SEI STOCKHOLM ENVIRONMENT INSTITUTE

SEI ANNUAL REPORT 2016

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About this report

SEI's Annual Report 2016 is divided into two parts to reflect SEI's institutional structure.

Part 1 is a summary of the work of the SEI global organization, which includes all seven of SEI's centres. Impact stories highlight some of our key achievements in 2016 from the work carried out across all our centres worldwide throughout the year.

Part 2 reflects the statutory reporting requirements of the SEI Foundation under Swedish law. The SEI Foundation includes the SEI HQ functions, the SEI Stockholm Centre, the SEI Asia Centre, the SEI Africa Centre and SEI Oxford.

Aaron Minnick/World Resources Institute

PART 1:
SEI ANNUAL REPORT

INTRODUCTION BY THE EXECUTIVE DIRECTOR AND CHAIR OF THE SEI BOARD

After the successful outcome of the United Nations Sustainable Development Summit in September 2015 and the COP21 Paris Climate Meeting in December, 2016 was the first year of turning agreements into action. As can be expected, results are mixed. While clearly embracing Agenda 2030 and Sustainable Development Goals, countries, regions, cities and companies still struggle to fully understand what they mean and how they can best be implemented. We have only just set out on the path to address the complexity involved in linking the goals to key national decision- and policy-making processes. The agenda is transformative – but to transform society requires strong public engagement and support. The Paris Climate Agreement surprised everyone as it entered into force four years ahead of schedule. Not only does this demonstrate the political commitment behind the agreement, but also that there is now a broad and strong consensus that the shift away from a fossil-fuel society is about more than avoiding climate change – it is also about energy security, business, health, attractive cities and the transition to a diversified and innovative economy.

The Stockholm Environment Institute continues to be at the centre of these developments. Of course, we recognize the huge challenges that exist: conflict, migration, environmental degradation and political developments that clearly don't foster international cooperation. We are convinced, however, that while many challenges are more complex than ever before, the opportunities to deal with them have never been better. We must be solution oriented. It is more than ever about 'willingness to act': to act on the real facts and scientific insights that we already have; to support the deployment of innovative solutions and technologies; to be open to innovative ways of collaboration between countries, regions, cities and sectors.

Our projects have these perspectives at their very core – how we can address the most pressing societal sustainability challenges by bridging science and policy for innovative solutions. In 2016, we continued to invest core resources in SEI initiatives, focusing on a wide range of issues including sustainable sanitation, low-carbon energy transitions, fossil fuels, climate finance and climate services, sustainable consumption and production, behaviour and choice, disaster risk reduction, and how gender and social equity relate to the sustainability agenda – two issues that are integrated into all of our work, whatever the focus. Our researchers continue to be strong on fundraising, and the organization runs more than 100 projects in a given year. In 2016, we have continued to strengthen our capacities, for example: on global supply chains through the new TRASE tool (see page 15); through Mistra Geopolitics, a major multi-year project on the connections between geopolitics and sustainability; our role in hosting EviEM, the Mistra Council for Evidence-Based Environmental

Management; and, at our Asia Centre, we are set to double the scale of our work on disaster risk reduction.

The organization continues to grow. This is important as the increasingly complex sustainability agenda requires additional capacities and skills. The persistent strong support from Swedish Government in terms of SEI's core funding has been instrumental in the positive development over the past five years, and we have also been successful in using these funds to attract other sources of funding and scale up our activities.

By the end of 2016, we numbered around 220 employees in our nine offices in six countries. The SEI Foundation alone has grown by 70% since 2012. With 55 nationalities and a strong focus on multi-disciplinary skills and competences, it is not hard to conclude that diversity builds strength. Building walls, excluding people and building your own strength by weakening others are not good strategies for success in an increasingly interconnected world. The strong collaboration we have with our partners is as important to our success as the commitment of our own people.

We now move forward from a strong position. The number one ranking as the most influential think thank on environmental policy in the 2016 Global Go To Think Tank Index is a responsibility that we should manage carefully.

We are confident that SEI will continue to develop and continue to deliver on its mandate. We are committed to working toward solutions and supporting the aspirations articulated through the Sustainable Development Goals and the Paris Climate Agreement. We thank all our SEI colleagues for the fantastic work they do: this organization is its people.

Johan Kuylenstierna
SEI Executive Director

Kerstin Niblaeus
Chair of the Board

OUR VISION AND MISSION

SEI's vision is a sustainable future for all.

OUR MISSION

Our mission is to support decision-making and induce change towards sustainable development around the world by providing integrative knowledge that bridges science and policy in the field of environment and development.

OUR APPROACH

We help to find scientifically robust, sustainable solutions to today's local and global environmental and development challenges by working across key issues, such as:

- climate change
- energy and transport
- water resources
- air quality
- land use
- sanitation
- food security
- supply chains

We deliver results by combining our expertise in three interlinking areas:

- Scientific research – We do the integrative research that finds solutions to problems and makes action happen.
- Capacity development – Collaborating to share knowledge and strengthen the capacity of individuals, organizations and institutions to take action.
- Policy engagement – Connecting our work to the people who make decisions and implement policy at different levels.

SEI'S STRATEGY 2015–2019

Scientific research, policy engagement and capacity development are the three areas where we directly deliver results. The other areas of our strategy that enable our work are: communications; tools, platforms and ICT; organization and finance; and monitoring and learning. Each of these areas has an overarching objective, and goals to drive its achievement. Our centres have their own work plans, with measurable targets.

PUTTING OUR STRATEGY INTO ACTION

We achieve our aims because we are:

- **International** – We work in nine locations around the world: Stockholm, York, Oxford, Tallinn (Estonia), US (Somerville MA, California, Seattle), Asia (Thailand), Africa (Kenya). This offers us a deeper understanding of our partners' needs and the challenges they face. SEI works locally, regionally and globally, and has a diverse international staff.
- **Trusted** – Our project partners and stakeholders recognize us as an independent and non-partisan institute
- **Credible** – Our research is objective, and supported by a rigorous system of internal and external peer review.
- **Integrated** – Only joined-up research can solve joined-up problems. We emphasize making connections across the natural, physical, and social sciences, allowing us to approach sustainability challenges from new angles and offer robust and insightful policy advice.

In January 2017, the Global Go To Think Tank Index ranked SEI the most influential environmental policy think tank in the world. This international survey of more than 7500 academics, funders, policy-makers and journalists ranks more than 6600 think tanks using 28 criteria developed by the Think Tanks and Civil Societies Program at the University of Pennsylvania in Philadelphia. Because this clearly represents our target audiences, we value this achievement.

Zambia field work – Behaviour and Choice Initiative

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SCIENTIFIC RESEARCH

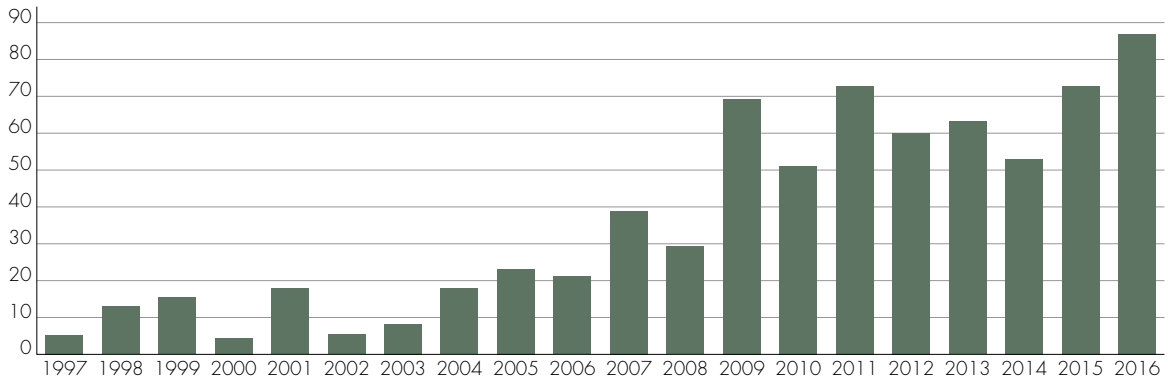
SEI JOURNAL ARTICLES

We aim to be widely cited in higher-quality scientific publications and peer-reviewed journals. In 2016 we continued our positive trend to achieve this long-term goal. Our scientific work is reaching top-tier journals such as Nature (twice in 2016) and is regularly seen in high-impact specialist and general publications.

SEI CITATIONS IN SCIENTIFIC PUBLICATIONS

SEI has expanded our presence, including citations in a number of journals and scientific publications. To illustrate, Figure 1 shows the clear upward trend in the number of published items per year, according to Web of Science.

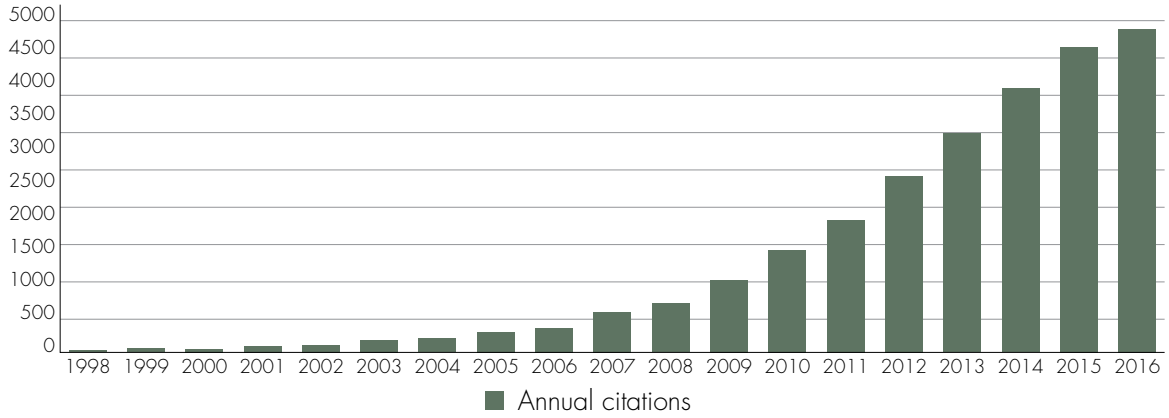
Figure 1: SEI authored journal articles, 1997–2016



Source: Web of Science

Figure 2 shows the number of citations in each year. You can see a list of our top-cited papers in the table on page 37.

Figure 2: Citations in each year



Source: Web of Science

SEI has continued to invest institutional resources in research on key issues around sustainable development; issues that the organization is particularly well placed to address. The SEI Initiatives, which are developed through a competitive, bottom-up internal process, function as drivers and hubs for research supported by both core and external project funding.

The Initiatives support SEI's further development and growth and catalyse additional, external funding as well as further personnel. Eight Initiatives were operational during 2016:

- The SEI Initiative on **Behaviour and Choice** will examine how to bring about changes in behaviour, choice and decision-making, initially at the household level.
- The SEI Initiative on **Fossil Fuels and Climate Mitigation** aims to understand the factors that support movement towards and away from fossil fuel development through high-quality and timely research.
- The SEI Initiative on **Low Emission Development Pathways** will study the effects of integrated mitigation of short-lived climate pollutants as well as other air pollution and greenhouse gases, and the realization of multiple benefits.
- The SEI Initiative on **Climate Finance** aims to untangle key controversial issues that have emerged as impediments to the mobilization, delivery and scaling-up of climate finance.
- The SEI Initiative on **Producer to Consumer Sustainability** aims to understand the sustainability implications of the evolving trade, production and consumption patterns of major traded commodities in an increasingly resource-scarce and globalized world.
- The SEI Initiative on **Transforming Development and Disaster Risk Reduction** will connect disaster risk reduction (DRR) with inclusive, equitable and sustainable development.
- The SEI Initiative on **Sustainable Sanitation** will seek to inject new momentum into the search for sustainable ways to boost sanitation provision in low- and middle-income countries through new research, knowledge exchange, capacity building and advisory services.
- The SEI Initiative on **Climate Services** brings SEI expertise to bear in the emerging field of climate

services – the production, tailoring, interpretation and transfer of high-quality climate information to support planning and decision-making – with a focus on adaptation and disaster resilience.

The SEI Initiative on the **Water, Energy and Food Nexus** was terminated in 2016, but activities will continue through a number of externally funded projects.

With SEI's seed and innovation funding mechanism, we are exploring two new research areas on which we may launch initiatives in 2017: sustainable urbanization and bio-economy.

PARTNERSHIPS WITH UNIVERSITIES AND RESEARCH CENTRES

SEI continues to build connections with universities around the world. Our aspiration is to build on these agreements to encourage collaboration, joint projects, publications and seminars, and to allow staff exchanges and to allow staff exchanges and capacity-building partnerships.

We maintain strong relationships with academic experts worldwide. Many universities, institutes, think tanks and non-governmental organizations are actively engaged with us at project level. We have agreements with, for example, Lund University, KTH Royal Institute of Technology, and Stockholm University in Sweden. A new hosting agreement was also forged with the University of York in the UK.

Our continuing relationships in 2016:

- SEI Tallinn researchers lectured at and cooperated with the University of Tartu, Tallinn University, Tallinn University of Technology, and the Estonian University of Life Sciences.
- SEI in Africa initiated discussions about a formal agreement with the University of Nairobi, to be finalised during 2017.
- SEI in Asia started a process to renew its memorandum of understanding with Chulalongkorn University, and plans to sign a new formal agreement during the Science Forum in May 2017. SEI Asia also collaborates with universities across Southeast Asia.

© SEI

Daniel G. Nocera (left) was the keynote speaker at the annual Gordon Goodman lecture, run in partnership with KTH Royal Institute of Technology and Stockholm University

- SEI-US maintains close relationships with University of California Davis, University of Washington, and Tufts University, where SEI researchers lecture and function as an adjunct faculty.
- SEI Oxford has strong historical and ongoing connections to University of Oxford, including the university's Environmental Change Institute, the Smith School of Enterprise and Environment, and the School of Geography and the Environment.

THE RESEARCH DIRECTORATE

The Research Directorate supervises SEI's performance in scientific research, policy engagement and capacity development, and makes decisions on priorities for internal research funding, such as SEI Initiatives and seed funding.

In 2016, the Directorate consisted of:

- **Research Director:** Prof Måns Nilsson
- **Policy Director:** Dr Johan CI Kuylenstierna
- **Capacity Development Director:** Dr Åsa Gerger Swartling
- **Managing Environmental Systems Theme Leader:** Dr Patrick Büker
- **Reducing Climate Risk Theme Leader:** Prof Richard Klein
- **Transforming Governance Theme Leader:** Dr Åsa Persson
- **Rethinking Development Theme Leader:** Karl Hallding

Zambia field work: testing innovative methods to boost cookstove uptake

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SUPPORTING RESILIENCE IN THE ARCTIC

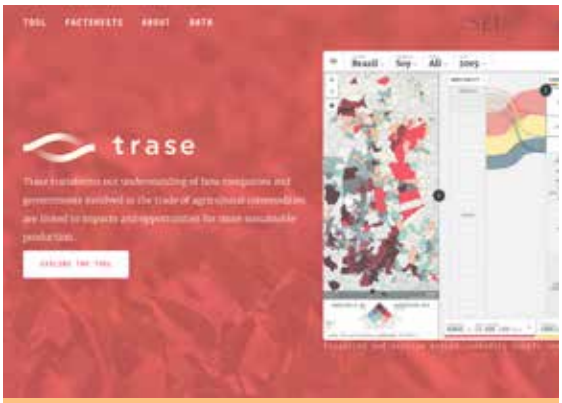
AIMS

- Understand the nature of Arctic change – particularly climate-induced shifts
- Support local communities in the region to build resilience to adapt to rapid environmental, social and economic change

IMPACT

Published in November 2016 our groundbreaking Arctic Resilience Report is the culmination of a five-year scientific research project by SEI in Sweden and the US, with the Arctic Council and an international team of researchers, including 11 organizations and 6 universities. As well as innovative and rigorous research, the report uses direct case study evidence to add substantial new insights about ground-level changes in the region's social-ecological systems. It also highlights tools and strategies – such as model simulations and scenario analysis – that local communities can use to assess and build resilience, including in cooperation with the Arctic Council.

The report had a huge impact in the media, making front-page news in major international media, including National Geographic, Reuters and The Guardian. In 2017, we will build on the report's success by translating its insights into policies and actions that support and empower Arctic communities to cope with the changes ahead.



TRANSPARENCY FOR SUSTAINABLE ECONOMIES (TRASE)

AIMS

- Respond to commitments from multinational companies, government agencies, investors and campaigning organizations to achieve deforestation-free supply chains by 2020
- Enable governments, companies, investors and others to understand and address the environmental and social impacts of their supply chains

IMPACT

SEI co-launched the world's first open-acess supply chain transparency platform – www.trase.earth. TRASE is a breakthrough in how we map global supply chains, and assess and monitor sustainability performance. It draws on vast sets of production, trade and customs data, for the first time showing the scale of the flow of globally traded commodities such as palm oil, soya, beef and timber.

With 5000 external visits since its launch, received widespread international media attention. It has also been successful in securing long-term funding from the private and public sectors (Moore Foundation, Climate and Land Use Alliance) and public donors (European Commission, Formas). The European Forests Institute will lead a module on 'TRASE for governance' to embed the decision-making processes within the European Commission.

CAPACITY DEVELOPMENT

Our work aims to strengthen the capacity of individuals, organizations and institutions to make decisions that promote sustainable development. We do this by integrating capacity building in our range of global initiatives, research projects and training, through infrastructure, methods and SEI toolkits.

INTEGRATING CAPACITY BUILDING IN OUR GLOBAL INITIATIVES AND RESEARCH PROJECTS

Capacity building is an important component of our many projects worldwide. As well as supporting nine key initiatives (see Scientific Research, page 11) we added a new strategic area in 2015 – to support countries to implement the Sustainable Development Goals (SDGs) and Agenda 2030.

IMPLEMENTING THE SDGS AND AGENDA 2030

A number of countries have found it challenging to implement the SDGs, with political, institutional, financial and technical barriers. SEI has been a pioneer in helping countries move from reporting to a more action-oriented process. Our work on Agenda 2030 provides:

- targeted policy support, tools and methods to support governments and other actors to integrate systemic thinking into making decisions on implementing the SDGs
- spaces and platforms for knowledge exchange, capacity building and awareness raising
- research to measure interactions and the systemic character of the SDGs and for supporting more coherent and effective policy that links global and national implementation.

Climate Knowledge Broker 2016 workshop participants at the National Renewable Energy Laboratory in Boulder, US

Capacity building events and seminars in 2016 include:

2016 Climate Knowledge Brokers Workshop in Boulder, Colorado: We presented our capacity building CKB 101 Training Module, 'Why knowledge brokering is key to climate and development', aimed at a broad audience, to highlight the importance of knowledge brokering in climate- and development-related decision-making.

Taxonomy Bootcamp in London: With Sukaina Bharwani and the Semantic Web Company, we presented weADAPT as a demonstration of how semantic tagging technology is helping to meet the information needs of the future.

COP22 Climate Services panel in Marrakesh: This event brought together climate information providers and users to discuss new approaches to improving climate services information, and bridging the gap between climate science, policy and practice.

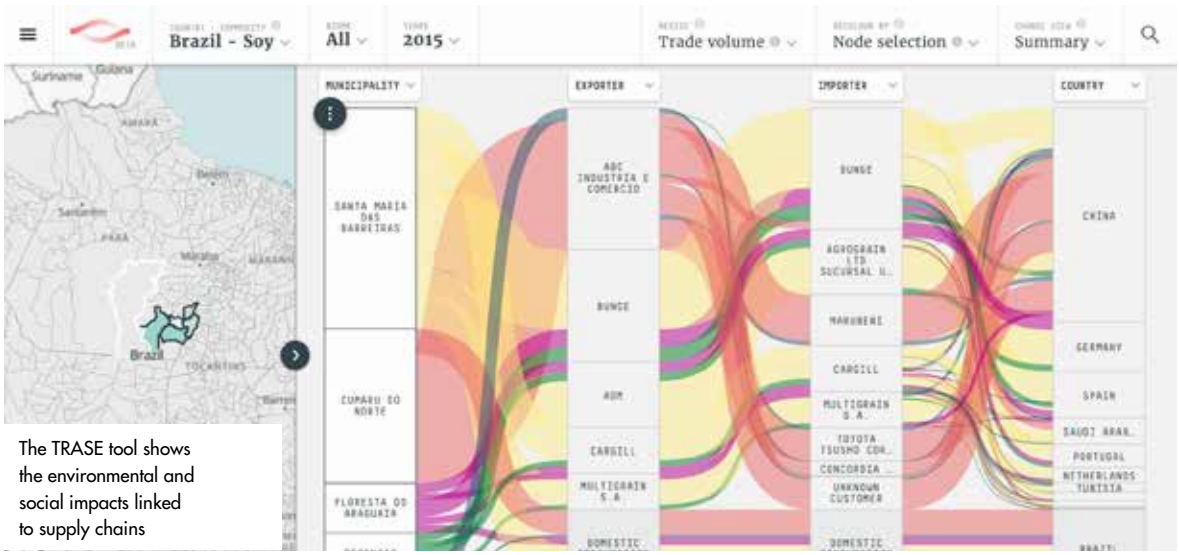
Swiss Agency for Development and Cooperation (SDC) webinar: This webinar introduced climate services to the diverse group of actors (including donors, researchers and practitioners) involved in SDC's Climate and Environment Network. It explained how delivering effective climate services requires significant input from users on their needs, so that this information can be tailored in a way that is both accessible and useful.

BUILDING CAPACITY THROUGH INFRASTRUCTURE, METHODS AND TOOLKITS

Our tools are used in many of our projects to help build capacity. These include:

- COMMEND: A community of analysts working on energy for sustainable development.
- LEAP: Supporting innovation in energy planning and climate mitigation
- TRASE: Harnessing untapped data sets to see inside complex commodity supply chains
- weADAPT: Brokering knowledge and developing capacity on climate adaptation
- WEAP: Managing water for social development and environmental protection

These tools help to build communities and share experience. Along with our training materials, seminars and webinars, they are used by policy-makers and practitioners around the world to build an evidence base for their decisions to support sustainable development.



The TRASE tool shows the environmental and social impacts linked to supply chains

CAPACITY BUILDING IN ACTION AT OUR CENTRES

The **SEI Oxford Centre** uses weADAPT to provide accessible climate adaptation training material for different capacity-building projects. The centre is in discussions with the United Nations Institute for Training and Research (UNITAR) to assess the potential to build on the Climate Change Capacity Development (C3D+) project to develop weADAPT for UN research projects. The team is also using weADAPT to develop institutional capacity through customized network, programme and project web pages. One example is the Climate Change and Environment Network of the Swiss Agency for Development Cooperation.

The Water Group at **SEI's US Centre** used the WEAP modelling platform to develop capacity through face-to-face and online training, developing insights into the best technologies and pedagogical techniques.

SEI's Africa Centre staff ran a one-week WEAP/LEAP training course in Kigali, Rwanda, as part of an ongoing project on the water, energy and food nexus in the Akagera basin. The team will build on this in 2017 as they expand WEAP/LEAP activities in the region. The team has established links with ministry officials in Rwanda to develop further engagement using these tools.

SEI Stockholm Centre's HazardSupport project developed a new collaborative method for decision-makers and climate experts. It used case studies in Sweden to assess how to adapt climate impact information to natural hazards. The results showed that information must be designed to help inform and motivate adaptation action at different levels of society. We held seven focus groups with municipal planners, insurance company officers and climate impact researchers to share learning with providers of climate information.

The Stockholm team coordinated 'Driving change: Towards more sustainable and attractive lifestyles', a meeting with the Swedish Government and stakeholders from more than 20 countries. This supported policy-making and education on sustainable consumption, for example, the newly launched Swedish national strategy on sustainable consumption.

In 2016 SEI co-launched the world's first open-access supply chain transparency platform, Transparency for Sustainable Economies – www.trase.earth. TRASE is a pioneering sustainability platform that enables governments, companies, investors and others to better understand and address the environmental and social impacts linked to their supply chains.

SEI's Tallinn Centre carries out many capacity building projects. Its researchers participate in international conferences as speakers or moderators and facilitate training courses. During 2016, their involvement included:

- coordinating and managing Green Key labels in Estonia
- sustainable innovation labs – Developing innovation platforms and product eco-design courses in Estonian, Latvian and Cyprus universities for the benefit of sustainable and socially responsible growth
- Implementation of EMAS in Tallinn City Environment Department.

SEI's Asia Centre has plans to work on policy capacity building in SUMERNET, enabling the centre to build its internal capacity. The centre's water cluster group has a particular aim to develop toolkit guidelines and materials in their three-year strategy to 2020.

In 2017, the Asia team will work on a joint project with the York centre, exploring home-gardens in Thailand and the role they play in supporting species diversity.

In 2016 the **SEI York Centre** team worked with colleagues from other SEI centres to facilitate a citizen science approach to explore personal exposure to particulate matter in an informal settlement in Nairobi (see impact story on page 21). This work inspired another project, and funded by the UK's Natural Environment Research Council (NERC), to develop this methodology further in the next two years.

The centre undertook an 'air pollution garden' pilot study at Sheffield Botanical Gardens. This project included outreach courses for interested members of the public to learn about the effects of air pollution on plants and human health and how to use bio-indicators to monitor these effects.

York Centre personnel also trained a number of stakeholders worldwide on using the LEAP-IBC toolkit, including researchers, consultants, government officials and academics from Africa, Peru, Colombia, Nigeria, Ghana, Morocco, Togo, Kenya, Ethiopia, South Africa and Nepal. The main purpose is to train people to use the tool to develop national action plans on the abatement of short-lived climate pollutants.

Sheffield Botanical Gardens: SEI's pilot study at the gardens shared knowledge about the impacts of air pollution on people and plants

MOOC SUSTAINABLE FOOD SYSTEMS

AIMS

- Inspire learners to create more environmentally sustainable food systems
- Raise awareness and build capacity for policy-makers in the region

IMPACT

Our project, with Sustainable Food Systems in Southeast Asia, used a massive open online course (MOOC) to inspire learners and enable them to take action in creating more environmentally sustainable and resource-smart food systems in Southeast Asia. The MOOC reached many critical representatives from across the agricultural and environmental sectors – from both policy and practice backgrounds – as well as from relevant government ministries., massively increasing engagement from people with little or no prior knowledge of SEI.

With more than 5000 sign-ups, the project successfully attracted policy-makers from Southeast Asia, and actively engaged them throughout the course with creative content, novel activities and stimulating discussions with other learners. The marketing and outreach campaign resulted in engagement from learners in over 100 different environment and development organizations across public, private, international development, donor and academic sectors in the region and beyond.

© SEI

IMPROVING HEALTH IN NAIROBI BY RAISING AWARENESS OF AIR POLLUTION

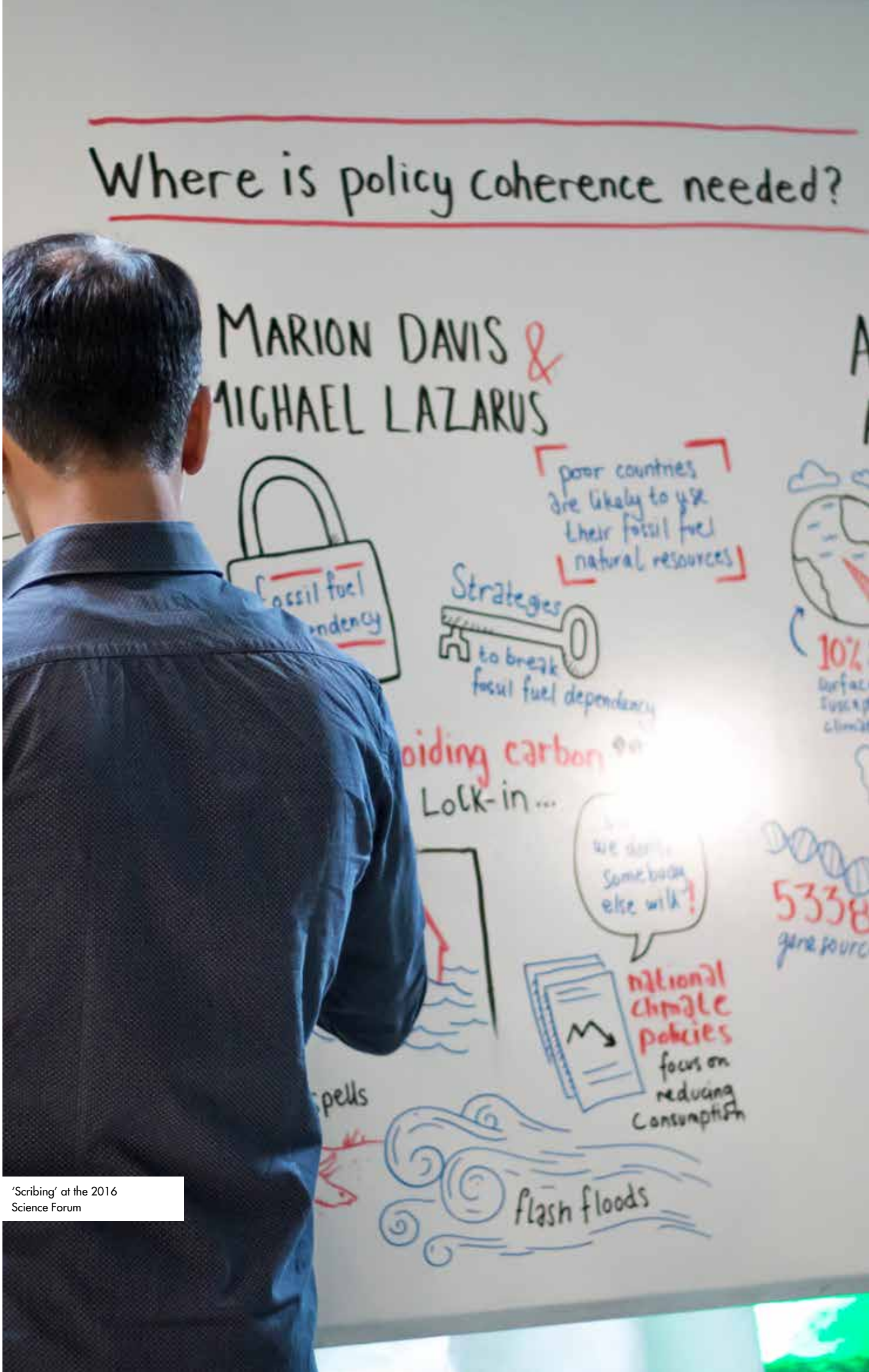
AIMS:

- Improve the health of people living in informal settlements in Nairobi by reducing exposure to air pollutant particulate matter (PM2.5)
- Build awareness of the causes and consequences of air pollution
- Build capacity of the SEI Africa team to monitor air pollution and use citizen science approaches by collaborating with SEI York team

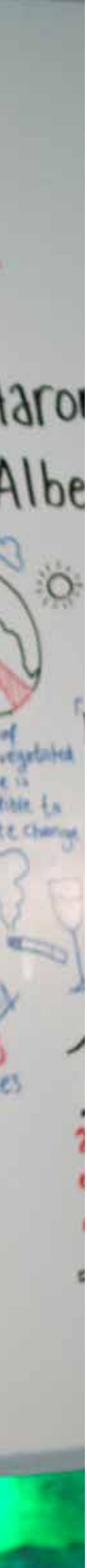
IMPACT

To raise awareness of the causes and consequences of PM2.5, we produced an awareness campaign. Working with Muungano Wa Wanavijiji, a slum-dwellers association based in Kenya, we held two project workshops, bringing together the local Mukuru community with government officials, non-government organizations and researchers. We assessed pollutant levels using PM2.5 monitors. A specially designed survey assessed community knowledge of the issue before and after the project.

The project led to the formation of the Kenya Air Quality Network in early 2016, with SEI Africa as secretariat. We also produced a project video to support bids to the UK's new Natural Environment Research Council (NERC) to continue to work in the Mukuru settlement to improve information sharing.



'Scribing' at the 2016 Science Forum



POLICY ENGAGEMENT

At the core of SEI's approach is the principle that scientific knowledge can, and should, be integral to decision-making. Our policy engagement work aims to provide policy- and decision-makers with effective support.

Finding the right approach

Models of policy engagement used by institutions similar to SEI, as well as peer-reviewed research, make it clear that there is a gap between the scientific and policy communities. The causes of this gap are complex, and not simply rooted in poor messaging. Because there is no single model, SEI needs to investigate insights from a number of relevant sources.

In 2016, we looked into our own approach by analysing SEI staff insights.

The main characteristics felt to underline policy engagement success include:

- SEI's credibility (including scientific credibility)
- trust in our institution
- our strong networks
- high-quality track record
- demand for engagement based on our previous work
- convening power
- a well-developed monitoring and evaluation approach
- the advantage of being located in different parts of the world.

Patterns of engagement

Impact stories from SEI's centres also reveal interesting patterns that underpin our policy engagement approach.

Enabling conditions: The balanced perspective, reputation and convening power of SEI were key to the successful development of the Civil Society Organization Equity Review coalition. Long-term engagement and a strong network were also important factors in this success, which was built up over the 15 years that SEI has worked on this issue.

Pathways to influence: There are many ways of effectively engaging with policy-makers. Multi-stakeholder engagement is vital to understanding the context and characteristics of problems and issues. For example, we were able to discuss air quality issues with a multi-stakeholder workshop in Nairobi organized by the York and Africa centres. Also, through the SEI citizen science project, we worked with informal settlements in Nairobi which led to the formation of the Kenya Air Quality Network. Partnerships are also critical to SEI's influence. For example, our Fossil Fuel Initiative team developed close working relationships with a range of government and non-government stakeholders to examine supply-side climate policy focused on fossil fuel development.

Outcomes of our engagement: While activities and events help raise awareness, bring key people together and build networks, they also provide opportunities to develop methodology and share knowledge to support future change. Several platforms for science–policy engagement set up by SEI have continued autonomously. One example is the website developed for the public campaign to reduce food waste and associated climate impacts by the SEI Tallinn Centre. Some activities help to redefine government schemes, such as WEAP (SEI's water planning tool), supporting water planning in California. In 2016, SEI also contributed to major policy decision outcomes, including our US Centre's analysis informing Obama's decision to ban drilling in the Arctic.

Boosting our capacity to work at the interface of science and decision-making

We aspire to develop our centre staff and ensure they are able to engage with policy-makers in the most effective ways. We do this through training and reflection on best-practice examples of successful policy engagement across the Institute. For 2017, we are also developing a peer-reviewed article on aspects of our policy engagement, and producing a series of policy blogs which will feature and discuss stories, and reflect on how we successfully bridge our research with policy-makers.

Deepen engagement with a broader range of decision-makers

Actor-centred approaches are very relevant to SEI and so we focus directly on the people who are responsible for making decisions – our 'boundary partners'. Using our Planning, Monitoring, Evaluation and Communication (PMEC) database, in 2016 we assessed the different types of boundary partners we interact with to see how extensively we are working with boundary partners who are not primarily concerned with environment and development.

While this confirms that SEI works mainly with policy-makers and academia, it also shows significant engagement with the private sector – one of the groups with whom we want to increase our involvement.

Long-term engagement in key policy- and decision-making

We consider long-term engagement with the processes of policy- and decision-making as crucial. To illustrate, we have a long history of engagement with the United Nations Framework Convention on Climate Change Conferences of the Parties, and the Climate and Clean Air Coalition, where SEI staff sit on the Science Advisory Panel and lead initiatives and implement activities. We are also engaged in long-term support mechanisms at the national level such as the Swedish Government's Scientific Advisory Council for Sustainable Development.

Our investigations into the role we should play when engaging with policy-making have emphasised the need for SEI to avoid being policy prescriptive. While we must work closely with decision-makers, it is important that we maintain our independence.

You can read different examples of our methods of policy engagement in some of the impact stories throughout this Annual Report.

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INFORMING OBAMA ADMINISTRATION POLICY ON FOSSIL FUEL EXTRACTION

AIMS

- Understand the impact of oil, gas and coal extraction on global CO_2 emissions
- Inform government policy to meet global climate goals

IMPACT

SEI research helped to substantially advance the conversation about the role of public lands in global CO_2 emissions and efforts to meet the Paris Agreement. We developed an economic approach to estimating the impact of expanding fossil fuel supply, which the US Department of Interior applied to its own analysis of new offshore oil projects, showing a much greater emissions impact than previously found. In December 2016, President Obama and Prime Minister Trudeau permanently withdrew nearly all Arctic oil and gas resources (and much of the US Atlantic) from future oil and gas drilling. Both concluded, as SEI had, that new Arctic oil and gas drilling would not be consistent with the global call to limit warming to 2 degrees Celsius. While it is too early to predict the long-term impact of SEI's work analysing governments' role in new fossil fuel developments, early signs suggest that leaders in Norway and sub-national officials in US west-coast states may take closer looks at their policies on fossil fuel infrastructure.

© Green Fund Rwanda/Flickr

MOBILIZING PRIVATE FINANCE IN AFRICA

AIMS

- Mobilize business communities to finance climate adaptation
- Improve communities' adaptation to climate change
- Alleviate poverty in Africa

IMPACT

Climate change is one of the main threats to least-developed countries. Floods and droughts cause major socio-economic impacts and hinder growth. Investment in climate adaptation projects is crucial, yet only a small fraction of global private sector climate finance is being invested in these countries.

Working with Rwanda's Green Climate Fund (FONERWA), the German Development Institute (DIE) and the African Centre for Technology Studies (ACTS), we organized workshops in Kenya and Rwanda to examine how to mobilize private sector funding. We reviewed current research and interviewed 25 key stakeholders from ministries, agencies, international organizations, the private sector and civil society.

While we found a low awareness of climate risks and adaptation options, we also discovered opportunities for the private sector to get involved in climate-related activities. These could include adaptation, energy efficiency, rural energy access, climate-smart agriculture, water supply, integrated water resources management, housing, infrastructure, ICT systems, and sustainable tourism.

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PUBLIC SECTOR SUPPORT FOR BIOSCIENCE INNOVATION IN EASTERN AFRICA

AIMS

- Improve small-scale farm productivity
- Improve rural livelihoods and economic growth in Eastern Africa

IMPACT

Smallholder farmers in Eastern Africa produce more than 75% of the region's total agricultural output. They need to be supported to innovate to achieve a more productive and sustainable agricultural sector.

Public-private partnerships in bioscience innovation in Uganda and Tanzania are very limited, as is access to the capital vital for innovation and long-term sustainability. Therefore, our five-year study – Supporting Bioscience Innovation in East Africa – looked at the public sector's role. The study, conducted with Tanzania Commission for Science and Technology (COSTECH), the Uganda National Council for Science and Technology (UNCST), and funded by Sida, found that solutions could include:

- stronger public research and development (R&D), linked with the private sector
- better capacity to assess the commercial potential of R&D activities
- greater reward for entrepreneurship
- professional business incubation services to help develop business cases that analyse viability, assess technology and test markets
- sources of finance, including tax incentives and targeted public procurement
- policies with incentives for innovation
- target the barriers to innovation

© World Resources Institute/Flickr

CLIMATE EQUITY: THE CIVIL SOCIETY EQUITY REVIEW COALITION

AIMS

- Enable civil society organizations around the world to engage effectively on climate equity

IMPACT

In this flagship project we helped create the Civil Society Organization (CSO) Equity Review coalition in the run-up to the Paris Conference of Parties (COPs). The coalition provided research and analysis, and also took on a critical strategic and convening role. SEI was the catalyst for a high level of cooperation on climate equity. The coalition created a community among its partners and fostered dialogue and analysis of climate science.

This unprecedented coalition was a broad spectrum of organizations, including trade unions, faith, youth and peasant groups. The coalition grew through 2016, and by the Marrakech Conference of Parties more than 170 organizations endorsed the outcomes of the review, focused around two high-profile reports released at the Paris and Marrakech COPs. The reports were widely discussed in the media and had a direct influence on the Party delegates, including President Jacob Zuma of South Africa who made several important statements about the CSO Equity Review in his official blog.

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SDG IMPLEMENTATION IN SWEDEN: GOVERNMENT AND INDUSTRY

AIMS

- Support implementation of Agenda 2030 across higher- and lower-income countries
- Create an innovative tool for the private sector to measure its contribution to sustainable development

IMPACT

Agenda 2030 is universal but there are strong links between both higher-income and lower-income countries. We are testing and piloting our approaches in Sweden before engaging in more developing countries.

On a domestic level in 2016, SEI supported the Swedish Agenda 2030 delegation, the Ministry for Foreign Affairs, and the private sector. For example, SEI is supporting the steel industry's work to develop an SDG Compass. This is an innovative way to provide the private sector with a tool to measure its contribution to sustainable development. There is potential to develop and adapt this tool further for other contexts and sectors in Sweden but also in lower-income countries and regions.

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DEVELOPING TOOLS FOR POLICY COHERENCE AND SDG INTERACTIONS

AIMS

- Develop innovative methods and tools to enhance the capacity of governments and other stakeholders to implement the SDGs.
- Support implementation of Agenda 2030
- Understand how targets influence each other
- Achieve more effective policy coherence

IMPACT

SEI's Måns Nilsson, the PCSD Partnership, and colleagues convened by the International Council for Science (ICSU) published a paper in Nature describing a framework to map different types of interactions between SDG targets. SEI supported the project with in-kind contributions and piloted the framework in a research study in Sweden.

We will use the research to develop a user-friendly process tool that enables decision-makers or analysts to explore and analyse systemic effects in practice, for policy coherence in sustainable development.

The ICSU's report about interactions related to the food, health, energy and oceans goals will be published and disseminated in May 2017. SEI will continue to participate in the PCSD Partnership during 2017 to make sure the research reaches the right audience to influence SDG global policy decisions and encourage a trickle-down effect to countries through their UN engagements.

Life on the Yamal tundra, Russia

OUTREACH

THINK TANK RANKING

The Global Go To Think Tank Index ranked SEI as the number one, most influential environment think tank in the world in 2016. The index is based on an assessment of 6846 think tanks in about 150 countries, and is published in the 2016 Global Go To Think Tank Index Report, compiled annually by the University of Pennsylvania's Think Tanks and Civil Societies Program.

EVENT HIGHLIGHTS

SEI organized and participated in many events big and small in 2016 – from international policy processes, like the annual climate change negotiations, to small-scale seminars. Here are some highlights.

What's at stake in the Arctic? Launch of the Arctic Resilience Report

25 November 2016 at the Ministry of the Environment and Energy, Stockholm

Environmental, ecological, and social changes are happening faster than ever, and are accelerating in the Arctic. The changes threaten the integrity of Arctic ecosystems, the sustainability of current ways of life in the Arctic, and disrupt global climate and ecosystems. The Arctic Resilience Report is the concluding scientific product of the Arctic Resilience Assessment, a project launched by the Swedish Chairmanship of the Arctic Council, and made international headlines (see Publications section on page 31 and impact story on page 15).

Partners: Arctic Council, Ministry of the Environment and Energy and Stockholm Resilience Centre.

Habitat III, United Nations Conference on Housing and Sustainable Urban Development

17–21 October 2016 in Quito, Ecuador

Urban areas are now home to 54.5% of the world's population, with about 1.4 million new residents each week. Rapid urbanization is a pressing issue and an expanding area of SEI's work, cross-cutting with other priorities such as climate change, water and sanitation, air pollution and urban planning. We joined partner organizations, policy-makers and planners at Habitat III to share our latest research. The focus was to approve the New Urban Agenda's global standards in sustainable urban development, with governments, the private sector and urban stakeholders.

Our social media campaign at the event recorded thousands of perspectives from people in cities around the world. Issues included climate change, poor sanitation, gender inequality, food insecurity, public safety and the need for green space. We plan to share this direct input with UN Habitat to strengthen discussions around the New Urban Agenda.

Making sustainable lifestyles attractive

1 June at the Swedish Government offices

How is Sweden adapting its policies to promote sustainable lifestyles? What roles do key stakeholder groups such as business and youth play? What can we learn from each other, including experiences from the ground in other countries and regions?

Making sustainable lifestyles attractive and supporting them through decision-making and education are core needs in implementing the Paris Climate Agreement and Agenda 2030. This high-level event included participants from more than 20 countries representing Asia, Africa, South America, North America and Europe, along with representatives from the United Nations Environment Programme (UNEP).

Partners: the UNEP 10-year framework of programmes on sustainable consumption and production patterns (10YFP) and Sweden's Ministry of the Environment and Energy.

SEI Science Forum

19 May 2016, Stockholm

This annual event, now in its fifth year, drew around 240 people, including Swedish policy-makers and business leaders. The forum focused on interlinkages The forum focused on how issues in the 2030 Agenda are connected, and on, and on challenges and opportunities in the implementation of the Sustainable Development Goals. Along with SEI researchers, the programme included influential representatives from government, business and the private sector.

COP22: Low-carbon development, climate finance, supply chains and climate equity

7–18 November, Marrakech

As usual, SEI had a strong presence at the international climate negotiations. At COP22 in Marrakech we hosted and co-hosted side events on adaptation, highlighting the MENA region and climate services; climate finance, with a focus on the Pacific and mobilizing the private sector in Africa; sustainable supply chains, showcasing our new TRASE tool; and four events on mitigation and low-carbon development, including a focus on climate equity, climate finance in Kenya and Chile, and on how to cooperate in the Arctic to mitigate emissions of black carbon and methane.

SEI PUBLICATIONS

While the overall number of publications in 2016 was a little lower compared to 2015, the number of peer-reviewed articles, books and book chapters has increased from 95 to 100. The decrease was in short-form publications, which include fact sheets, policy briefs and discussion briefs. The reason for this trend is that we are publishing slightly more of our short-form material as digital-first content, which is not included in the publications statistics.

The most-viewed 2016 publication on our website was the Arctic Resilience Report, which was published in November. The Guardian article on the report alone – "Arctic ice melt could trigger uncontrollable climate change at global level" – has been shared over 98,000 times on social media. And the report has been downloaded close to 10,000 times, a level of engagement that is extremely rare for a scientific publication.

PUBLICATION DOWNLOADS

Figure 5: Top 5 publications in 2016

1. Arctic Resilience Report
   Unique page views of summary: 5790
   Unique PDF downloads: 3140

2. Conseils Pratiques pour une Utilisation de l'Urine en Production Agricole
   Unique page views of summary: 2138
   Unique PDF downloads: 1047

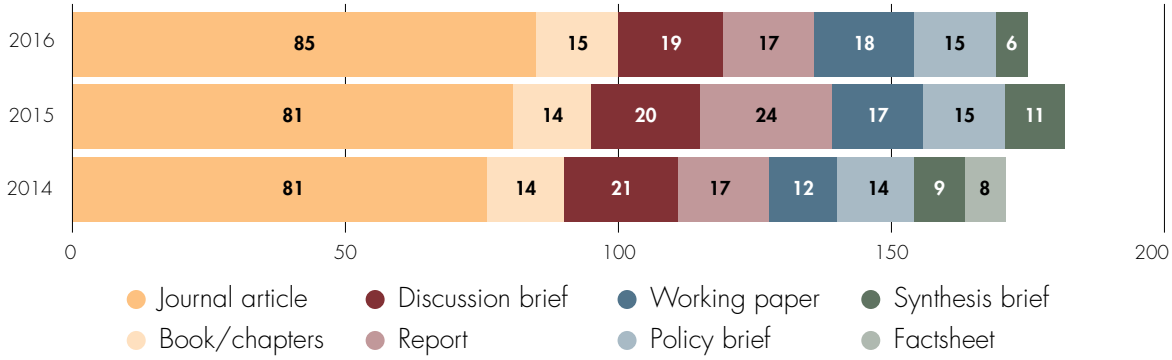
3. Introducing the Transnational Climate Impacts Index: Indicators of country-level exposure – methodology report
   Unique page views of summary: 1338
   Unique PDF downloads: 618

4. Environmental Impact Assessment of the Charcoal Production and Utilization System in Zambia
   Unique page views of summary: 1212
   Unique PDF downloads: N/A

5. Sustainable Development Goals for Sweden: Insights on setting a national agenda
   Unique page views of summary: 1143
   Unique PDF downloads: 929

Source: SEI Google Web Analytics

Figure 4: Number of SEI publications by type, 2014–16



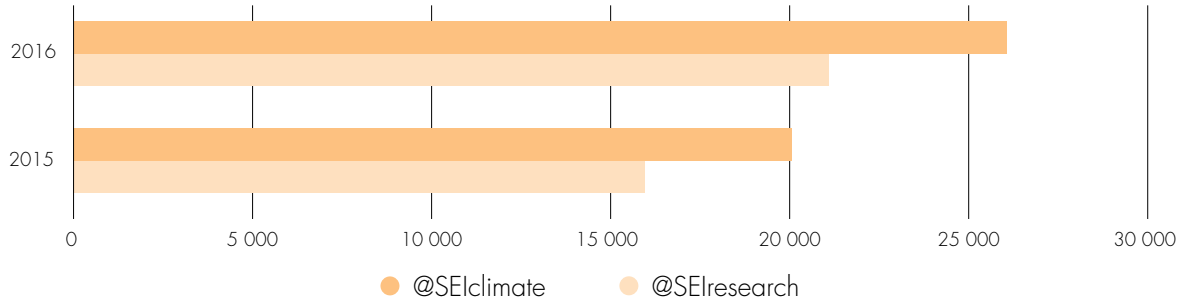
Source: Notified

Note: This graphic aggregates both SEI's own published output and our peer-reviewed output.

SOCIAL MEDIA

SEI's social media reach has continued to grow and enhance our exposure to our key audiences. In 2016, the number of followers on SEI's channels continued to increase. Our Twitter accounts attract high-quality followers including climate, sustainability and development experts, journalists, activists, government agencies and officials.

Figure 6: SEI Twitter followers



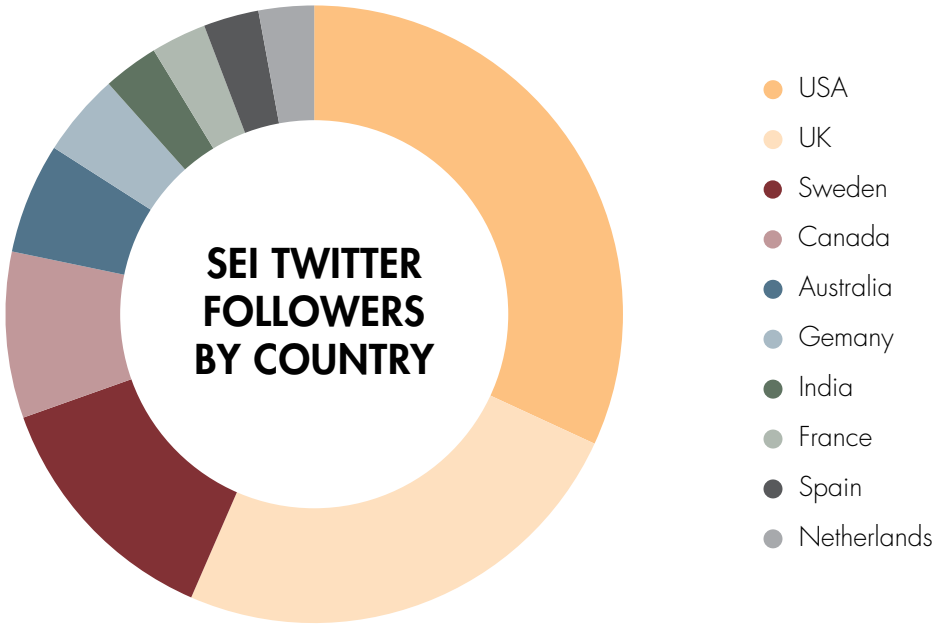
Source: Notified

The graph below shows that most of our Twitter followers are from the US, followed closely by the UK, with smaller audiences in Sweden, Canada and Australia.

We also have a growing audience on other social media channels:

- Facebook followers 2016 – 3300
- LinkedIn followers 2016 – 5700

Figure 7: SEI Twitter followers by country



Source: Notified

Figure 8: SEI articles on Facebook

NUMBER OF ARTICLES IN 2016	AUDIENCE REACHED ON FACEBOOK
1 375	182 694

Source: Notified

Figure 9: Retweets of SEI articles

ITEM	RETWEETS
Global Climate Change	121
SEI Climate COP22 Event	66
SEI Research Arctic Resilience Report	66
SEI Environmental Think Tank Ranking	64
Arctic Council – Arctic Resilience Report	63

Source: Notified

INSTAGRAM

A new area of interest for our social media reach is Instagram. This year some of our photos have started to attract global interest, albeit on a small scale. However, with the potential reach of some of our supporters in this particular channel, this is an area of future potential that we will keep a watch on.

Figure 10: SEI on Instagram

INSTAGRAM SITE	THEIR FOLLOWERS	OUR POST	LIKES
Thecoco.official	4 074	Global grain production	172
Florian_radigue	1 905	International Workshop on Sustainability and Resilience of Bioenergy for Climate Change, held in Bali	63
Impactpool	18 300	SEI job opportunities	65

Source: Notified

SEI TOOLS AND PLATFORMS

Building on strong growth in 2015, SEI's tools and platforms reached an even wider audience in 2016 – a clear indication of the value that our partners and stakeholders place on them.

The LEAP tool supports energy planning for climate mitigation, while WEAP supports those who are managing water for social development and environmental protection. The weADAPT website is a platform for brokering knowledge and developing capacity on climate adaptation.

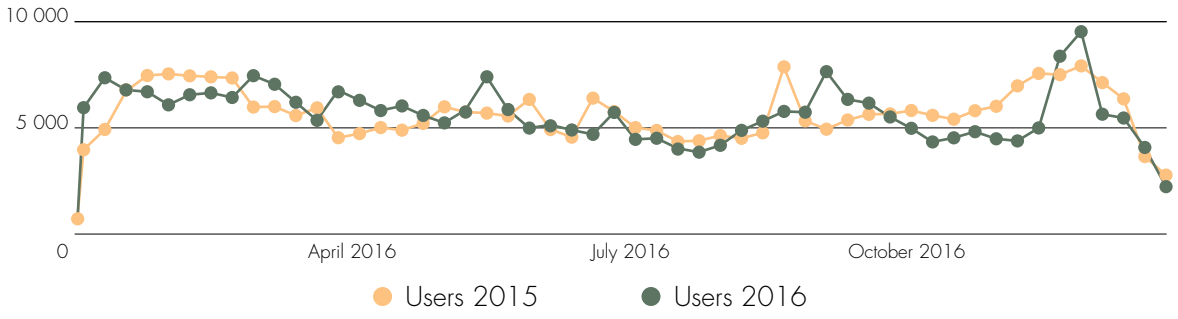
Figure 11: Selection of SEI tools used in 2016

TOOL	INDICATOR	2016	CHANGE VS 2015 %
WEAP	Cumulative downloads of the software	**20 897**	**+25%**
LEAP	Cumulative downloads of the software	**26 344**	**+18%**
weADAPT	Unique web visitors	**110 724**	**+22%**
NETpositive	Number of users with action plan	**5 068**	**+104%**

Source: Notified

SEI WEBSITE STATISTICS

Figure 12: Overview of SEI website viewing



Source: SEI Google Web Analytics

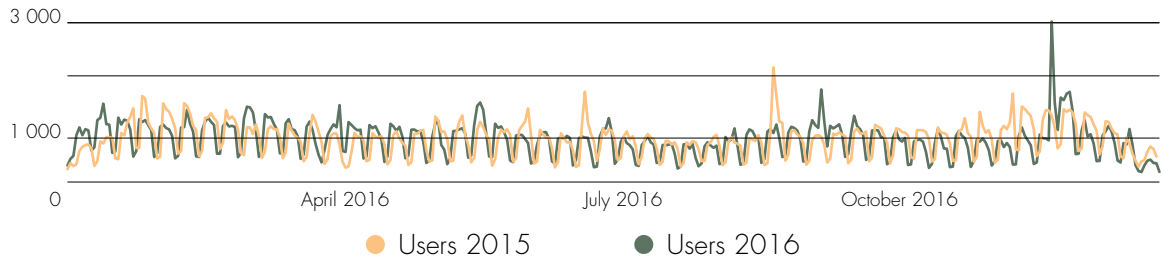
The graph above shows that our web viewing remained similar to 2015. However, there is a dramatic change in the numbers of users viewing on tablets in 2016. This is compensated by the large increase in the number of our audiences accessing our website material and news from their mobile phones.

Figure 13: Viewers of SEI online materials in 2016

VIEWING ON	2016	% CHANGE
Desktop	233 288 (79.70%)	-3.52%
Mobile	49 533 (16.92%)	+19%
Tablet	9 882 (3.38%)	-16.43%

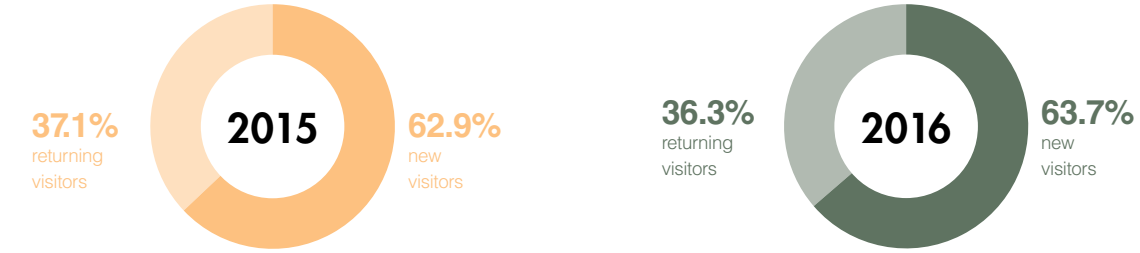
Source: SEI Google Web Analytics

Figure 14: SEI website audience overview



Source: SEI Google Web Analytics

Figure 15: SEI website visitors 2016



Sessions	Users	Page views	Pages / Session
-0.86%	+0.53%	-4.85%	-4.02%
292 703 vs 295 248 in 2015	189 452 vs 188 447 in 2015	756 306 vs 794 822 in 2016	2.58 vs 2.69 in 2016v
Avg. Session Duration	**Bounce Rate**	**% New Sessions**	
-7.73%	+0.8%	+1.15%	
00:02:06 vs 00:02:17 in 2015	61.97% vs 61.48% in 2015	63.63% vs 62.90% in 2016	

Source: SEI Google Web Analytics

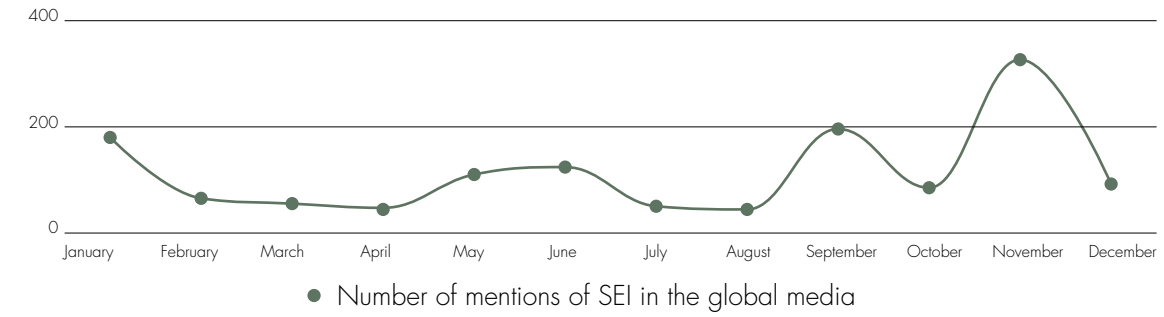
In 2016, the SEI website had 292 703 sessions, a slight decrease (-0.86%) on 2015. Our website reached 189 452 users which is a slight increase (0.53%) on 2015.

The increase in users viewing our material on social media and online via their mobile phones compensates for the reduction in page views and session durations. It shows that we have to constantly look for innovative ways to package our key messages and reach our target audiences.

MEDIA COVERAGE

The following graph shows the number of media mentions of SEI globally in the mainstream media in 2016: 1375 mentions in total.

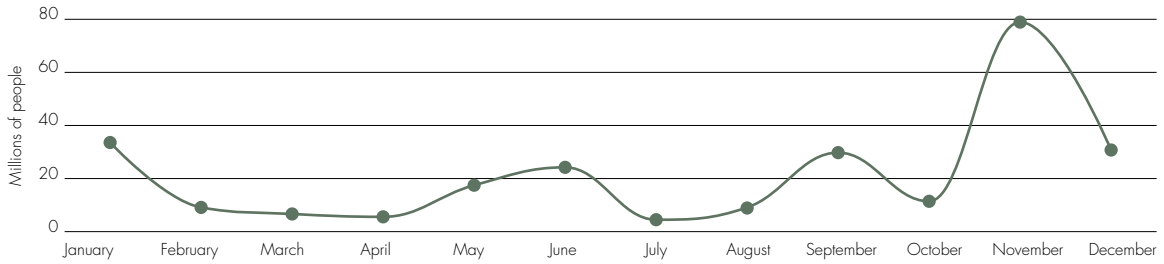
Figure 16: SEI in the global media, 2016



Source: Notified

The following graph shows the potential reach of our media coverage in 2016.

Figure 17: SEI media coverage reach in 2016



259.5 million
Reach / period

709 036
Average / day

Source: Notified

SEI TOP-CITED PUBLICATIONS

The following table presents the top-cited papers published in recent years, according to Scopus. Please note that 'review' type papers which often have many authors, tend to be more frequently cited, and natural science papers are cited more than social science papers.

Scopus top-cited articles 2013–2015 (SEI authors in bold)

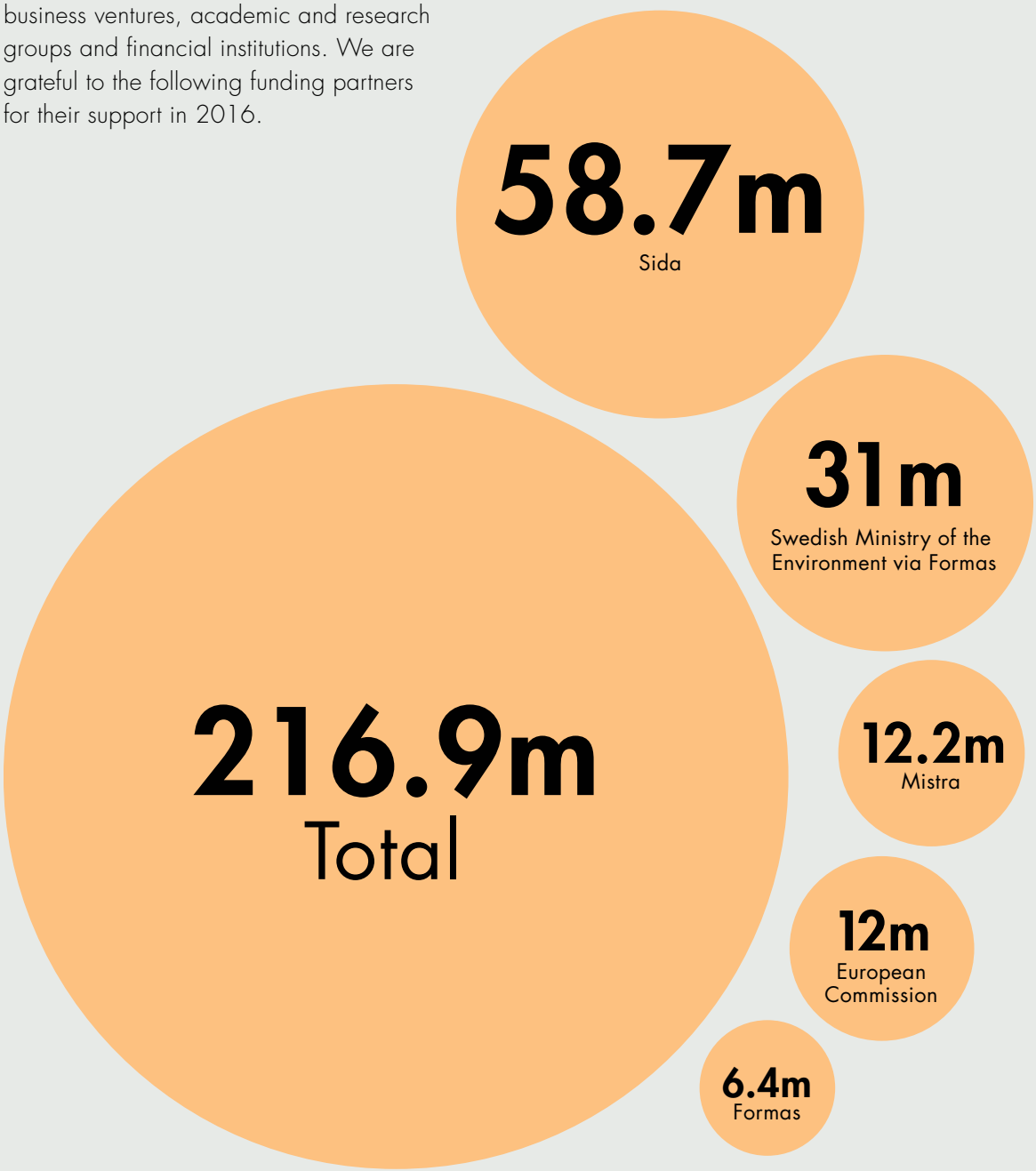
Year	Title	Authors	Journal	Total citations
2015	Planetary boundaries: Guiding human development on a changing planet	Steffen W., Richardson K., Rockstrom J., Cornell S.E., Fetzer I., Bennett E.M., Biggs R., Carpenter S.R., De Vries W., De Wit C.A., Folke C., Gerten D., Heinke J., Mace G.M., **Persson L.M.**, Ramanathan V., Reyers B., Sorlin S.	Science	247
2015	Rapidly falling costs of battery packs for electric vehicles	**Nykvist B.**, **Nilsson M.**	Nature Climate Change	108
2013	Limits to adaptation	Dow K., Berkhout F., Preston B.L., **Klein R.J.T.**, Midgley G., Shaw M.R.	Nature Climate Change	73
2014	A large-scale field assessment of carbon stocks in human-modified tropical forests	Berenguer E., Ferreira J., **Gardner T.A.**, Aragao L.E.O.C., De Camargo P.B., Cerri C.E., Durigan M., De Oliveira R.C., Vieira I.C.G., Barlow J.	Global Change Biology	44
2014	Safe and just operating spaces for regional social-ecological systems	Dearing J.A., Wang R., Zhang K., Dyke J.G., Haberl H., Hossain M.S., Langdon P.G., Lenton T.M., Raworth K., Brown S., Carstensen J., Cole M.J., Cornell S.E., Dawson T.P., Doncaster C.P., Eigenbrod F., Florke M., Jeffers E., Mackay A.W., **Nykvist B.**, Poppy G.M.	Global Environmental Change	44
2013	Integrated analysis of climate change, land-use, energy and water strategies	Howells M., Hermann S., Welsch M., Bazilian M., Segerstrom R., Alfstad T., Gielen D., Rogner H., Fischer G., Van Velthuizen H., Wiberg D., **Young C.**, Alexander Roehrl R., Mueller A., Steduto P., Ramma I.	Nature Climate Change	48
2013	Towards a revised planetary boundary for consumptive freshwater use: Role of environmental flow requirements	Gerten D., **Hoff H.**, Rockstrom J., Jagermeyr J., Kummu M., Pastor A.V.	Current Opinion in Environmental Sustainability	32

Source: Scopus

Note: Citations are calculated with a one-year lag, hence the latest figures are from 2015.

FUNDING SOURCES

As an independent research and policy organization, SEI receives funding from a wide variety of sources, including government departments, development agencies, non-government organizations, private sector business ventures, academic and research groups and financial institutions. We are grateful to the following funding partners for their support in 2016.



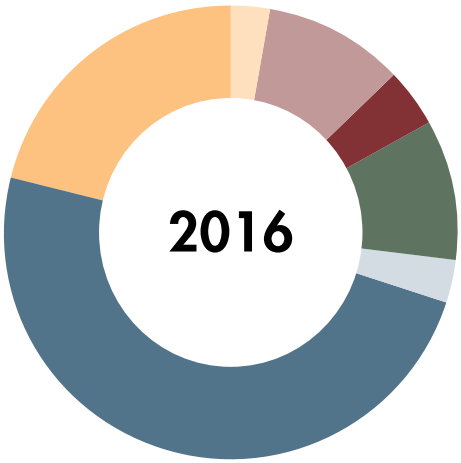
FUNDING SOURCES ABOVE 40 000 SEK

Anglian Water Services	527 496
Arbio AB/Swedish Forest Industries Federation	562 511
ASEAN Secretariat	156 061
Asia-Pacific Network for Global Change Research (APN)	180 853
Australasian Consortium of Humanities Research Centres (AHRC)	212 533
AXA Research Fund	480 457
Big Lottery Fund	723 351
Bill & Melinda Gates Foundation	2 965 055
Biotechnology and Biological Sciences Research Council (BBSRC)	736 733
Bloomberg Foundation	999 808
Blue Moon Fund	2 108 121
BRL Ingenierie	42 800
C40 Cities	373 747
California Dept of Water Resources via subcontract with MWH	370 340
CDKN via Global Canopy Programme (GCP)	174 250
Center for International Climate Research (CICERO)	94 260
Centro del Agua del Trópico Húmedo para América Latina y el Caribe (CATHALAC)	60 536
Cities Alliance	388 521
City of York Council	65 327
Climate & Clean Air Coalition (CCAC) via UNEP	4 112 103
Climate Solutions	253 513
Corpoboyaca Colombia	46 429
COWI A/S	51 870
Culture Foundation of the Swedish Postcode Lottery	675 524
Dalarna University	175 189
Department for Environment Food & Rural Affairs (DEFRA)	1 987 397
Department of Energy & Climate Change (DECC)	98 222
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	1 481 979
DFID via Oxford university	93 028
DFID via WYG International Limited	528 829
Ecosystem Services for Poverty Alleviation (ESPA)	873 101
EED Advisory Ltd via SEI US	58 591
Energy Foundation	250 560
Engineering and Physical Sciences Research Council (EPSRC)	1 645 899
Enterprise Estonia	73 745
Environmental Board Estonia	262 302
Environmental Investment Centre (KIK)	679 020
ESPA via Tokyo university	80 640
Estonian Association for Environmental Management (EKJA)	112 691
Estonian Council of Environmental NGOs (EKO)	97 818
Estonian Ministry of Defence	42 251
Estonian Ministry of the Environment	213 795
Estonian Research Council (ETAG)	145 313
European Commission	12 027 739
European Development Fund (EFA)	50 054
European Development Fund (EFA) via University of the West Indies	107 700
European Environment Agency (EEA)	277 022
European Forest Institute	1 465 741
FCG SIPU International AB	41 800
FONERWA via Albertine Rift Conservation Society (ARCOS)	257 596
Food and Agriculture Organization of the United Nations (FAO)	85 613
Friends of the Earth US	329 868
Fundación Bariloche	152 531
GFA Consulting Group GmbH	376 635
Global Alliance for Clean Cookstoves	412 481
Global Resilience Partnership via University of Sydney	179 026
Government Office Estonia	47 763
Hugo Carlssons Stiftelse via Jernkontoret	782 157
Hulla Dynamics	139 357
ICF International	5 189 081
ICLARM Worldfish	248 325
Institute for Advanced Sustainability Studies (IASS)	258 450
InterAmerican Development Bank	295 337
International Center for Biosaline Agriculture (ICBA)	973 687
International Centre for Integrated Mountain Development (ICIMOD)	79 784
International Livestock Research Institute (ILRI)	227 419
International Water Management Institute (IWMI)	301 941
Joseph Rowntree Foundation	314 294
Korea Institute of Construction Technology	558 317
KR Foundation	1 611 771
Marianne and Marcus Wallenberg Foundation	151 837
MAVA Fondation Pour La Nature	194 026

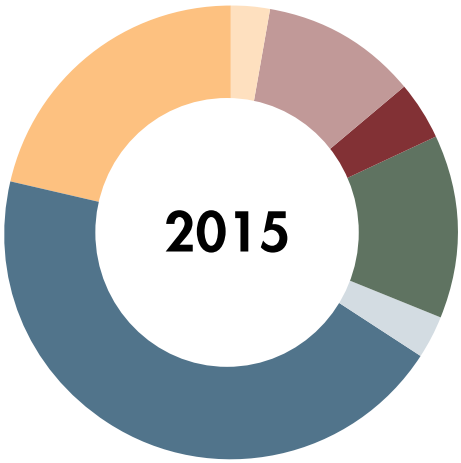
McKinsey & Company	222 677
Mistra via SMHI	229 175
Natural Environment Research Council (NERC)	1 056 140
Natural Environment Research Council (NERC)/ Department for International Development (DFID)	594 822
NETpositive	425 840
Netherlands Ministry of Infrastructure and the Environment via MCI	631 497
NextGen	261 457
Nordforsk	874 745
Nordic Council of Ministers via Gaia	407 209
Northeast States for Coordinated Air Use Management	929 933
Overlook Foundation	726 102
Peak District National Park Authority	130 423
Pontificia Universidad Catolica de Chile	89 854
Research Council of Norway	355 204
Riksbankens Jubileumsfond	2 158 892
Rockefeller Brothers Fund via Earth Island Institute	287 967
Rockefeller Foundation via UN Women	666 420
Ross Associates	566 270
Royal Scientific Society Jordan	87 072
Santa Clara Valley Water District	3 297 278
Science and Technology Facilities Council	704 949
Seattle Office of Sustainability and Environment	335 817
Sida via Swedish University of Agricultural Sciences (SLU)	625 188
SINTEF Energi AS	573 305
SNV Netherlands Development Organization	535 988
SouthSouthNorth Project Africa	126 260
Stichting IEA Bioenergy	94 021
Stockholm University	276 841
Swedbank	47 763
Swedish Civil Contingencies Agency (MSB)	864 483
Swedish Embassy in Bangkok	147 325
Swedish Energy Agency	5 466 078
Swedish Environmental Protection Agency	3 173 683
Swedish Environmental Protection Agency via SCB	868 457
Swedish International Development Cooperation Agency (Sida)	58 712 917
Swedish Meteorological and Hydrological Institute (SMHI)	230 304
Swedish Ministry for Foreign Affairs	125 172
Swedish Ministry of the Environment via Formas	31 000 000
Swedish Research Council (Vetenskapsrådet)	1 144 834
Swiss Development Corporation	475 115
Tartu University	95 525
Technical University of Denmark	64 474
The Climate and Land Use Alliance via Global Canopy Programme (GCP)	132 207
The Nature Conservancy	1 026 584
The Overseas Development Institute (ODI)	116 988
The Sunrise Project	85 600
The Swedish Foundation for Strategic Environmental Research (Mistra)	12 257 987
The Swedish Research Council Formas	6 486 132
The Swedish Research Council Formas via Lund University	175 087
UCL Consultants Ltd	157 959
UK Department for International Development (DFID)	420 203
United Arab Emirates Ministry of Environment	116 510
United Arab Emirates Ministry of Environment via CCRG	1 230 911
United Nations Department of Economic and Social Affairs	193 696
United Nations Development Programme (UNDP)	668 476
United Nations Environment Programme (UNEP)	1 226 466
United Nations Environment Programme (UNEP) via PTAC	368 405
United Nations Environment Programme (UNEP) via Stichting DLO	383 913
University of California Berkeley	45 599
US Army Corps of Engineers	211 620
US Department of Agriculture	808 441
US Department of Energy	718 533
US Environmental Protection Agency	3 372 743
USAID	607 708
USAID via AECOM International	2 091 859
USAID via Development Alternatives, Inc.	45 240
USAID via Harvard University	738 962
USAID via IRG (Engility)	1 285 498
USAID via PACT	664 027
USAID via Winrock	236 941
Water Economics Project	229 451
World Bank	2 440 058
World Resources Institute (WRI)	267 808
World Wide Fund for Nature (WWF)	791 326

SEI FINANCIAL STATISTICS

SEI GLOBAL (PRO FORMA) INCOME, BY CENTRE

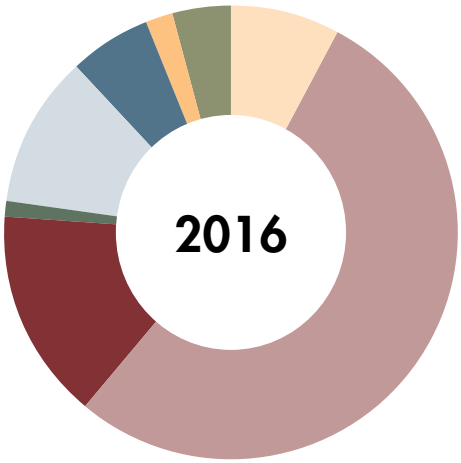


	%	RESEARCH vol. in SEK millions
SEI Africa	3%	6,7
SEI Asia	10%	22,4
SEI Tallinn	4%	8,2
SEI York	10%	21,7
SEI Oxford	3%	6,2
SEI Stockholm/HQ	49%	105,4
SEI US	21%	46,3
	100%	**216,9**

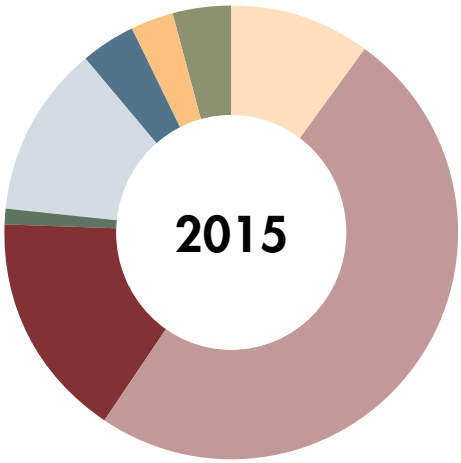


	%	RESEARCH vol. in SEK millions
SEI Africa	3%	6,1
SEI Asia	11%	20,9
SEI Tallinn	4%	7,2
SEI York	13%	24,3
SEI Oxford	3%	6,0
SEI Stockholm/HQ	44%	81,2
SEI US	21%	39,7
	100%	**185,4**

GEOGRAPHIC FOCUS OF RESEARCH FUNDS (SEI GLOBAL, PRO FORMA)



	%	RESEARCH vol. in SEK millions
Africa	8%	17.3
Global	54%	116.8
Europe	15%	32.5
Middle East	1%	2.2
Asia Pacific	11%	23.1
USA	6%	13.1
Arctic	2%	4.2
South & Central America	4%	7.7
	100%	**216.9**



	%	RESEARCH vol. in SEK millions
Africa	10%	17.9
Global	49%	91.2
Europe	16%	30.6
Middle East	1%	1.3
Asia Pacific	12%	23.1
USA	4%	8.0
Arctic	3%	5.3
South & Central America	4%	8.0
	100%	**185.4**

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PART 2:

SEI FOUNDATION ANNUAL REPORT

SEI DIRECTOR'S REPORT

OPERATIONS

SEI is an international and independent non-profit research institute established in 1989 by the Swedish Government. SEI's vision is "A sustainable, prosperous future for all", and our mission is "To support decision-making and induce change towards sustainable development around the world by providing integrative knowledge that bridges science and policy in the field of environment and development". SEI is a distributed institute, with centres and offices in Bangkok (Thailand), Boston, Davis and Seattle (US), Oxford and York (UK), Stockholm (Sweden), Tallinn (Estonia), and Nairobi (Kenya).

The financial statements on the following pages refer to the SEI Foundation only, with official name Stiftelsen The Stockholm Environment Institute, registered office in Stockholm, Sweden, and organization number 802014-0763.

The SEI Foundation includes SEI HQ, the SEI Stockholm Centre, the SEI Asia Centre, the SEI Africa Centre and the subsidiary SEI Oxford Office Ltd (registered in UK under company number 4404220, not consolidated). The global institute also includes the SEI Tallinn Centre (The Estonian Institute for Sustainable Development, established in 1992 and registered in Estonia as an independent non-profit foundation with reg number. 90000966), the SEI US Centre (Stockholm Environment Institute U.S., Inc. registered 2006 in Massachusetts with EIN 20-4659308 as a 501c3 non-profit organization) and the SEI York Centre (SEI York, Environment Department, The University of York).

SEI carries out integrated policy-oriented research on environment and development issues, tackling overarching systems challenges like climate change, energy systems transformation, vulnerability and disaster risk reduction, governance and globalization, as well as a range of more specific challenges related to water resources, sanitation, air pollution, urbanization, trade, behaviour and choice, and sustainable consumption and production. Our systems approach includes integrated research across scales, sectors and issues, applied from the global to local scale, as well as on natural resources flows and impacts through trade and producer to consumer chains. The environment–development interactions and interdependences are at the centre of SEI's work and the work of the institute spans the entire global to local spectrum.

SEI's broad research portfolio represents different perspectives related to sustainable development and integrates learning and substantive exchange across the institute and with partners all over the world.

Our projects and initiatives offer research, policy and capacity development leadership within a broad set of issues addressing:

- **The interaction between natural resources and human development**, and how to make viable and sustainable choices in environmental systems as they link to social systems.
- **Pathways to high-efficiency, low-carbon energy systems**; the role of carbon markets and bio-resources; vulnerability analysis and adaptation planning; and the integration of adaptation and disaster risk reduction into development plans.
- **Political and social change** and the building of institutions at all levels in order to empower stakeholders and build their capacity, improve policy, build resilience, and transform society for sustainability.
- **A future of growing uncertainty**, in which environmental factors have begun to bring about serious social, economic and geopolitical changes.

SEI also has a number of signature tools and platforms to support policy- and decision-making, such as:

- **LEAP:** Supporting innovation in energy planning and climate mitigation.
- **WEAP:** Managing water for social development and environmental protection.
- **TRASE:** Harnesses huge untapped data sets to see inside complex commodity supply chains.
- **weADAPT:** Brokering knowledge and developing capacity on climate adaptation.

These tools and platforms form an important part of SEI's capacity development ability and offer direct support to decision-makers at various scales around the world as well as possibilities to share experiences. SEI is also increasingly building user communities around the tool; COMMEND is a good example of this approach.

KEY DEVELOPMENTS DURING THE YEAR

2016 continued to be a year of progressive development and growth. SEI's core financial sustainability continued to strengthen through ongoing support from the Swedish Government, via Formas (SEK 30 million), and the more long-term core support agreement with Sida, which in its original form provides SEK 200 million over the SEI strategy period (2015–2019). Due to the high costs in conjunction with the migration crisis, Sida had a reduced budget, which also resulted in a slight reduction of the annual budget to SEI by SEK 2 million per year for 2016–2018.

The core funding has made it possible for SEI to continue to invest in key strategic research areas as well as further strengthen core functions of the institute, including leadership, management and communication. The additional funding from Sida enabled further investment in strategic research collaboration, for example in the Southern African Development Community (SADC) and in East Africa on the water, energy and food nexus, as well as in a number of projects on energy transformation and investment in renewable energy, with a particular focus on Africa. The government core support also included SEK 8 million dedicated to co-financing, which continues to enable SEI to enter into research programmes that require such funds, while at the same time strengthening SEI's financial sustainability, not least at the centre level.

The total income of the SEI Foundation in 2016 was SEK 161 million, with a net income of SEK 1.8 million. The net income, after adjustments made according to the tax return legislation, will be applied against the accumulated deficit (that is, no taxable income for the 2016 income year as the remaining deficit at end of 2015 was SEK 3.4 million).

The SEI Foundation also continued to grow in terms of number of employees, from 98

in 2014 to 117 in 2015 to 123 in 2016. Two recruitment processes related to senior leadership positions were finalized in 2016, with a new SEI Tallinn Centre Director and a new SEI Stockholm Centre Director.

The SEI Board met four times in 2016, with the annual, more extensive, meeting held at SEI Tallinn in September. This Board meeting also included a presentation by researchers at the centre as well as a seminar with an external audience. The Science Advisory Council met once in 2016, in conjunction with the SEI Science Forum in May.

SEI climbed to the first place as the most influential environmental policy think tank in the world, according to the Global Go To Think Tank Index. The index is based on an assessment of more than 6500 think tanks worldwide, and is published in the 2016 Global Go To Think Tank Index Report, compiled annually by the University of Pennsylvania's Think Tanks and Civil Societies Program. SEI also places great emphasis on transparency, along with independence and scientific rigour. In 2016 SEI received the highest possible five-star rating in the 2015 report published by Transparify.

THE SEI STRATEGY OUTLINES THE STRATEGIC DIRECTIONS

The SEI Strategy clusters SEI's seven key activities into two groups – delivering results and enabling delivery. The first group includes: scientific research; policy engagement; and capacity development. The second includes: communications; tools, platforms and ICT; organization and finance; and monitoring and learning. Each area is guided by an overarching objective and sets a number of goals for the strategy period.

REACHING THE OBJECTIVES AND GOALS

This Annual Report presents examples of the research activities and outcomes of the SEI global institute and provides evidence of how the SEI Foundation fulfils its objectives according to its statutes:

> "The primary objective of the Foundation shall be to initiate, carry out and disseminate studies and other research on the assessment and development of technologies, policies and related environmental management techniques and strategies for an environmentally sustainable development of society. Within its field of activities, the Foundation shall cooperate with organizations, public authorities, institutions, companies and individuals world-wide."

The SEI Foundation has in 2016 contributed to reaching the objectives in five main ways:

- Through initiatives and projects where specific areas, issues and questions were addressed.
- Through cooperation and interaction with Swedish and other government authorities (for example, the Swedish Ministry of the Environment and Energy, the Swedish Ministry for Foreign Affairs, Swedish International Development Cooperation Agency (Sida), EU, UN agencies, international financial institutions) as well as with a range of other institutions, agencies and the private sector.
- Through increasing cooperation within the SEI global organization and through strengthening of research and policy capacities and competences in key fields.
- Through various forms of outreach, including publications (for example, scientific, policy oriented, and in the media), conferences and seminars, webinars, and social media.

- Through capacity development, in the form of training and dedicated events (not least linked to SEI's tools) and through capacity development integrated in initiatives and projects.

The objectives as described in the statutes are elaborated in the SEI Strategy, which is the main guiding document for the institute, and operationalized through the annual work plans for each SEI centre.

STRATEGY IMPLEMENTATION

The 2015–2019 Strategy outlines SEI's strategic goals in seven areas with the following overarching objectives:

- Scientific Research: To enhance the quality and impact of our problem- and solution-driven scientific research.
- Policy Engagement: To provide effective decision support and engage in key policy arenas.
- Capacity Development: To strengthen the capacity of individuals, organizations and institutions to make decisions that promote sustainable development.
- Communications: To produce and share knowledge more effectively, in partnership with decision-makers.
- Tools, Platforms, and ICT: To advance the technical development, accessibility, and application of our tools, platforms and ICT environment.
- Organization and Finance: To be a diverse, attractive and financially robust organization where the best researchers and professionals can thrive.
- Monitoring and Learning: To be a learning organization that – alongside our partners – take back continuously takes stock and learns from experience to deliver ever better results.

Under each area a number of goals have been defined that will be assessed annually at an institutional level as well as by the respective centres (annual reports and SEI-wide key performance indicators).

SEI has continued to invest institutional resources in research on key issues around sustainable development that the organization is particularly well placed to address. The SEI Initiatives, which are developed through a competitive, bottom-up internal process, function as drivers and hubs for research supported by both core and external project funding.

They support SEI's further development and growth and catalyse additional, external funding as well as further recruitments. Eight initiatives were operational during 2016:

- The SEI Initiative on **Behaviour and Choice** will examine how to bring about changes in behaviour, choice and decision-making, initially at the household level.
- The SEI Initiative on **Fossil Fuels and Climate Mitigation** aims to understand the factors that support movement towards and away from fossil fuel development through high-quality and timely research.
- The SEI Initiative on **Low-Emission Development Pathways** will study the effects of integrated mitigation of short-lived climate pollutants as well as other air pollution and greenhouse gases, and the realization of multiple benefits.
- The SEI Initiative on **Climate Finance** aims to untangle key controversial issues that have emerged as impediments to the mobilization, delivery and scaling-up of climate finance.
- The SEI Initiative on **Producer to Consumer Sustainability** aims to understand the sustainability implications of the evolving trade, production and consumption patterns of major traded commodities in an increasingly resource-scarce and globalized world.

- The SEI Initiative on **Transforming Development and Disaster Risk Reduction** connects disaster risk reduction (DRR) with inclusive, equitable and sustainable development.
- The SEI Initiative on **Sustainable Sanitation** injects new momentum into the search for sustainable ways to boost sanitation provision in low- and middle-income countries through new research, knowledge exchange, capacity building and advisory services.
- The SEI Initiative on **Climate Services** brings SEI expertise to bear in the emerging field of climate services – the production, tailoring, interpretation and transfer of high-quality climate information to support planning and decision-making – with a focus on adaptation and disaster resilience.

The SEI Initiative on the **Water, Energy and Food Nexus** was terminated in 2016, but activities will continue through a number of externally funded projects.

In addition, SEI has invested in two additional strategic areas: the Sustainable Development Goals and Agenda 2030 implementation; and the SEI Gender and Social Equity (GSE) Programme. The GSE Programme will both enhance SEI's gender and social equity related research but also serve as a platform to integrate gender and social equity perspectives more efficiently in SEI's mainstreaming work in major projects and initiatives.

STIMULATING SEI-WIDE COLLABORATION

The priority to further enhance SEI-wide collaboration with a range of partners continued in 2016. This has included both ways to stimulate collaboration in major initiatives and projects as well as opportunities for staff to work in other centres (both as short-term visitors and for longer-term secondments). In 2016, SEI also organized for the fourth time the SEI Science Forum, which gathered more than 120 SEI colleagues from across the institute in Stockholm in May. The Forum provides an opportunity to build relationships between researchers from different centres, develop new ideas, organize project and initiative meetings, gather the SEI global leadership (the Management Team and Theme Leadership) and host both internal and external events. Guest speakers at the external day of the Forum included Per Bolund, Minister for Financial Markets and Consumer Affairs, Astrid Söderbergh Widding, Vice-Chancellor, Stockholm University, Charlotte Petri Gornitzka, Director General, Sida, Henrik Henriksson, CEO, Scania, Kristina Persson, Minister for Strategic Development and Nordic Cooperation, Eva Blixt, Senior Advisor (environment issues) and Research Manager, Jernkontoret, Mattias Goldmann, CEO, Fores, and Anna Borgeryd, Chairman of the Board, Polarbröd AB.

KEY DEVELOPMENTS AFTER THE YEAR-END

In January 2017 Sida notified SEI that the core support to SEI will be reinstated to its original level of SEK 40 million per year from 2017. The previously decided reduction by SEK 2 million per year was thus cancelled, and only impacted on 2016. In addition, Sida decided to grant SEI additional resources, with SEK 5 million in 2017, SEK 10 million in 2018 and SEK 10 million in 2019. The total Sida support over the strategy period 2015–2019 will be SEK 223 million.

EXPECTED FUTURE DEVELOPMENT

The outlook for 2017 is a year of continued financial stability and continued growth in terms of number of staff. The core support from the Swedish Government through Formas is increasing in 2017 (following a government decision in December 2016) to SEK 32 million, and the new agreement with Sida provides a platform for further development of SEI's science-to-policy capacity. A number of projects funded through the EU Horizon 2020 funding

programme continue. The SEI-led MISTRA Geopolitics project starts in early 2017 (decision by MISTRA in December 2016), and will have an impact on the institute over the next four to eight years. The overall project portfolio is in general very strong across the institute.

FINANCIAL OVERVIEW

Key figures

SEI Foundation	2016	2015	2014	2013	2012
Total income (MSEK)	161,3	133,3	121,2	107,9	100,8
Net income (MSEK)	1,8	1,7	1,7	3,1	-0,1
Total assets (MSEK)	106,7	83,5	64,4	67,0	45,0
Equity ratio (%)	17%	20%	23%	20%	22%
No. of employees end of period	123	117	98	87	72

ENVIRONMENTAL IMPACT

The aim of the SEI environmental policy is to carry out our work as sustainably as possible, aiming to minimize our own negative impact on the environment. This includes aspects such as reducing our carbon footprint by switching to more environmentally friendly modes of travel and using video conferencing and other communication technologies wherever possible.

We also aim to reduce waste, energy and water consumption in our office buildings. The owner of SEI's Stockholm Centre premises, Vasakronan, has finalized the installation of solar panels on the roof of the office building in Stockholm. Vasakronan has a gold rating according to the rating system LEED (Leadership in Energy and Environmental Design). LEED is an international rating system that classifies buildings according to energy efficiency, waste management, infrastructure and management.

Travel and CO_2 emissions are being monitored by all centres. In 2016, SEI Foundation flights totalled just over 3.4 million km, with the release of 517 tonnes CO_2e.

HUMAN RESOURCES

Monitoring and adjustment of work environment

The Stockholm Centre experienced continued growth in 2016 and it is a priority to constantly monitor and modify the work environment on the basis of new developments.

The SEI York Centre moved to a new office space at the University of York campus, which has enabled further expansion as well as an improved office environment.

People Agenda

In 2016, major focus was on the development and implementation of the SEI People Agenda; the link between the SEI Strategy and HR strategic work and operations. All major actions are planned in accordance with the Agenda, and during the spring of 2016 a global SEI employee survey was developed and conducted. All centres have worked with the results of the survey in a uniform way and actions have been planned and followed up at all centres. In total 11 workshops have been conducted and all centres' results have been presented to the SEI Board.

Global Mentorship Programme

The SEI Global Mentorship Programme was developed, planned and rolled out during the third quarter of 2016, resulting in 50 participants – 25 mentors and 25 mentees – with participation from all SEI centres. The aim of the programme is to give the best possible support for new or younger employees (the mentees) in order to gain insight and support for individual growth. Furthermore, it aims to develop the mentees' personal skills and research and project management skills together with a more experienced colleague (the mentor).

SIGNIFICANT RISKS AND UNCERTAINTIES

The main risk affecting SEI's sustainability is the relatively high dependence on funding provided by the Swedish Government. The increased collaboration with the Swedish Government is, at the same time, a sign of strength. SEI is using the core funding to leverage additional, external support. This is clearly articulated as a goal in relation to the SEI Initiatives.

The potential negative impacts of Brexit are being closely monitored, in particular the risk that SEI centres based in the UK may not be permitted to participate in projects funded by the European Commission.

The activities of SEI are exposed to currency risks related to fluctuations in expected and contracted payments in projects but, on the whole, the financial risks are relatively low.

Apart from the above, risks are mainly addressed in regular operations through appropriate risk management procedures in project planning and implementation.

APPROPRIATION OF RESULTS

Appropriation of accumulated results (amounts in SEK)	
The equity of the SEI Foundation at the beginning of 2016:	16 452 355
Net profit for the year 2016:	1 823 713
Final balance:	18 276 067

FINANCIAL STATEMENTS

INCOME STATEMENT

	NOTE	2016	2015
Government grant		30 000 000	28 000 000
External project funding	2	130 617 723	104 978 903
Sundry income	3	715 397	338 341
Total income		**161 333 120**	**133 317 244**
Personnel costs	4	-77 364 640	-63 146 504
Travel costs		-1 219 386	-1 147 705
External costs in projects	5	-66 872 271	-54 002 520
Other costs	5	-13 607 081	-12 133 910
Depreciation	6	-1 204 264	-1 008 125
Operating profit/loss		**1 065 478**	**1 878 479**
Result from financial investments			
Interest income and similar profit items	7	760 238	50 390
Interest expense and similar loss items	7	-2004	-275 024
Profit after financial items		**1 823 713**	**1 653 845**
NET PROFIT FOR THE YEAR		1 823 713	1 653 845

BALANCE SHEET

	NOTE	2016	2015
ASSETS			
FIXED ASSETS			
Tangible and intangible fixed assets	6	1 747 110	2 321 914
		1 747 110	2 321 914
Financial assets			
Investments in group companies	8	1 439	1 439
Other long-term receivables	9	1 250 000	1 250 000
		1 251 439	1 251 439
Total fixed assets		**2 998 549**	**3 573 353**
CURRENT ASSETS			
Current receivables			
Accounts receivable, customers		2 204 683	1 316 647
Other receivables	10	1 595 544	1 452 997
Prepaid expenses and accrued income	11	4 696 579	5 236 309
		8 496 806	8 005 953
Cash and bank balances		**95 193 590**	**71 965 642**
Total current assets		**103 690 396**	**79 971 595**
TOTAL ASSETS		106 688 945	83 544 947

	NOTE	2016	2015
EQUITY AND LIABILITIES			
EQUITY			
Balance brought forward		16 452 355	14 798 510
Profit for the year		1 823 713	1 653 845
		18 276 067	**16 452 355**
CURRENT LIABILITIES			
Advance payments for work in progress	12	70 325 836	52 857 581
Accounts payable, suppliers		2 145 349	1 348 407
Liabilities, SEI Centres/affiliated companies abroad	13	3 239 269	1 330 334
Other liabilities		6 345 607	4 442 254
Accrued expenses and deferred income	14	6 356 817	7 114 017
		88 412 878	**67 092 592**
TOTAL EQUITY AND LIABILITIES		106 688 945	83 544 947

CASH FLOW STATEMENT

	NOTE	2016	2015
Net profit/loss from operations		1 823 713	1 653 845
Non-cash items (depreciation)	6	1 204 264	1 008 125
Net cash generated (used) in operating activities before changes in operating assets & liabilities		**3 027 977**	**2 661 970**
Increase (-) / decrease (+) in short-term receivables		-490 853	242 612
Increase (+) / decrease (-) in short-term liabilities		21 320 285	17 538 177
Cash flow before investments		**23 857 409**	**20 442 758**

	NOTE	2016	2015
INVESTING ACTIVITIES			
Deposited as collateral with the landlord	9	–	–
Capital expenditures (acquisition of equipment)	6	-629 461	-1 055 891
Proceeds from the sale of equipment		–	–
Net cash provided by investing activities		**-629 461**	**-1 055 891**
Net cash flow after investing & financing activities:		**23 227 948**	**19 386 867**
Cash at beginning of year		**71 965 642**	**52 578 775**
CASH AT END OF YEAR		95 193 590	71 965 642

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL ACCOUNTING PRINCIPLES

The financial statements have (since 2014) been prepared in accordance with BFNAR 2012:1 Annual Report guidelines (K3) issued by the Swedish Accounting Standards Board.

Accounting currency

The Annual Report is presented in Swedish kronor (SEK) and the amounts are in SEK unless otherwise stated.

Valuation principles

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

Revenues

Percentage of completion method is applied to all those projects whose outcome can be satisfactorily calculated. Revenues from projects carried out on a current account basis are recognized in the income statement at the pace of completion. The degree of completion of a project is determined by comparing costs incurred to date with the estimated total contract costs. If it is probable that total project costs will exceed total contract revenue, the expected loss is immediately recognized as an expense in full. If there is significant uncertainty regarding payment or associated costs, no revenue is recognized.

Fixed assets

Fixed assets are recognized as assets if it is probable that economic benefit will accrue at a future date and if the acquisition value of the asset can be measured reliably. Fixed assets are recognized at cost less accumulated depreciation based on estimated economic useful life.

The following principles for depreciation have been used:

Computers	36 months
Other tangible fixed assets	60 months
Intangible fixed assets	60 months

The estimated economic useful life of computers was changed in 2016 to 36 months as compared to 60 months in 2015 and earlier.

From 2016 the depreciation is calculated on a monthly basis as compared to annual basis in 2015 and earlier.

Leasing

All leasing agreements are classified as operational leasing which implies that lease payments are expensed on a straight-line basis over the lease term.

Asset impairment

The carrying values of the Foundation's assets are reviewed at every closing date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable value is estimated. An impairment loss is charged to the income statement. The recoverable value is the greater of fair market value less costs to sell and value in use.

Income tax

Income tax is not recognized in the income statement due to remaining deficits from previous years.

Receivables

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

Receivables and liabilities in foreign currency

Receivables and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation are recognized in the income statement.

Employee benefits

The Foundation's pension plans include both defined contribution pension plans and defined benefit pension plans. Obligations for all pension plans are recognized as expenses in the income statement as incurred.

Group accounting

The Foundation, as a parent company to SEI Oxford Office Ltd according to Note 8, does not set up group accounting, applying the 3§, chapter 7 of the Annual Accounts Act.

Estimates and assumptions

In the preparation of financial statements it is necessary for Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Those estimates and assumptions that can imply a risk for significant adjustments in accounted values are primarily valuation of work in progress in projects.

Incurred events within the Foundation or its environment may make it necessary to revise these estimates and assumptions. On an annual basis a review is made to determine whether there is any indication that the value of assets is lower than the accounted value. In such a case, the asset's recoverable value is estimated, equal to the greater of fair market value less costs to sell and value in use.

NOTE 2 EXTERNAL PROJECT FUNDING

External project funding received from the following sources:	2016	%	2015
Swedish International Development Cooperation Agency (Sida)	58 712 917	44.95%	48 293 199
The Swedish Foundation for Strategic Environmental Research (Mistra)	12 257 987	9.38%	4 347 034
European Commission	7 578 444	5.80%	4 627 992
The Swedish Research Council Formas	6 168 819	4.72%	5 015 084
Swedish Energy Agency	5 466 078	4.18%	2 154 807
Climate & Clean Air Coalition (CCAC) via UNEP	4 112 103	3.15%	-
The Swedish Environmental Protection Agency	3 173 683	2.43%	1 565 006
Bill & Melinda Gates Foundation	2 965 055	2.27%	1 595 536
Riksbankens Jubileumsfond	2 158 892	1.65%	3 228 518
European Forest Institute	1 465 741	1.12%	-
Blue Moon Fund	1 260 681	0.97%	2 669 418
United Nations (UNEP UNESCO UNOPS UNU UNISDR FAO)	1 226 466	0.94%	3 770 202
The Swedish Research Council (Vetenskapsrådet)	1 144 834	0.88%	428 927
Swedish Ministry of Environment via Formas	1 000 000	0.77%	1 000 000
International Center for Biosaline Agriculture (ICBA)	973 687	0.75%	692 903
The Nature Conservancy	893 356	0.68%	-
NordForsk	874 745	0.67%	673 183
Ecosystem Services for Poverty Alleviation (ESPA)	873 101	0.67%	1 187 235
The Swedish Environmental Protection Agency via SCB	868 457	0.66%	641 536
Swedish Civil Contingencies Agency (MSB)	864 483	0.66%	2 355 105
Hugo Carlssons Stiftelse via Jernkontoret	782 157	0.60%	819 389
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	752 487	0.58%	1 469 127
USAID via Harvard University	738 962	0.57%	262 829
Culture Foundation of the Swedish Postcode Lottery	675 524	0.52%	1 324 476
Rockefeller Foundation via UN Women	666 420	0.51%	-
USAID via PACT	664 027	0.51%	498 799
Netherlands Ministry of Infrastructure and the Environment via MCI	631 497	0.48%	
Sida via Swedish University of Agricultural Sciences (SLU)	625 188	0.48%	-
USAID	607 708	0.47%	-
Arbio AB/Swedish Forest Industries Federation	562 511	0.43%	-
SNV Netherlands Development Organization	535 988	0.41%	417 949
DFID via WYG International Limited	528 829	0.40%	-
SINTEF Energi AS	518 247	0.40%	1 682 087
Nordic Council of Ministers via Gaia	407 209	0.31%	-
World Bank	384 391	0.29%	115 715
United Nations Environment Programme (UNEP) via Stichting DLO	383 913	0.29%	2 111 463
GFA Consulting Group GmbH	376 635	0.29%	92 250

External project funding received from the following sources:	2016	%	2015
United Nations Environment Programme (UNEP) via PTAC	368 405	0.28%	531 882
UK Department for International Development (DFID)	324 075	0.25%	55 056
Stockholm University	276 841	0.21%	-
Institute for Advanced Sustainability Studies (IASS)	258 450	0.20%	130 313
FONERWA via Albertine Rift Conservation Society (ARCOS)	257 596	0.20%	-
ICLARM Worldfish	248 325	0.19%	-
Swedish Meteorological and Hydrological Institute (SMHI)	230 304	0.18%	357 313
Mistra via SMHI	229 175	0.18%	-
McKinsey & Company	222 677	0.17%	425 303
European Environment Agency	196 313	0.15%	-
Asia-Pacific Network for Global Change Research (APN)	180 853	0.14%	210 714
Global Resilience Partnership via University of Sydney	179 026	0.14%	140 213
Dalarna University	175 189	0.13%	-
The Swedish Research Council Formas via Lund University	175 087	0.13%	-
CDKN via Global Canopy Programme (GCP)	174 250	0.13%	-
UCL Consultants Ltd	157 959	0.12%	-
ASEAN Secretariat	156 061	0.12%	-
Marianne and Marcus Wallenberg Foundation	151 837	0.12%	-
Swedish Embassy in Bangkok	147 325	0.11%	-
The Climate and Land Use Alliance via Global Canopy Programme (GCP)	132 207	0.10%	-
Swedish Ministry for Foreign Affairs	125 172	0.10%	-
US Department of Energy	123 485	0.09%	-
The Overseas Development Institute (ODI)	116 988	0.09%	-
European Development Fund (EFA) via University of the West Indies	107 700	0.08%	304 253
Center for International Climate Research (CICERO)	94 260	0.07%	-
Stichting IEA Bioenergy	94 021	0.07%	-
DFID via Oxford University	93 028	0.07%	-
ESPA via Tokyo University	80 640	0.06%	-
International Centre for Integrated Mountain Development (ICIMOD)	79 784	0.06%	-
EED Advisory Ltd via SEI US	58 591	0.04%	-
European Development Fund (EFA)	50 054	0.04%	-
World Wide Fund for Nature (WWF)	49 200	0.04%	-
FCG SIPU International AB	41 800	0.03%	63 800
Other	1 379 822	1.06%	9 720 285
TOTAL	130 617 723	100%	104 978 903

NOTE 3 SUNDRY INCOME

	2016	2015
Reimbursement of travel and other expenses	180 182	208 081
Rent and associated costs recovered and small service contracts	429 703	116 267
Miscellaneous	105 512	13 993
TOTAL	715 397	338 341

NOTE 4 EMPLOYEES AND PERSONNEL EXPENSES

AVERAGE NUMBER OF EMPLOYEES (FTE)

	2016	2015
Sweden	72	63
of which men	49%	51%
Thailand	24	21
of which men	52%	48%
Kenya	10	8
of which men	46%	33%
TOTAL	106	93
of which men	50%	49%

BOARD OF DIRECTORS AND MANAGEMENT

	2016	2015
Board of Directors number of members	7	8
of which men	43%	50%
Management Team number of members	13	16
of which men	46%	50%

SALARIES, OTHER REMUNERATIONS AND SOCIAL FEES

	2016	2015
To the board members and Executive Director	1 219 840	1 057 808
To other employees	54 064 138	44 005 423
TOTAL	55 283 978	45 063 231
Social fees	21 186 030	17 534 023
(of which pension costs)	(6 342 934)	(5 286 713)

SEK 518 220 (previous year 514 079) of the pension costs relate to the Executive Director

SALARIES AND OTHER REMUNERATIONS BY COUNTRY

	2016	2015
Sweden	39 734 735	33 479 149
Thailand	10 683 248	8 449 130
Kenya	4 865 996	3 134 952
TOTAL	55 283 978	45 063 231

Terminal Benefit: The Executive Director is entitled to a severance settlement amounting to one year's salary

NOTE 5 AUDIT FEES AND LEASING AGREEMENTS

	2016	2015
Audit fee Mazars SET	107 440	121 440
Consultant's fee project audits (Mazars SET and others)	48 813	180 795
	156 253	302 235
LEASING COSTS		
Office premises Stockholm	4 696 262	4 638 116
Office premises Bangkok	526 036	463 236
Office premises Nairobi	292 142	209 039
Copy machines	62 580	61 549
TOTAL	5 577 020	5 371 940

Additional information on leasing agreements

Office premises Stockholm

Base office rent is SEK 3 200 000 per year.

Total costs in agreement include heating, cooling, waste disposal, electricity, archive rent, and property tax. The agreement includes a clause on index regulation, and is valid until 31 December 2018. At 2016–12–31 contracted nominal future payments are SEK 7 667 816 excl. VAT and index adjustment.

Office premises Bangkok

Rent is THB 2 170 200 per year (= SEK 551 014). The agreement is valid until 30 September 2019. At 2016–12–31 contracted nominal future payments are THB 5 968 050 (= SEK 1515 288).

Office premises Nairobi

Rent is USD 31/month/sqm for a current total space of 133 sqm. The agreement is valid until 31 January 2018. At 2016–12–31 contracted nominal future payments are USD 53 599 (= SEK 487 595).

Copy machines

Agreement SEK 4 248 per month excl. VAT. The agreement is valid until December 2017. At 2016–12–31 contracted nominal future payments are SEK 46 728 excl. VAT.

NOTE 6 FIXED ASSETS

	2016	2015
Gross value		
Opening balance	8 545 564	7 489 673
Acquisitions	629 461	1 055 891
Sale	–	–
Discarded	–	–
	9 175 025	8 545 564
Accumulated depreciation	-6 223 650	-5 215 525
Opening balance	–	–
Sale	–	–
Discarded	-1 204 264	-1 008 125
Depreciation charged	**-7 427 914**	**-6 223 650**
Net book value	1 747 110	2 321 914

NOTE 7 RESULTS FROM FINANCIAL INVESTMENTS

	2016	2015
Interest revenue and expense		
Interest revenue	1 811	4 257
Interest expense	-2 004	-2 391
	-193	**1 866**
Exchange rate gains and losses		
Exchange rate gains on balance items	758 427	46 134
Exchange rate losses on balance items	–	-272 633
	758 427	**-226 499**

NOTE 8 INVESTMENTS IN GROUP COMPANIES

Companies/corporate identity number/registered office	Nominal value one share	Number of shares	Share (%)	Book value
SEI Oxford Office Ltd, 4404220, Oxford	**£1**	**100**	**100.0**	**1 439**

NOTE 9 OTHER LONG-TERM RECEIVABLES

Deposit according to the contract with SEI's landlord Vasakronan Fastigheter, for the duration of the lease of the office premises (currently until 2018–12–31). The deposited amount will earn interest* income which belongs to SEI and will be repaid to SEI together with the deposited amount upon termination of the lease.

*The amount deposited with Vasakronan's bank account with Handelsbanken, with interest currently STIBOR T/N minus 0,6%

NOTE 10 OTHER RECEIVABLES

	2016	2015
Preliminary tax paid	973 344	973 344
Other receivables	622 200	479 653
TOTAL	1 595 544	1 452 997

NOTE 11 PREPAID EXPENSES AND ACCRUED INCOME

	2016	2015
Prepaid rent	1 161 853	1 140 432
Advance payments to project partners	2 511 979	3 680 586
Other prepayments	1 022 747	415 291
TOTAL	4 696 579	5 236 309

NOTE 12 ADVANCE PAYMENTS FOR WORK IN PROGRESS

	2016	2015
Work in progress costs incurred	-379 490 144	-270 840 079
Accrued interest revenue on advances (specified per project)	98 482	98 482
Deductible: advance payments	449 717 499	323 599 178
TOTAL	70 325 836	52 857 581

The balance is reported as a liability, since the advance payments are higher than the accrued income. Interest income, accrued as a general liability on advance payments, is included in Other liabilities. The advance payments liability includes an amount of SEK 2 118 833 which is part of the Government core grant earmarked for co-funding (SEK 5 million in 2013, SEK 7 million in 2014, SEK 7 million in 2015, and SEK 8 million in 2016) and allocated to projects but not yet fully utilized according to the principles of accrual.

NOTE 13 LIABILITIES, SEI CENTRES/AFFILIATED COMPANIES ABROAD

	2016	2015
SEI Tallinn	161 201	9 118
SEI US	2 490 602	1 250 909
SEI Oxford	587 466	70 307
TOTAL	3 239 269	1 330 334

NOTE 14 ACCRUED EXPENSES AND DEFERRED INCOME

	2016	2015
Accrued holiday pay	2 747 680	1 850 054
Accrued salaries and social charges	2 143 652	1 798 528
Sundry accruals	1 465 484	3 465 435
TOTAL	6 356 817	7 114 017

NOTE 15 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	2016	2015
Pledged assets		
Floating charge	1 000 000	1 000 000

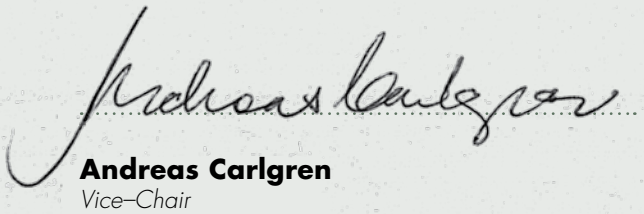
Contingent liabilities

According to the agreement* signed with the University of York, describing the cooperation between the SEI Foundation and the University, which is hosting the SEI York Centre, the SEI Foundation undertakes to underwrite all eligible costs of the SEI York Centre, including contribution towards University administrative cost as agreed. Revenues of the centre will be set against eligible cost at the end of each academic year and, in the event of shortfall, the SEI Foundation will make payment to the University. The terms of the agreement limit the aggregate liability to GBP 350 000.

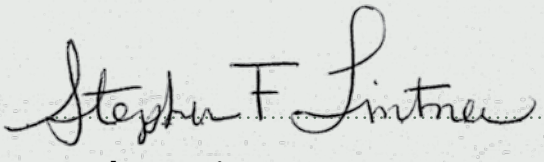
There was no shortfall for the SEI York Centre in the University of York latest fiscal year, ending 31 July 2016. For the current fiscal year (1 August 2016 to 31 July 2017), however, the SEI York Centre is forecasting a significant shortfall. The deficit for the months August to December 2016 was approximately SEK 700,000 and this amount has been recognized as a cost in the SEI Foundation accounts for 2016.

* Agreement valid for an initial period of 1 August 2016 to 31 July 2017, and continuing thereafter unless and until terminated by one party giving to the other party not less than 12 months' notice.

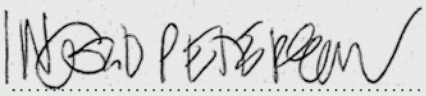
Stockholm 2017–03–29



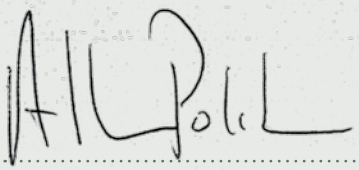
Andreas Carlgren
Vice–Chair



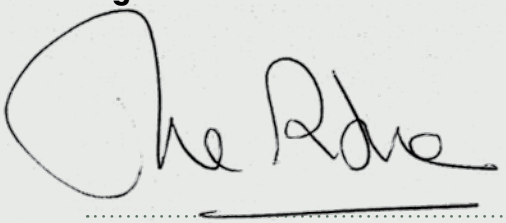
Stephen F. Lintner



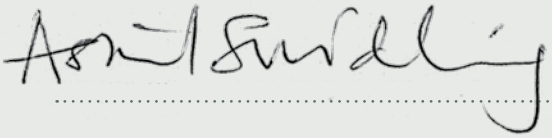
Ingrid Petersson



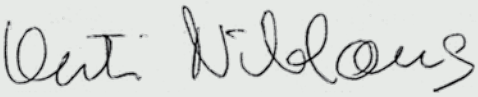
Allan Polack



Teresa Ribera



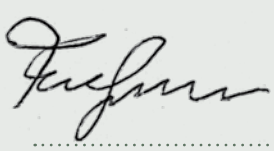
Astrid Söderbergh Widding



Kerstin Niblaeus
Chair

Our audit report was submitted 2017–04–24

Håkan Sten
Authorised Public Accountant



Fredrik Gunnarsson
Vetenskapsrådet (The Swedish Research Council)

AUDITOR'S REPORT

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

Report on the annual accounts

Opinions

We have audited the annual accounts of Foundation Stockholm Environment Institute for the year 2016. The annual accounts of the foundation are included in the printed version of this document on pages 47-65.

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 Foundation Stockholm Environment Institute as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities section*. We are independent of Foundation Stockholm Environment Institute in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other Information than the annual accounts

The Board of Directors and the Executive Director are responsible for the other information. The other information comprises of SEI Global Annual Report pages 5-43 in SEI Annual Report 2016.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Executive Director

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

In preparing the annual accounts, The Board of Directors and the Executive Director are responsible for the assessment of the foundation's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Executive Director intends to liquidate the foundation, to cease operations, or has no realistic alternative but to do so.

The authorized auditor's responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the foundation´s internal control relevant to my audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Executive Director.

- Conclude on the appropriateness of the Board of Directors' and the Executive Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I are required to draw attention in my auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I identified.

Lay auditor´s responsibility

I have conducted the audit in accordance with generally accepted auditing standards in Sweden. My objectives are to obtain reasonable assurance about whether the annual accounts are prepared of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Executive Director of Foundation Stockholm Environment Institute for the year 2016.

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.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities section*. We are independent of Foundation Stockholm Environment Institute in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Executive Director

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

The authorized auditor's responsibility

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Executive director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the foundation, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the foundation.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the foundations situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to my opinion concerning discharge from liability.

Stockholm 24 april 2017

Håkan Sten
Authorized Public Accountant

Fredrik Gunnarsson
Lay Auditor

SEI is an independent, international research institute. It has been engaged in environment and development issues at local, national, regional and global policy levels for more than a quarter of a century. SEI supports decision-making for sustainable development by bridging science and policy.

Stiftelsen The Stockholm Environment Institute
802014-0763

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