



ANNUAL REPORT

beginning of financial year: 01.01.2019

end of the financial year: 31.12.2019

business name: Sihtasutus Stockholmi Keskkonnainstituudi Tallinna Keskus

register code: 90000966

street, building: Erika tn 14

city: Tallinn

county: Harju maakond

postal code: 10416

telephone: +372 6276100

fax: +372 6276101

e-mail address: info-tallinn@sei.org

web address: <https://www.sei.org/centres/tallinn-et/>

Table of contents

Management report	3
The annual accounts	12
Statement of financial position	12
Statement of revenues and expenses	13
Statement of cash flows	14
Statement of changes in net assets	15
Notes	16
Note 1 Accounting policies	16
Note 2 Cash and cash equivalents	18
Note 3 Receivables and prepayments	19
Note 4 Tax prepayments and liabilities	19
Note 5 Property, plant and equipment	20
Note 6 Operating lease	20
Note 7 Payables and prepayments	21
Note 8 Grants and donations	21
Note 9 Business income	22
Note 10 Miscellaneous operating expenses	22
Note 11 Labor expense	22
Note 12 Related parties	23
Signatures	24
Sworn auditor's report	25

Management report

SEI TALLINN IN 2019

In 2019, SEI Tallinn had strong performance in terms of our research output, policy engagement and communication outreach. Our media mentions grew by 2 times last year and this was especially due to our highly impactful study "Analysis of Opportunities for Increasing the Estonian Climate Ambition", which got very wide media coverage both in Estonia, but attracted attention also elsewhere. We had the opportunity to present the results of the study to the Government Climate and Energy commission, chaired by the Prime Minister, as a result of which the Government of Estonia decided to support the EU initiative „A clean planet for all“ setting climate neutrality as a target for 2050. The results of the study were also presented and discussed at the National Defense Council meeting, chaired by President of Estonia.

Significant milestone for us as an environmental organisation, was obtaining European Green Office certificate, which means that our everyday practices and principles in office management meet high environmental standards. Also, obtaining of the certificate and implementing SEI-wide environmental policies, will keep us further improving the sustainability of our operations in the future.

Financial results for 2019 were strong and we saw the revenues growing to all time high, as a result of good work with proposals in last couple of years. Good financial results also helped us to recruit new people, most notably new Program Director for Climate and Energy Program and Expert to Environmental Management Program.

MANAGEMENT

Daily activities at SEI Tallinn are administered by the Centre Director (CD), the member of the Management Board. At the centre level the Management Team (MT) is an advisory body for the Centre Director. MT consists of the Centre Director, Financial Manager and Programme Directors. MT meets approximately once a month. We also have appointed Employee Representative, who provides continuously input to management on employee and HR related matters.

In 2019, composition of our Supervisory Board remained the same. Mans Nilsson, continued the Chairmanship of the Board. The Board held two meetings to provide strategic guidance to SEI Tallinn activities.

SEI Tallinn follows the SEI strategy and policies. The Centre Director is also a member of the SEI Global Management Committee (GMC), which consists of all Centre Directors and other Directors from HQ Executive Team. GMC is a decision-making body in terms of SEI-wide policies and strategies.

COMMUNICATION

2019 was a very active year for SEI Tallinn regarding communications and sharing its work and research results with the wider public. This can be also seen reflected by its media presence throughout the year which was more than double from the year before. This development is also in line with societal changes and the fact that environmental topics such as climate change, increasing extreme weather conditions and sustainability are becoming more and more important elements in daily discourse. SEI Tallinn's aim is to contribute to these discussions through its work and outreach.

The project that attracted most interest from the media and sparked discussions in society was SEI Tallinn's research on the possibilities for Estonia to reach climate neutrality by 2050: www.sei.org/publications/reaching-climate-neutrality-in-estonia/. The report's impact culminated in Estonia's government endorsing the country's position to the European long-term vision called "A Clean Planet for All" in early October. Thereby, Estonia supports in principle setting 2050 as the target year for achieving climate neutrality across the European Union (<https://news.err.ee/987949/government-endorses-2050-as-target-year-for-climate-neutrality>). For SEI Tallinn, this is a wonderful example of "science to policy" where our work finds application in policy, which is at the core of our mission.

Several new projects started during the year, among them the demand-responsive transport project for rural areas in the Baltic Sea region ([RESPONSE](#)), the project for creating green jobs for young people not in education or employment (NEETs) living on islands ([YENESIS](#)), climate adaptation and mitigation synergies in energy efficiency projects ([CAMS](#)), and the project to enhance sustainable catering services in the Baltic Sea region ([StratKIT](#)).

In the Interreg funded project [RESPONSE](#) (www.response-project.eu), SEI Tallinn is the leader of the communication package and therefore responsible for disseminating the project's messages and results, managing its website and social media account.

Let's Cook Together campaign which took us to 14 schools around Estonia to discuss food waste with children and try out some leftover cooking recipes with the help of the local school chefs.

In 2019, also the SEI media strategy was finalized which will guide SEI Tallinn in its media approach, planning and enabling a presence and voice in the media for a wider range of our experts.

As in the previous years, SEI Tallinn was present at the Estonian opinion festival called Arvamusfestival (www.arvamusfestival.ee), where Lauri Tammiste moderated the discussion "How to diminish transport greenhouse gases by 80% by the year 2050".

SEI Tallinn continued to publish its news through its website (www.sei.org/tallinn) and the Facebook social media channel. Also, through newsletters which since 2016 have been issued bilingually in Estonian and in English. In addition, the use of the SEI twitter account [@SEIresearch](#) as an alternative social media channel for communicating SEI Tallinn's news in English was continuously used.

EMPLOYEES

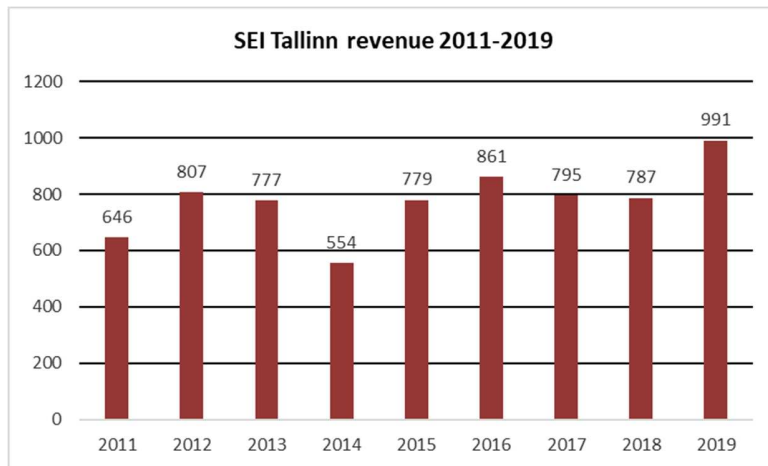
Human resources: As of 1st of January 2020, SEI Tallinn team includes 15 persons (3M/12F). During 2019 five new employees was hired and three left SEI Tallinn. Concerning research qualification, we have four PhD degree researchers. One researcher is currently PhD student. Due to securing additional financing, we were able to launch 2 recruitments in late 2019, as a result of which we will have new Senior Expert for Climate and Energy program and new Expert in Sustainable Development Program joining SEI Tallinn in early 2020. Labour costs with social taxes comprised a total of 565,890 Euros (575,572 Euros in 2018), out of which fees paid to the Board member including social insurance payments totalled 95,760 Euros in 2019 (92,418 Euros in 2018).

FUNDING

The revenue for 2019 increased ca 16% (991 thousand euros). In 2019 we put a lot of emphasis on developing a solid pipeline of projects and we expect this work to deliver ca 11% growth in revenues in 2020 reaching the revenue level of 1,1 million euros. Currently we are on good track with nearly 85% of that forecasted revenue being secured with projects.

The scientific and developmental research as well as the implementation activities carried out by SEI Tallinn and driven by public interest is funded by several sources. SEI Tallinn receives its income mainly (over 50%) from public sector organisations: institutions of the Estonian state, county or local administration and other public sector institutions as well as the European Union and other member states' public sector finance programmes.

SEI Tallinn's revenues 2011-2019 are presented in the graph below (*thousand Euros*):



SEI Tallinn's funding sources (%) 2019:



MAIN ACTIVITIES

In order to deliver positive changes, the SEI global strategy focuses on scientific research, policy engagement and capacity building. SEI Tallinn's activities are aimed at identifying different environmental and developmental problems facing society as well as finding and developing solutions for these problems. The main parts of SEI Tallinn's activities are aimed at integrating environmental sustainability into economic and social areas, raising awareness of these issues as well as building capacity among different stakeholders in Estonia, the Baltic Sea region and Central and Eastern Europe.

In 2019, SEI Tallinn performed in three programmes: Climate and Energy, Environmental Management and Sustainable Development.

Climate and Energy Programme supports the analysis related to global and EU level energy and climate policies as well as governance. The programme analyses scenarios of greenhouse gas reduction and climate change mitigation and adaptation, as well as policy instruments of meeting energy efficiency targets. The programme staff carries out impact assessments and integration of environment and climate into sectoral policies. Capacity building and stakeholder engagement are also key methods to achieve the aims of the programme. In 2019 CEA program overtook the lead partner role in an Interreg RESPONSE project dealing with demand responsive public transit in the rural areas of the Baltic Sea Region. The project has enabled to gain experience on this role not only for the program but for the whole centre. The staff also successfully completed a climate neutrality analysis for the Estonian government on the necessary measures, costs and other externalities on achieving this target by 2050 to be in line with the One Planet for All initiative by the EU. The study received a very big attention from the mediation from media as well as from various stakeholders. Multiple follow-up activities have been implemented and are still planned. Also, several project proposals were submitted to the Horizon 2020 and Estonian Environmental Investment Centre. With the new proposals CEA is looking at working together with other SEI centres in low- to mid-income countries outside of Europe.

The Environmental Management Programme deals with policy implementation related to sustainable consumption and production, including circular economy, sustainable waste management, and climate/disaster risk assessment. The aim of the programme is to improve resource management and decrease environmental impact in both public and private sectors through research and capacity building. Through partner cooperation we develop a shared understanding of stakeholder needs and help identify tools and processes that enable knowledge transfer and increased competence of our partners related to environmental management.

In 2019, 15 bigger projects were at work. The largest international projects were Interreg Europe programme funded projects “EMAS as a nest to help and nurture the circular economy - ENHANCE” and “Smart Circular Procurements – CircPro”, BSR programme project “Innovative Strategy for Public Catering – StratKIT”, DG ECHO funded project “Community Safety Action for Supporting Climate Adaptation and Development – CASCADE”, Nordic Council of Ministries project “Nordic Baltic Textiles – towards Nordic-Baltic circular textile system” and Interreg Central Baltic programme project “Urban Eco Islands” that is carried out together with SD programme. The programme has also continued to facilitate and develop the cooperation with the Estonian Ministry of Environment on circular economy and sustainable consumption (GPP). Two bigger studies were started on these topics commissioned by the Ministry of Environment. The EM programme experts (Harri Moora and Heidi Tuhkanen) were successful in publishing academic papers: 4 high-quality peer-reviewed papers and 2 SEI publications were published in 2019.

Sustainable Development Programme focuses on environmental policy and governance analysis, impact assessment and stakeholders’ engagement systems. The focus areas of research are environmental assessment methodology and application, urban biodiversity, ecosystem services. In 2019, 16 projects were at work. The largest projects were Interreg projects - RDI2Club, Waterdrive and Urban EcoIslands. The latter included visitors’ survey at the Island of Aegna, in the Tallinn Bay and preparatory work for the development of island development plan. RDI2Club together with SEI Bioeconomy Initiative and SEI Bioeconomy Policy Dialogues expanded the knowledge of sustainable bioeconomy. SEI Tallinn team of experts organised an international conference on bioeconomy in February 2019 in Tallinn, with more than 100 participants and with a small exhibition of best practices of sustainable bioeconomy. In Waterdrive, SEI Tallinn team of experts analysed the implementation of water policy in the countries of the Baltic Sea

region and drew conclusions from the literature review and questionnaire among the project partners. A partnership project with SEI HQ and SEI Tallinn team of experts to prepare for the development of environmental strategy and action plan in Bosnia & Herzegovina was launched. The project is financed by SIDA and will be implemented till April 2022. A country-wide study of the performance of the EIA and SEA in Estonia was made in cooperation between SEI Tallinn and Estonian Environmental Law Centre. The study was based on questionnaire and focus groups' discussions with state and municipal authorities, environmental consultants and NGOs. SEI Tallinn also put up a team of experts to evaluate the effects of scenarios of Estonian forest development plan until 2030.

RESEARCH AND PUBLICATIONS

SEI Tallinn has actively continued being engaged in several research programmes important for the EU and the Baltic Sea Region. As previously, in 2019 we also participated in research projects under Horizon 2020, BONUS, INTERREG, the Nordic Council of Ministers, etc., many of which already provided input for publications or will do that in the coming years.

One of the main outcomes of SEI Tallinn's scientific research is scientific publications in leading journals. To further stimulate publication activities, we continued to provide financial bonuses to SEI Tallinn's researchers per every academic publication to cover the time and effort that has gone into producing high quality work. Scientific outcomes are also be presented via policy or discussion briefs to various stakeholders, including policy makers.

Out of projects in 2019 (45 in total), the following are scientific and applied research projects:

1. BONUS Go4Baltic - Coherent policies and governance of the Baltic Sea Ecosystems.
2. Interreg RDI2CluB - Rural RDI milieus in transition towards smart Bioeconomy Clusters and innovation ecosystems.
3. EC JRC EN'ROUTE - Enhancing Resilience of Urban Ecosystems through Green Infrastructure
4. Interreg RESPONSE - Demand-Responsive Transport to ensure accessibility, availability and reliability of rural public transport.
5. UCPM CASCADE - Community Safety Action for Supporting Climate Adaptation and Development.
6. Interreg StratKIT - Innovative Strategy for Public Catering.
7. Interreg Urban Eco-Islands - Urban and Smart Island Tourism Destinations.
8. IEEP Environmental Taxes - Mapping objectives in the field of environmental taxation and budgetary reform: internalisation of environmental external costs.
9. SEI initiative TDRR - Transforming Development and Disaster Risk, phase 3.
10. SEI Initiative P2CS - Producer to Consumer Sustainability, phase 2.
11. SEI Initiative - Equitable Urbanisation for health and wellbeing.
12. Wallenberg foundation project on Green Financing with York and Stockholm Centres.
13. GB Impact Reporting - The Impact of Nordic Green Bonds.
14. Nordic-Baltic textile - Towards Nordic-Baltic circular textile system: an analyses of post-consumer textiles in Baltic countries.
15. Resource and economical feasibility analysis for the creation of regional waste treatment centres in Estonia, phase I.
16. Study on energy costs, taxes and impact of government interventions on investments in the energy sector.
17. West-Estonian Bioeconomy Action Plan (Phase I and II).
18. Study on the functioning of the environmental impact assessment system.
19. Impact assessment of development scenarios for the Forestry Development Plan until 2030.

20. Determination of waste content in combusted municipal waste and associated biogenic/fossil CO₂ emissions in Iru waste incineration plant in Estonia. Study carried out together with the Tallinn Technical University.
21. Analysis of green public procurement in Europe and in Estonia.
22. Sorting analysis of mixed waste, separately collected paper and packaging and electronic waste.

Throughout last couple of years, we have put a lot of emphasis in strengthening the collaboration with other SEI centres to further contribute to the success of SEI mission. This has resulted in our researchers participating in the implementation of the following initiatives: in 2019 we continued to work with several on-going initiatives from previous strategy period (like SEI Initiative P2CS – Production to Consumer Sustainability and SEI initiative TDDR – Transforming Development and Disaster Risk, Bio-economy and Urban initiatives, plus contributing to the work of Global Sustainable Finance group. SEI Tallinn contributed last year to developing several new initiative proposals, however, none of them got chosen. Despite that, we see good opportunity to link with the substantive work of those through developing joint project proposals with new initiative leads. Most notable new cooperation project was together with HQ on developing an environmental strategy for Bosnia, which started out with scoping study, but resulted through good cooperation in a multi-year study.

PUBLICATIONS:

In 2019, SEI Tallinn experts published 14 publications (articles, monographs, project reports and other publications).

PEER-REVIEWED ARTICLES IN JOURNALS:

Leal Filho, W., U. Saari, M. Fedoruk, A. Iital, H. **Moora**, M. Klõga, V. Voronova (2019). An overview of the problems posed by plastic products and the role of extended producer responsibility in Europe. *Journal of Cleaner Production*, 214, Pp. 550–558. DOI: [10.1016/j.jclepro.2018.12.256](https://doi.org/10.1016/j.jclepro.2018.12.256).

Leal Filho, W., D. Ellams, S. Han, D. Tyler, V. Boiten, A. Paço, H. **Moora**, A-L. Balogun (2019). A Review of the socio-economic advantages of textile recycling. *Journal of Cleaner Production*. 218, 10-20, DOI: [10.1016/j.jclepro.2019.01.210](https://doi.org/10.1016/j.jclepro.2019.01.210).

Peterson, K., S. Vahtrus (2019). Factors affecting SEA effectiveness in Estonia. *Impact Assessment and Project Appraisal*. DOI: [10.1080/14615517.2019.1595935](https://doi.org/10.1080/14615517.2019.1595935).

Kuldna, P., P. **Poltimäe**, H. **Tuhkanen** (2019). Perceived importance of and satisfaction with nature observation activities in urban green areas. *Journal of Outdoor Recreation and Tourism*, 29, 100227. DOI: [10.1016/j.jort.2019.100227](https://doi.org/10.1016/j.jort.2019.100227).

Ollikainen, M., Hasler, B., Elofsson, K., A. Iho, H.E. Andersen, M. Czajkowski, and K. **Peterson**. 2019. Toward the Baltic Sea Socioeconomic Action Plan, *Ambio* (2019). DOI: [10.1007/s13280-019-01264-0](https://doi.org/10.1007/s13280-019-01264-0).

Hasler, B., M. Czajkowski, K. Elofsson, L.B. Hansen, M.T. Konrad, H.Ø. Nielsen, O. Niskanen, T. Nõmmann, L. Anders Branth Pedersen, Kaja **Peterson**, Helen **Poltimäe**, Katarzyna Zagórska. 2019. Farmers' preferences for nutrient and climate-related agri-environmental schemes: A cross-country comparison. *Ambio* (2019). DOI: [10.1007/s13280-019-01242-6](https://doi.org/10.1007/s13280-019-01242-6)

Neale, C., M. C. Besa, S. Dickin, V. Hongsathavij, P. **Kuldna**, C. Muhoza, P. Pravalprukskul, S. Cinderby (2019). Comparing health, stress, wellbeing and greenspace across six cities in three continents. *Cities & Health*, 1–13. [10.1080/23748834.2019.1696648](https://doi.org/10.1080/23748834.2019.1696648).

PUBLISHED RESEARCH PROJECT REPORT OR STUDY:

Kaaret, K., K. Kirsimaa, K. Peterson (2019). Towards a bioeconomy cluster in Central Estonia. <https://berst.databank.nl/dashboard/Dashboard/Central-Estonia>

Kaaret, K., K. Kirsimaa, K. Peterson (2019). Towards a bioeconomy cluster in North Estonia. Pp. 1–19. <https://berst.databank.nl/dashboard/Dashboard/North-Estonia>

Kaaret, K., K. Kirsimaa, K. Peterson (2019). Towards a bioeconomy cluster in North-East Estonia. Pp. 1–19. <https://berst.databank.nl/dashboard/Dashboard/North-East-Estonia>

Kaaret, K., K. Kirsimaa, K. Peterson (2019). Towards a bioeconomy cluster in South Estonia. Pp. 1–19. <https://berst.databank.nl/dashboard/Dashboard/South-Estonia>

Kaaret, K., K. Kirsimaa, K. Peterson (2019). Towards a bioeconomy cluster in West Estonia. Pp. 1–19. <https://berst.databank.nl/dashboard/Dashboard/West-Estonia>

Meeliste, S., L. Tammiste, O. Grünvald, K. Kirsimaa, K. Suik, M. Org (2019). Eesti kliimaambitsiooni tõstmise võimaluste analüüs. 107 pp. ISBN 978-9949-9656-4-9. www.sei.org/wp-content/uploads/2019/10/eesti-kliimaambitsiooni-t%C3%B5stmise-v%C3%B5imaluste-anal%C3%BC%C3%BCs-1.pdf

Peterson, K., S. Vahtrus (2019). Keskkonnamõju hindamise uuring 2019 [Environmental impact assessment study 2019]. 59 lk. ISBN 978-9949-9656-5-6 (pdf) <https://www.sei.org/wp-content/uploads/2020/01/kmh-uuringu-aruanne-12-12-2019.pdf>

Oinonen, S.; Pohjola, J.; Salminen, J.; Lehtoranta, V.; Mattsson, T.; Väisänen, S.; Dodd, L.; Stefansdottir, G.; Aronsen, E.; Carson, M.; Nömmann, T.; Nainggolan, D. (2019). Arctic Freshwater Natural Capital in the Nordic Countries. Copenhagen: Nordic Council of Ministers. **10.6027/TN2019-505**.

INPUT INTO POLICYMAKING

SEI Tallinn experts have long-standing experience in policy engagement and influence through working with public sector decision-makers at European, regional, national and local level. As highlight, in the framework of our study on climate neutrality in Estonia, we interacted with policy-makers at the highest level, presenting the study directly to both President and Prime Minister and several Committees of the Parliament, as the debate around supporting the EU level goal of climate neutrality by 2050 was on the biggest societal debates in 2019.

In addition to this type of ad hoc project-based policy engagement, several SEI Tallinn staff perform as experts in national level expert groups and commissions:

- Dr Kaja Peterson is the member of the Monitoring Committee of the Rural Development Plan 2014-2020 and the member of the Steering Committee of the Agriculture and Fisheries Development Plan 2030 as the representative of the Council of the Environmental NGOs. K. Peterson is also the member of the national commission of licencing of EIA experts at the Ministry of the Environment. K. Peterson was invited to advisory panel of Tallinn strategy 2021+ and Estonia 2035+
- Mr Lauri Tammiste is a member of Advisory Board of Energy of the Ministry of Economic Affairs and Communications.
- Dr Harri Moora is regularly advising and consulting the Ministry of the Environment on circular economy and waste management related issues.

The majority of SEI Tallinn's research projects' work plans include regular meetings with stakeholders, beneficiaries and decision-makers. We encourage our junior researchers to actively participate in those meetings. We also encourage our centre staff to regularly publish policy briefs and guidelines. Also, our communication manager has supported researchers to better communicate their work in order to make our project output more visible and easier to understand and use for decision-makers.

CAPACITY BUILDING

The majority of SEI Tallinn research projects' work plans include regular meetings with stakeholders, beneficiaries and decision-makers. We encourage our junior researchers to actively participate in those meetings. In 2019 several more junior experts got an opportunity to lead and work directly with regional and municipal decision-makers. Kaidi Kaaret lead our work on bioeconomy mapping in cooperation with Läänemaa regional development authority, while Kerli Kirsimaa lead the work and cooperation with municipal authorities on green economy and youth employment in Yenesys project. We also encourage our centre staff to regularly publish policy briefs and guidelines.

The most important insights from our work and policy recommendations are published in the quarterly SEI Tallinn newsletter.

In addition to serving as experts on behalf our organisation, we have also help to create umbrella organisations to support better interaction with decision-makers. SEI Tallinn has helped to found Estonian Chamber of Environmental Organisations and also Estonian Association for Environmental Management, the latter more directed at promoting good, sustainable environmental management practices in private sector. As a follow-up on our climate neutrality study, there was strong interest to work with us also from private sector. So we have held many seminars, trainings on the subject with corporate partners, also we advised on the topic www.Techgreenpledge.org , which is an association of technology start-ups who gave the pledge to go climate neutral by 2030.

Our researchers are regularly invited to participate in expert commissions and committees at national and international level. A good level of scientific research and wider knowledge of the sustainable development issues are a prerequisite for this practice to continue.

With our work we provide input into analysing problematic issues in society and finding alternative solutions both in Estonia and in the Baltic Sea Region as well as at the European level (see research projects). Our experts served in 2019 as panellists, moderators at some of the key events with top-level decision-makers, thus allowing us to share the wealth of knowledge created both in our organisation and by our partners and provide input to local and global level policy-discussions.

We have the practice to include in international research projects plans also capacity development elements, such as trainings, study visits, and other tools (modelling, methodologies, software), where possible.

We encourage researchers to participate in international conferences as speakers or moderators and in training courses, both MOOCs and on-site. The Tallinn centre has a special fund to cover participation costs in different professional capacity building events and courses.

SEI Tallinn carries out many capacity building projects. During 2019 the following project activities were carried out:

1. YENESIS - Youth Employment Network for Energy Sustainability in Islands.
2. CAMS - Climate Adaptation and Mitigation Synergies in Energy Efficiency Projects
3. Leyte Ecological Industrial Zone assessment with Asia Centre.
4. Sustainable Finance and Decentralised Energy with Stockholm Centre.
5. Development and implementation of industrial textile waste upcycling method and certification scheme.
6. Avoiding and reducing food waste in school catering.
7. Enhancing circular economy and design capacity in Estonian SMEs.

8. Enhancing circular economy and design capacity in Estonian regional SMEs.
9. Implementation of EMAS in Tartu University.
10. Circular Design Best Practices.
11. Green Key coordination in Estonia.
12. MSc course on Strategic Environmental Assessment in Tallinn University.
13. Participation in the Network of Environmental NGOs.
14. Assistance to and secretariat for the Estonian Association for Environmental Management.

SEI TALLINN'S GOALS FOR 2020

In 2019, SEI Tallinn showed very solid performance in terms of projects executed, proposals submitted, capacity building delivered, policy engagement and communication outreach. In order to continue that positive trend in 2020, we will set as our goals to:

- Put together a new center roadmap
- Deepen common values and positive, supportive culture
- Surpass 1 MEUR threshold and diversify revenues
- Adding new people with diverse backgrounds
- focus on sharing, mutual learning and strengthening processes for quality assurance
- Linking up well with SEI wide priorities, initiatives and impact areas
- Complete a MOU with university

At the time of the annual report compilation in January 2019 there were about 30 projects in process.

The annual accounts

Statement of financial position

(In Euros)

	31.12.2019	31.12.2018	Note
Assets			
Current assets			
Cash and cash equivalents	9 314	16 042	2
Receivables and prepayments	465 285	294 637	3
Total current assets	474 599	310 679	
Non-current assets			
Receivables and prepayments	2 765	2 765	3
Property, plant and equipment	49 506	51 764	5
Total non-current assets	52 271	54 529	
Total assets	526 870	365 208	
Liabilities and net assets			
Liabilities			
Current liabilities			
Payables and prepayments	288 557	140 269	7
Total current liabilities	288 557	140 269	
Total liabilities	288 557	140 269	
Net assets			
Foundation/Issued capital	87 152	87 152	
Reserves	2 092	3 117	
Accumulated surpluses (deficits) from previous periods	134 670	130 522	
Surplus (deficit) for the period	14 399	4 148	
Total net assets	238 313	224 939	
Total liabilities and net assets	526 870	365 208	

Statement of revenues and expenses

(In Euros)

	2019	2018	Note
Revenue			
Grants and donations	751 641	670 061	8
Business income	238 057	115 827	9
Other income	1 528	831	
Total revenue	991 226	786 719	
Expenses			
Other operating expense	-367 846	-175 270	10
Employee expense	-582 767	-586 081	11
Depreciation and impairment loss (reversal)	-18 194	-11 318	5
Other expenses	-4 208	-7 319	
Total expenses	-973 015	-779 988	
Surplus (deficit) from operating activities	18 211	6 731	
Interest income	4	6	
Other financial income and expense	-3 816	-2 589	
Net surplus (deficit) for the period	14 399	4 148	

Statement of cash flows

(In Euros)

	2019	2018	Note
Cash flows from operating activities			
Surplus (deficit) from operating activities	18 211	6 731	
Adjustments			
Depreciation and impairment loss (reversal)	18 194	11 318	5
Profit (loss) from sale of non-current assets	0	4 475	
Other adjustments	-1 025	-669	
Total adjustments	17 169	15 124	
Adjustments for operating receivables and prepayments	-170 648	-41 364	3
Changes in inventories	0	700	
Adjustments for operating liabilities and prepayments	148 288	-91 566	7
Interest received	4	6	
Total cash flows from operating activities	13 024	-110 369	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-15 936	-54 743	5
Proceeds from sales of property, plant and equipment and intangible assets	0	1 787	5
Total cash flows from investing activities	-15 936	-52 956	
Total cash flows	-2 912	-163 325	
Cash and cash equivalents at beginning of period	16 042	181 956	2
Change in cash and cash equivalents	-2 912	-163 325	
Effect on exchange rate changes on cash and cash equivalents	-3 816	-2 589	
Cash and cash equivalents at end of period	9 314	16 042	2

Statement of changes in net assets

(In Euros)

				Total net assets
	Foundation/Issued capital/ Reserve capital	Reserves	Accumulated surpluses deficits from previous period	
31.12.2017	87 152	3 786	130 522	221 460
Net surplus (deficit) for the period	0	0	4 148	4 148
Changes in reserves	0	-669	0	-669
31.12.2018	87 152	3 117	134 670	224 939
Net surplus (deficit) for the period	0	0	14 399	14 399
Changes in reserves	0	-1 025	0	-1 025
31.12.2019	87 152	2 092	149 069	238 313

As of 31.12.2019 the reserve fund under the net assets comprises a training fund in amount of 2,092 euros (2018: 2,092) and a support fund for operating activities in amount of 0 euros (2018: 1,025). In 2018 we did not use the training fund but we used the reserve fund formed to support the operating activities with amount of 1,025 euros.

Notes

Note 1 Accounting policies

General information

The financial statements of Stockholm Environment Institute Tallinn Centre (foundation or SEI Tallinn SA) have been prepared in accordance with the Generally Accepted Accounting Principles of Estonia and utilizing the acquisition cost model, unless otherwise specified in the accounting policies below. The Estonian Generally Accepted Accounting Principles are based on internationally acknowledged accounting and reporting principles, whose main requirements are stipulated in the Accounting Act of the Republic of Estonia and supplemented by the guidelines issued by the Accounting Standards Board.

The financial statements have been prepared in euros.

Cash and cash equivalents

Cash equivalents comprise short-term highly liquid investments that can be converted into a known amount of cash and that do not involve any significant risk of market value change, incl. cash.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

Foreign currency transactions have been reported based on official rates of the European Central Bank prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros as of the balance sheet date based on the official exchange rates of the European Central Bank prevailing on the balance sheet date.

Profits and losses from foreign currency transactions are recorded in the statement of activities of the reporting period.

Receivables and prepayments

All receivables (e.g. accounts receivable, accrued income, and other short-term and long-term receivables), except receivables acquired for resale, are generally reflected at adjusted cost in the balance sheet. The adjusted cost of short-term receivables is generally equal to their nominal value (less possible discounts), therefore the short-term receivables are reflected at their estimated collectible amounts (reflected for example in the invoice, contract or any other source document) in the balance sheet.

Inventories

Plant, property and equipment and intangible assets

Assets with an acquisition cost of over 600 euros and useful life exceeding one year are accounted for as property and equipment. Items with a useful life of over one year, but whose acquisition cost is below 600 euros, are classified as low-value items until taken into use and are fully expensed when the asset is taken into use. Expensed low-value assets are accounted for off the balance sheet.

Items of property and equipment are initially recognised at their acquisition cost, which comprises the purchase price and any costs directly attributable to the acquisition. After recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and possible accumulated impairment losses.

If an item of property and equipment consists of separately identifiable parts which have different useful lives, the parts are accounted for as separate asset items and are assigned depreciation rates which correspond to their useful lives.

Subsequent costs related to an item of property and equipment, such as the costs of replacing part of it, are recognised in the carrying amount of the item if the following conditions are met: (a) it is probable that there are future economic benefits associated with the costs, and (b) these costs can be measured reliably. The carrying amount of the parts which are replaced is derecognised. All other costs related to property, plant and equipment are recognised as an incurred expense over the period when the respective expense occurred.

Items of property and equipment are depreciated using the straight-line method. Each item is assigned a depreciation rate which corresponds to its useful life. Items of property and equipment are depreciated until their residual value exceeds their carrying amount. The residual value

of an asset is the amount that the foundation would currently obtain from disposal of the asset, if the asset were already of the age and in the condition expected at the end of its useful life.

The depreciation methods, depreciation rates and residual values of property and equipment are reviewed at least at the end of each financial year and, if expectations differ from previous estimates, the changes are recognised prospectively.

The foundation assesses the carrying amount of an item of property and equipment should any circumstances indicate that an asset may be impaired. Upon the presence of such circumstances the company shall conduct an assessment of the impairment. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset or the cash-generating unit to which the asset belongs is written down to its recoverable amount. The recoverable amount of an asset is the current value of estimated cash flows (value in use) to be derived from the asset or the fair value of the asset, less selling costs, depending on which of these values is higher. Where necessary, the fair value of an asset is determined with the assistance of independent experts. Impairment losses on assets are recognised in the statement of activities as "Depreciation and impairment of non-current assets".

If there is any indication that the recoverable amount of an asset exceeds the carrying amount, the impairment loss recognised in prior periods is reversed and the carrying amount of the asset is increased; however, the amount attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined had no impairment loss been previously recognised for the asset. A reversal of an impairment loss is recognised in the statement of activities in the same row in which the original impairment loss was recognised.

The carrying amount of an item of property and equipment is derecognised when the item is disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included as other operating income or other operating expenses in the statement of activities of the period in which the item is derecognised.

Minimal acquisition cost 600

Leases

In the case of operating leases, the leased assets are carried in the balance sheet of the lessor. Operating lease payments are recognised as lessor's income and lessee's expense on a straight-line basis over the lease period.

Financial liabilities

Financial liabilities are recognised initially at their acquisition cost, which is the fair value of the remuneration received for the financial liability. After initial recognition, financial liabilities are measured at an adjusted acquisition cost based on an effective interest rate. Transaction costs are taken into consideration upon calculating the effective interest rate, and charged to expenses over the term of the financial liability. Financial liabilities acquired for resale are measured at their fair value and any changes in the fair value are recorded in the statement of activities. Interest expenses related to the financial liability are recognised as an expense when incurred and presented in the statement of activities as financial income and expenses. Financial liabilities are derecognised when the obligations have been discharged, cancelled or expire.

Grants and donations

Accounting for received donations and grants (incl. grants and receipts for specific purposes) is based on the following principles:

- (a) donations and grants not designated for a specific purpose are recognised as income when the donation/grant becomes available;
- (b) donations and grants designated for specific purposes are recognised as income when the donation/grant becomes available and the accompanying conditions are met.

Revenue recognition

Revenue of SEI Tallinn is based on three different financing principles: core funding, project funding and business revenue.

- SEI core funding is project funding by the Stockholm Environment Institute (SEI), which mainly covers SEI-Tallinn's general administrative expenses.
- Other project funding received is used to cover operating expenses of specific projects funded by the donor. These funds are reported in the balance sheet as liabilities (prepayments) and as revenue in the amount of the project's expenses during the period or depending on the proportion of execution.
- Business revenue comprises all other revenue (sale of different services, sale of books etc.) and work performed outside project funding e.g. revenue from projects related to conducting environmental audits and consultations on integrated environmental permits etc. In addition, competitive trainings (e.g. ISO standards, environmental management etc.) are also reflected in this section.

Revenue from the sale of services is reflected upon the rendering of services.

Interest income is recognised on accrual basis using internal interest rates.

Expense recognition

Expenses are recognised in the same period as the income related to them. Expenses, which are likely to be used for earning economic profit in future, are reflected as assets when they arise and are reflected as expenses during the period(s) they give profit (e.g. costs of property, plant and equipment). Expenses, which are used for creating income during the accounting period or are not used for creating income, are reflected as expenses in the period when they occur.

Related parties

In preparing the annual report of SEI Tallinn SA, related parties are the founder of the foundation and legal entities in the founder's consolidation group, chief management, supervisory board members, close family members of the above mentioned individuals and enterprises under their control or material influence.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2019	31.12.2018
Cash at bank	9 314	16 042
Total cash and cash equivalents	9 314	16 042

Note 3 Receivables and prepayments

(In Euros)

	31.12.2019	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	463 115	463 115	0	
Accounts receivables	463 115	463 115	0	
Tax prepayments and receivables	100	100	0	4
Other receivables	209	209	0	
Prepayments	1 861	1 861	0	
Deferred expenses	1 861	1 861	0	
Total receivables and prepayments	468 050	465 285	2 765	
	31.12.2018	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	281 918	281 918	0	
Accounts receivables	281 918	281 918	0	
Tax prepayments and receivables	100	100	0	4
Other receivables	10 340	10 340	0	
Accrued income	10 340	10 340	0	
Prepayments	2 279	2 279	0	
Deferred expenses	2 279	2 279	0	
Total receivables and prepayments	297 402	294 637	2 765	

Note 4 Tax prepayments and liabilities

(In Euros)

	31.12.2019		31.12.2018	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Value added tax	0	13 762	0	364
Social tax	0	14 257	0	7 898
Unemployment insurance tax	0	16	0	4
Prepayment account balance	100		100	
Total tax prepayments and liabilities	100	28 035	100	8 266

Further details are set out in Note 3 and 7.

Note 5 Property, plant and equipment

(In Euros)

					Total
	Transportation	Computers and computer systems	Machinery and equipment	Other property, plant and equipment	
31.12.2017					
Carried at cost	751	37 020	37 771	50 665	88 436
Accumulated depreciation	-146	-29 557	-29 703	-44 132	-73 835
Residual cost	605	7 463	8 068	6 533	14 601
Acquisitions and additions	0	2 625	2 625	52 118	54 743
Depreciation	-146	-3 965	-4 111	-7 207	-11 318
Disposals (in residual costs)	-459	0	-459	-5 803	-6 262
31.12.2018					
Carried at cost	0	32 219	32 219	52 118	84 337
Accumulated depreciation	0	-26 096	-26 096	-6 477	-32 573
Residual cost	0	6 123	6 123	45 641	51 764
Acquisitions and additions	0	13 146	13 146	2 790	15 936
Depreciation	0	-6 984	-6 984	-11 210	-18 194
31.12.2019					
Carried at cost	0	34 342	34 342	54 908	89 250
Accumulated depreciation	0	-22 057	-22 057	-17 687	-39 744
Residual cost	0	12 285	12 285	37 221	49 506

Disposed property, plant and equipment at selling price

	2019	2018
Machinery and equipment	0	700
Other property, plant and equipment	0	1 087
Total	0	1 787

Note 6 Operating lease

(In Euros)

Accounting entity as lessee

	2019	2018	Note
Operating lease expenses	30 033	30 423	10

As an operating lease, the annual report reflects the costs of the office space and the operating costs of one car. In April 2018, the new office space was rented with 5 years terms and the vehicle leasing agreement was signed with the end term July 2023 (the contract is for 60 months; the interest expense is related to the 3-month Euribor and the base margin is 2.2%).

Note 7 Payables and prepayments

(In Euros)

	31.12.2019	Within 12 months	Note
Trade payables	14 458	14 458	
Employee payables	18 232	18 232	
Tax payables	28 035	28 035	4
Other payables	983	983	
Prepayments received	226 849	226 849	
Total payables and prepayments	288 557	288 557	
	31.12.2018	Within 12 months	Note
Trade payables	18 158	18 158	
Employee payables	16 244	16 244	
Tax payables	8 266	8 266	4
Other payables	1 104	1 104	
Other accrued expenses	1 104	1 104	
Prepayments received	96 497	96 497	
Total payables and prepayments	140 269	140 269	

Note 8 Grants and donations

(In Euros)

	2019	2018
Grants and donations related to income	751 641	670 061
Total grants and donations	751 641	670 061

The Management Report provides information on SEI Tallinn's funding sources for the total annual revenues during the period 2011-2019.

Note 9 Business income

(In Euros)

	2019	2018
Sales revenue (other international organizations)	1 450	49 800
Sales revenue (Estonian public sector)	152 340	17 923
Sales revenue (Estonian private sector)	46 935	29 637
Sales revenue (Estonian educational institutions)	2 208	1 000
Sales revenue (other Estonian organizations)	34 321	10 547
Sales revenue (SEI Centres)	803	6 920
Total business income	238 057	115 827

The Management Report provides information on SEI Tallinn's funding sources for the total annual revenues during the period 2011-2019.

Note 10 Miscellaneous operating expenses

(In Euros)

	2019	2018	Note
Leases	30 033	30 423	6
Energy	5 470	5 412	
Electricity	1 410	4 007	
Heat energy	2 417	0	
Fuel	1 643	1 405	
Miscellaneous office expenses	14 533	13 770	
Travel expense	51 457	49 121	
Training expense	3 000	1 575	
Other	263 353	74 969	
Total miscellaneous operating expenses	367 846	175 270	

Note 11 Labor expense

(In Euros)

	2019	2018
Wage and salary expense	428 108	433 266
Social security taxes	137 782	142 306
Fringe benefits	16 877	10 509
Total labor expense	582 767	586 081
Average number of employees in full time equivalent units	13	13

Note 12 Related parties

(In Euros)

Name of accounting entity's parent company	Stockholm Environment Institute
--	---------------------------------

Number of members by the end of economic year		
	31.12.2019	31.12.2018
Number of juridical person members	1	1

Related party balances according to groups

	31.12.2019		31.12.2018	
	Receivables	Liabilities	Receivables	Liabilities
Founders and members	26 379	0	62 567	14 411

Purchases and sales of goods and services

	2019		2018	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
Founders and members	1 845	355 028	14 411	425 985
Other entities belonging into same consolidation group	283	0	556	0

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2019	2018
Remuneration	72 000	69 661