vattenfall AB	100 000	0,12%	–
Japan International Cooperation Agency (JICA)	98 937	0,12%	–
University of Maryland	83 754	0,10%	224 434
Stockholm School of Economics (Handelshögskolan i Stockholm)	77 100	0,09%	69 831
Transparency International	72 250	0,09%	95 625
AngloGold Ashanti Ltd	48 844	0,06%	1 162 070
Chalmers University of Technology	29 325	0,04%	57 800
Länsstyrelsen i Stockholms län (County Administrative Board)	25 196	0,03%	264 700
Other	935 822	1,14%	8 451 855
	82 115 800	100,00%	87 793 523

### Note 2 Sundry income

	2012-01-01 - 2012-12-31		2011-01-01 - 2011-12-31
Reimbursement of travel & other expenses	407 179		478 040
Rent & associated costs recovered from affiliated researchers	1 250 124		1 850 150
Miscellaneous	112		-353
	1 657 415		2 327 837

**Note 3 Employees and personnel expenses**

	2012-01-01 - 2012-12-31	2011-01-01 - 2011-12-31
<b>Average number of employees</b>		
Sweden	52	49
<i>(of which men)</i>	56%	55%
Thailand	11	14
Vietnam	-	1
Tanzania	-	1
<i>(of which men)</i>	45%	40%
<b>Total</b>	<b>63</b>	<b>65</b>
<i>(of which men)</i>	54%	53%

**Salaries, other remunerations and social fees**

To the board members and Executive Director	1 029 151	606 096
To other employees	26 853 092	27 088 922
<b>Total</b>	<b>27 882 243</b>	<b>27 695 018</b>
Social fees	11 883 766	11 933 355
<i>(of which pension costs)</i>	<i>(3 719 398)</i>	<i>(3 931 258)</i>

SEK 217 690 (previous year 237 952) of the pension costs relate to the Executive Director

	2012-01-01 - 2012-12-31	2011-01-01 - 2011-12-31
<b>Salaries and other remunerations by country</b>		
Sweden	25 236 398	24 141 555
Thailand	2 645 845	2 904 325
Vietnam	-	284 200
Tanzania	-	364 938
<b>Total</b>	<b>27 882 243</b>	<b>27 695 018</b>

**Terminal Benefit**

The Executive Director is entitled to a severance settlement amounting to one year's salary.

**Note 4 Audit fee**

	2012-01-01 - 2012-12-31	2011-01-01 - 2011-12-31
Audit fee Mazars SET	77 040	57 905
Consultant's fee project audits (Mazars SET & others)	137 752	270 512
	<b>214 792</b>	<b>328 417</b>

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**Note 5 Furniture and office equipment**

	2012-12-31	2011-12-31
<i>Gross value</i>		
Opening balance	4 000 623	3 501 726
Acquisitions	356 879	511 724
Sale		—
Discarded		-12 827
	4 357 502	4 000 623
<i>Accumulated depreciation</i>		
Opening balance	-2 992 644	-2 524 309
Sale	—	
Discarded		12 827
Depreciation charged	-447 211	-481 162
	-3 439 855	-2 992 644
Net book value	917 647	1 007 979

**Note 6 Investments in group companies**

<i>Companies/corporate identity number/registered office</i>	<i>Nominal value one share</i>	<i>Number of shares</i>	<i>Share (%)</i>	<i>Book value</i>
SEI Oxford Office Ltd, 4404220, Oxford	£1	100	100,0	1 439

**Note 7 Other receivables**

	2012-12-31	2011-12-31
SEI Oxford Office Ltd, short-term receivable	597 700	354 086
Other receivables	1 082 975	1 733 232
	1 680 675	2 087 318

**Note 8 Prepaid expenses and accrued income**

	2012-12-31	2011-12-31
Other prepayments	703 846	1 550 054
	703 846	1 550 054

**Note 9 Advance payments**

	2012-12-31	2011-12-31
Work in progress, costs incurred	-409 781 709	-401 496 441
Accrued interest revenue on advances	–	478 129
Deductible: advance payments	425 524 611	422 906 940
	<u>15 742 902</u>	<u>21 888 628</u>

The balance is reported as a liability, since the advance payments are higher than the accrued income. Interest income, accrued as a liability on advance payments, is included in Other liabilities.

**Note 10 Liabilities, SEI offices & affiliated comp. abroad**

	2012-12-31	2011-12-31
SEI - Asia	326 185	129 058
SEI - Tallinn	221 392	264 941
SEI - US	1 785 770	1 045 653
SEI - York	–	964 477
	<u>2 333 347</u>	<u>2 404 129</u>


**Note 11 Accrued expenses and deferred income**

	2012-12-31	2011-12-31
Accrued holiday pay	2 000 000	2 400 000
Accrued salaries and social charges	1 312 017	2 190 304
Sundry accruals	1 761 089	904 721
	<u>5 073 106</u>	<u>5 495 025</u>

**Note 12 Contingent liabilities**

According to the agreement signed with The University of York (describing the cooperation between SEI Foundation and the University, which is hosting the SEI York Centre) SEI Foundation undertakes to underwrite all eligible costs of the SEI York Centre, including contribution towards University administrative cost. Revenues of the centre will be set against eligible cost at the end of each academic year and, in the event of shortfall, SEI Foundation will make payment to the University on receipt of the University's invoice.


Stockholm 2013-03-12



Lise Erico



Andreas Carlgren



Carl Folke




Ulla-Britt Fräjdin-Hellqvist



Anna Ledin



András Szöllösi-Nagy



Kerstin Niblaeus  
Chairman

Our audit report was submitted 2013-03-24



Håkan Sten  
Authorised Public Accountant



Fredrik Gunnarsson  
Administrative Director MISTRA

## **AUDITOR'S REPORT**

To the board of Stockholm Environment Institute  
Corporate identity number 802014-0763

### **Report on the annual accounts**

We have audited the annual accounts of Stockholm Environment Institute for the year 2012.

### *Responsibilities of the Board of Directors and the Executive Director for the annual accounts*

The Board of Directors and the Executive Director are responsible for the preparation and fair representation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors and the Executive Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the annual accounts on the basis of our audit. We conducted our audit in accordance with generally accepted auditing standards. This means that the Authorised Public Accountant has conducted his audit in accordance with International Standards on Auditing in Sweden and with generally accepted auditing standards in Sweden. Those standards require that the Authorised Public Accountant comply with ethical standards and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Executive Director, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinions*

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Stockholm Environment Institute as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act.

### **Report on other legal and regulatory requirements**

In addition to our audit of the annual accounts, we have examined the administration of the Board of Directors and the Executive Director of Stockholm Environment Institute for the year 2012.

### ***Responsibilities of the Board of Directors and the Executive Director***

The Board of Directors and the Executive Director are responsible for administration under the Foundations Act and the Foundations Ordinance.

### ***Auditor's responsibility***

Our responsibility is to express an opinion with reasonable assurance on whether we, based on our review, found that any Board Member or the Executive Director acted in contravention to the Foundations Act or the Foundations Ordinance. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

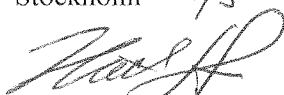
As a basis for our opinion concerning management, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the foundation in order to determine whether any member of the Board of Directors or the Executive Director is liable to the foundation or if there are any grounds for dismissal. We also examined whether any member of the Board of Directors or the Executive Director has, in any other way, acted in contravention of the Foundations Act, the Foundations Ordinance or the Annual Accounts Act.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Opinions***

In our opinion the Board Members and the Executive Director have not acted in contravention of the Foundations Act, the Foundations Ordinance or the Annual Accounts Act.

Stockholm <sup>24/3</sup> 2013



Håkan Sten  
Authorized Public Accountant



Fredrik Gunnarsson  
Lay Auditor