We exist to stimulate and support informed policy debate in and about Pacific island countries.
A note from the Chair

The 'great game' for the control of our region’s resources has begun in earnest. Whilst many had sounded the alarm on this (including PiPP) it is now too late for warnings.

Many people quietly fear how a small, isolated, culturally dispersed region will cope with this onslaught. Or will they merely be brushed aside, as in the past, as the big players battle each other and simply ignore the indigenous people?

How can this region possibly cope with threats to every aspect of their existence from countries the size of China, USA and Russia? Will Australia be the protective big brother, will the Pacific Plan somehow galvanise the region to deal with these issues in a coordinated and coherent fashion, will the world listen to the pleas of our people in forums like the United Nations? The answer to all of these questions, as we all know, is no – we are ultimately on our own.

And therein lies possibly the greatest weakness and also the greatest strength of the Pacific. Our region is based on thousands of years of migration, of people surviving in small isolated units against the fiercest challenges thrown up by nature and humanity. The people of this great region have survived because, despite the enormous odds, they have protected and where necessary adapted their customs, culture and environment. The bigger nations may be able to appropriate lands, cajole politicians into giving away economic resources, but as long as even one traditional song still exists then the people of the Pacific will not have been defeated.

If we can preserve the songs, the languages, the beliefs, and the values of our people – if we can survive culturally then we can rebuild. This current phase in time will pass like the great winds that carry hurricanes across our oceans. They may destroy our economic resources but the real gem is not what is on our land or in our seas, but what is in our hearts and souls. The fight for environmental, social and economic protection will be a long and difficult one and one in which the region will find it hard to not be thoroughly defeated. The many valiant battles on all of these issues have already begun. This makes the need for cultural protection all the more pressing. When the storm passes, the region may or may not have its natural resources intact – for this it has little control over. However, if we can come out of the storm with our customs and culture we will have again overcome the greatest of challenges set by man and nature.

Once again I thank the work of PiPP in the darkness of the storm it remains one of the many small beacons of light that are able to shine a positive light into the future.

Nikunj Soni
Board Chair
2012 - a year in review

Elections and politics

In 2012, six Pacific countries went to the polls amidst growing calls for electoral and political reform. In Vanuatu, Sato Kilman returned as prime minister, leading a patchwork coalition. In Tonga, a protracted motion of no confidence in Prime Minister Tu’ivakano took over three months to be resolved. Papua New Guinea’s parliament was dissolved in late May with hopes of a resolution of the months of political and legal wrangling. In all, 46 parties fielded 3,435 candidates to contest the 111 seats in an election marked by irregularities and reports of large financial payouts. Voters in Palau rejected incumbent president, Johnson Toribiong, over corruption allegations. Across the region results for women candidates were discouraging. Trailblazers such as Dame Carol Kidu retired from PNG politics, and only 3 women (out of 115 female candidates) were newly elected. Women currently make up around 5 per cent of parliamentarians across the Pacific.

Around the region we provided informed commentary on the major political events and elections for both domestic and international audiences. The rise of social media was the subject of widespread commentary, especially in the run-up to the PNG elections. Its impact was noticeable, but decidedly mixed. The O'Neill government came under fire for ‘monitoring’ text messages, emails and comments posted on Facebook. The role of new and old media in strengthening political governance is something that we continue to take a keen interest in, and has brought us to work closely with the Pacific Media Assistance Scheme (PACMAS) and media outlets across the region.

There is an emerging global understanding of the political and governance issues that affect state building, particularly where patronage has so long dominated the political landscape. PiPP has an established methodology of engaging political actors in the discussion and actions around strengthening civic engagement. This year we capitalised on Vanuatu’s new national information communications technology (ICT) network to present a landmark public forum that brought Vanuatu’s prime minister and leader of the opposition face to face with the nation. Throughout the year, our MP Face to Face series brought parliamentarians and their constituents together to build stronger issues based relationships and foster informed policy dialogues. We also worked alongside all major parties contesting the elections to produce an analysis of the major policy platforms of each political grouping, which was published in the national press in the lead up to the election. Our work in Vanuatu culminated in a joint pilot project with the Overseas Development Institute (ODI) to test the use of Sensemaker\textsuperscript{TM} software to collect citizen voices and then show political actors the patterns of need across the nation, and facilitate discussions about what these stories mean in terms of what the state can – and should – provide to its citizens. The analysis of the citizen engagement survey will be published in the first half of 2013, and will inform our future work in this area. While we have used Vanuatu as a test-bed, there is much interest and potential to apply the learning from these civic engagement programmes elsewhere in the region.
Geopolitics and security

The PNG constitutional crisis, which had everyone on edge for six months, and some small-scale disturbances in Solomon Islands were blights on a largely benign Pacific security landscape. Fiji remains under a military government, but progress was made towards a new constitution and planned elections in 2014. West Papua continued to be the most serious conflict zone in the region, with ongoing reports of killings, torture and abuse by Indonesian security forces. The RAMSI mission in the Solomon Islands announced it was starting to withdraw, leaving its ten year peacekeeping mission in the hands of police.

2012 was also the year when global powers signalled a re-found understanding of the strategic importance of Pacific island states. Beyond the rhetoric, some strong symbolism was on display. For the first time a US secretary of state attended the Pacific Islands Forum as the US recommitted the bulk of its warships into the Pacific theatre. Russia hosted the APEC summit in Vladivostok and declared that it too is a Pacific power. China continued to exert strong influence through its expanding diplomatic presence and aid program. Traditional powers like Australia and New Zealand continue to be influential, but their influence is under challenge. This year's Pacific Debate gathered some of the region's key strategic thinkers, and explored island allegiances and foreign policy in the changing geopolitical landscape. The Pacific Debate was broadcast to an international and regional television audience.

As part of our ongoing informed analysis of the geopolitical and security situation, in 2012 PiPP published a discussion paper, Patriot Games - Island voices in a sea of contest, to provide a Pacific perspective on what is being projected onto our islands by the significant powers at play in our region: Australia, United States, China, France, EU, Russia, Indonesia, Taiwan and Japan.

A future without aid?

Melanesia led the way in economic growth in the Pacific, with PNG, Solomon Islands and Vanuatu all doing well in terms of expanding their economies, but continued to struggle to translate economic growth into substantial development gains. Commentators in PNG spoke of a lost decade, and the head of the country's anti corruption body described Australia as the 'Cayman Islands' for PNG, suggesting Australian authorities weren’t doing enough to stop the laundering of corrupt proceeds and aggressive tax avoidance and evasion by multinationals. The World Bank’s Pacific Futures report spoke what was once the unspeakable, with acknowledgement that some Pacific micro states might simply never be viable without ongoing aid programmes. Labour mobility continued to be a hot topic, and the Australian pilot seasonal worker programme became permanent in July, 2012. Unfortunately, numbers have remained low with a cap of 2,600 Pacific island workers a year. The equivalent New Zealand scheme continues to do much better, taking about 7,000 workers a year. Analysis by The Development Policy Centre pointed to conflicting government policies in Australia, which give backpackers an incentive to work on farms, and the prevalence of illegal labour as the underlying reasons for the poor performance of the Australian scheme. The two major donors to the Pacific, Australia and New Zealand, pushed back their targets for increasing aid budgets, while China and the US used aid to demonstrate their renewed interest in the region. Significantly, China provided PNG with a USD 5 billion loan to upgrade the Highlands Highway and other infrastructure. PiPP continues to track economic progress and the aid relationship in the Pacific, and in 2013 will commence a partnership with UNICEF to undertake detailed and accessible budget analysis to spark wider debate and understanding as to how our governments prioritise the spending of public resources.
Regional integration

Regional trade negotiations dragged on in 2012. Talks on the Pacific Agreement for Closer Economic Relations (PACER Plus) continued without any notable progress. Pacific countries extended the date for concluding the drawn out negotiations on the Economic Partnership Agreements (EPAs) with the European Union. Negotiations on the existing Pacific Islands Countries Trade Agreement (PCTA) between Pacific countries had more success, with PCTA expanding to include the liberalisation of the service sector. The Melanesian Spearhead Group (MSG) illustrated the relative strength of sub-regionalism, with significant advancements in the trade in goods, skills exchange and investment between Fiji, Solomon Islands, PNG and Vanuatu. Some Pacific countries also continued bilateral negotiations, including Niue’s attempt to forge a free trade agreement with China.

2012 also brought about increased scrutiny on regionalism, with the Pacific Islands Forum Secretariat again coming under the microscope following a review questioning its relevance and ownership. The criticisms came amidst calls to reconfigure regional architecture to better reflect the reality of contemporary Pacific politics and priorities and the increasing appreciation of geographical and interest based sub-regional gatherings. The Pacific Plan will undergo a comprehensive review in 2013, and we will contribute to that process drawing on the insights we have offered since publication of our 2010 discussion paper, Island Dreaming - A fresh look at Pacific regionalism, that set the scene for the current thinking on the topic.

Sustainable development

The 2012 Doha climate change conference was merely a continuation of the existing international impasse. Pacific countries called for more action and a heightened sense of urgency, and also called on other nations to break the deadlock as 2012 brought fatal floods in Fiji and saw 83 families from PNG’s Carteret Atoll displaced to Bougainville. In December, Cyclone Evan battered first Samoa and then Fiji to close out the year. Kiribati used 2012 to search for solutions to climate-driven migration, with Timor Leste making a tentative resettlement offer. Kiribati President Tong also raised the notion of purchasing land in Fiji, although played down the prospect of relocating the population under such a scenario. Our discussion paper, Climate Security - A holistic approach to redefining the global approach to development, and we will continue to support informed debate and thinking in the lead up to the global discussion on the post-2015 development agenda.

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Stimulating debate

Six Pacific countries held general elections in 2012, amidst growing public calls for reform and greater political inclusion and accountability. It is clear that our populations are becoming better informed, and that increasing access to technology has paved the way for information to be more widely shared. But it is also becoming evident that this has come with a growing sense of frustration with our leadership and the failures of service delivery. Events like PiPP's MP Face to Face have provided a valuable place for informed and inclusive political dialogue. We need more of them.

GRADE:
2012 HIGHLIGHTS:

- The Pacific Debate (pacificdebate.com) – There is a perception that the centre of gravity in terms of trade and security has shifted to the Pacific rim. With much of the discussion being defined by the big global players – the US and China – what does it mean for Island states? That was the question on everyone’s minds when together with PACMAS we hosted the 2012 Pacific Debate. Modelled on the BBC’s Doha Debate, the event provides a unique space for frank and fearless discussions on important issues affecting the Pacific. Stimulating informed policy debate in the region. Panelists included Fiji’s agricultural economist, former diplomat and politician, Kabowai Tawia; American Samoan Congresswoman Eni Faleomavaega; Representative of the State of Pohnpei to the Seventeenth Congress of the Federated States of Micronesia, Senator Peter Christian; and the former head of the Papua New Guinea Defence Force, Major General (retired) Jerry Singirok. The debate was moderated by respected Vanuatu national Anna Naupa, a development worker and a University of Hawaii graduate.

- MP Face to Face – The governance landscape in Melanesia has long been dominated by political patronage, and MPs have seldom engaged with their constituents on policy issues. PiPP’s MP Face to Face challenged that by facilitating a series of ‘town hall’ public meetings and culminating in two special events that saw the Vanuatu prime minister and leader of the opposition engage in a truly national conversation on the issues. Following the success of the MP Face to Face events across Vanuatu, one observer noted the genie is now out of the bottle – it is no longer possible for politicians to avoid the hard questions from their constituents.

- Discussion Forums – This year PiPP hosted two special discussion forums that were filmed for regional broadcast: ‘Melanesian Futures’ brought together an esteemed panel of experts in Korian to discuss the challenging but important questions around economic viability for small island states deprived of many natural resources. Our other forum was on Building the Regional Economy during the Pacific Arts festival in Honiara, which brought together regional experts to discuss the benefits of investing more in arts infrastructure.

KEY LESSONS:
PiPP does not advocate for any policy position; it simply provides the space within which home-grown positions can emerge. We focus on getting the debate started and keeping it going. Our events and activities have demonstrated that people in the Pacific have questions to ask and things to say to each other, to their elected representatives and to the world about key issues. We have demonstrated that given the opportunity and the space to engage, the people in our region will take those opportunities and make good use of them. Increasingly we see the location of these debates being online and we hope to assist in facilitating such dialogue in the virtual world just as we have elsewhere.

KEY TO GRADES: A = Objectives exceeded B = Objectives achieved C = Satisfactory D = Cause for concern

Informing the debate

NOT so long ago access to information was a tightly restricted commodity. That has changed, and with it has come a new dilemma – sifting through the sheer volume of material and competing voices. So often those voices on the issues that matter to our region are not from the Pacific. PiPP’s role as discussion starter and information interlocutor differs markedly from those seeking to directly influence the debate or steer a policy agenda. While we acknowledge our potential to influence, we put a premium on our reputation to frame and inform a debate in a balanced way. We do that by engaging policymakers and policy influencers, hosting debates and discussion forums, synthesising and publicising research on key issues and hot topics, and by providing a platform for Pacific voices.

GRADE:
2012 HIGHLIGHTS:

- Discussion starters – PiPP discussion starters are short papers designed to present key information in an accessible format relating to current public policy issues. In 2012 the discussion starter series included the linkages between climate change, security and development; investing in the creative economy arts and culture; geopolitics amidst the emerging superpower rivalry; and internet uptake in a shifting technology landscape.

- Papers, conferences & meetings – PiPP is regularly sought after to present and participate in regional and international conferences, meetings and events. In 2012, this included:
  - ‘Financial Inclusion and Technology’ presentation at the National Financial Inclusion Workshop: Medium Term Strategy for Financial Inclusion in Vanuatu convened by the Pacific Financial Inclusion Programme and the Alliance for Financial Inclusion (Port-Vila)
  - Media as a Platform for Democratic Dialogue – workshop convened by the Tonga Broadcasting Commission in partnership with PACMAS and UNESCO (Nuku’alofa)
  - MPs’ and their constituents’ – convened by the Pacific Islands Public Policy Project, an initiative of the School of Government, Victoria University (Wellington)
  - Tourism, Cultural Landscapes & Livelihoods in the South Pacific – convened by the Pacific Financial Inclusion Programme and the University of the South Pacific (Port-Vila)
  - ‘Convince or collaborate? Getting the most out of KStar’ keynote address to the inaugural K* conference hosted by the United Nations University (Hamilton, Canada)
  - ‘Media and Democracy in the south Pacific’, University of the South Pacific (Suva)
  - Lessons from Assessing Governance Towards Inclusive Democracies & Development in Asia convened by the Participation in Experts Roundtable and South-South Exchange Forum (Jakarta)

KEY LESSONS:
PiPP is regularly called upon to contribute to and inform regional and international thinking on Pacific policy matters. In doing so we aim to provide a critical Pacific lens, and seek to further the relationship between researchers and the realities on the ground. Improving access to accurate and reliable information in user relevant language and formats remains a core function of the institute. Our work in this area has confirmed that there is a largely unmet demand for reliable and easy to absorb knowledge products in and about the Pacific.
Improving research

PiPP is committed to improving research and policy analysis in and about the Pacific. We do that by both connecting the existing research base to the live policy debate (through research synthesis and engagement through our publications, events, networking and outreach activities) and also by undertaking high-quality original investigation. To date, the focus has been on the former—primarily because there already exists an extensive base of information that has failed to get traction amongst policymakers and the wider public.

GRADE:

2012 HIGHLIGHTS:

• Research Spotlight—a new tool developed throughout 2012 as a means of summarising contemporary research. Using a simple template, the Research Spotlight draws out the key messages and ideas and is delivered in a easy to absorb format—the intent is to increase exposure and use of relevant research by Pacific policy stakeholders. We continue to develop this product with the view of weaving it into our online networking platforms.

• Green Growth Assessments—In association with UNESCAP, we undertook an assessment of the opportunities for greening the economies of Palau and Vanuatu. Combining a literature review and in-country consultations, this analysis was undertaken in preparation for the Pacific’s participation in the Rio+20 summit on sustainable development.

• Election analysis—PiPP again partnered with Vanuatu’s political parties and groupings to undertake an assessment of each party’s key policy positions ahead of the 2012 general elections. This analysis was published in a special supplement to the Vanuatu Daily Post.

• Research partnerships—PiPP is regularly consulted by visiting scholars, consultants and others undertaking research in the region. In 2012, this resulted in a number of formal research partnerships, including:
- Partnering with the Asia Institute in New Zealand and the Asia Pacific Centre for Security Studies (APCSS) in Hawaii to look at the scale, impact and policy options for Asian nations increasing their presence and aid funding to Pacific island countries.
- Partnering with Monash University in a study into tourism and livelihoods.
- Ongoing support for the research collaboration between RMIT University Oxfam Australia and the University of the South Pacific into reducing economic vulnerability and increasing resilience.

KEY LESSONS:

Heading into 2013 we propose to invest further in research and policy analysis functions to build our capacity to provide timely analysis and develop the organisation’s independent research programme. At the same time we continue to build on our ever deepening network of associates and strategic partnerships. Increasingly PiPP is called on to collaborate with established research institutions (especially in the Pacific, Australia and New Zealand) and we utilise these networks not only to strengthen our own research capacity, but also to contribute to the improved research effectiveness and relevance of our partners.

GRADE:

2012 HIGHLIGHTS:

Ours papers, activities, events and media engagements are designed to raise awareness of the key facts relating to the major policy issues affecting the Pacific. The PiPP website and wider online presence increasingly serves as a medium for information exchange in a region that still is in its infancy in terms of internet uptake. Additionally, with the global geopolitical theatre currently playing out in the Pacific, it has become far more important than ever for Pacific interests to be advanced on the international stage. PiPP provides a valuable role in affecting the Pacific. The PiPP website and wider online presence increasingly serves as a medium for information exchange in a region that matters most.

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2012 Financial report

IT is the responsibility of the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the institute at the end of the financial year and of its income, cashflows and changes in funds for that year.

The Board is also responsible for keeping proper accounting records and for safeguarding the assets of the institute by taking reasonable steps to prevent and detect fraud.

In the opinion of the Board, the financial statements for the year ended 31 December 2012 have been drawn up so as to give a true and fair view.

The Board confirms that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2012.

The Board also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The members of the Board confirm that the summarised financial statements on the following pages are a summary of the information extracted from the full annual financial statements.

The summarised financial statements may not contain sufficient information to allow for a full understanding of the financial affairs of the institute. For further information, please consult the full audited financial statements for the financial year ended 31 December 2012, which are available from the institute’s offices.

Approved by the Board
19 March 2013

WE have audited the financial statements of the Pacific Institute of Public Policy which comprise the balance sheet as at 31 December 2012, the income statement, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out in the report of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements have been properly prepared in accordance with the provisions of the Charitable Associations Act (Consolidated) and give a true and fair view of the financial position of the entity as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have examined the summarised financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2012. We have also read the other information contained in the annual report and considered the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the summarised. In our opinion, the summarised financial statements on the following pages are consistent, in all material respects, with the full audited financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2012.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements. Accordingly, reading the summary financial statements is not a substitute for reading the financial statements.

LAW PARTNERS, Chartered Accountants, March 2013
### Income Statement for Period Ended 31 December 2012

#### Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>Core funding grant</td>
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<td>82,979,270</td>
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<td>Project income</td>
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<td>21,884,117</td>
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<tr>
<td>Interest income</td>
<td>125,704</td>
<td>44,532</td>
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<tr>
<td>Other income</td>
<td>7,296,650</td>
<td>494,003</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>110,466,278</strong></td>
<td><strong>105,392,022</strong></td>
</tr>
</tbody>
</table>

#### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming, network and administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>14,237,869</td>
<td>8,135,270</td>
</tr>
<tr>
<td>Operational costs</td>
<td>14,719,205</td>
<td>11,321,965</td>
</tr>
<tr>
<td>Travel costs</td>
<td>7,760,469</td>
<td>8,611,292</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,717,543</strong></td>
<td><strong>28,068,527</strong></td>
</tr>
<tr>
<td>Research and special projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>27,584,277</td>
<td>25,560,536</td>
</tr>
<tr>
<td>Operational costs</td>
<td>5,231,873</td>
<td>3,399,190</td>
</tr>
<tr>
<td>Travel costs</td>
<td>6,608,577</td>
<td>5,704,273</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,424,727</strong></td>
<td><strong>34,663,999</strong></td>
</tr>
<tr>
<td>Communications, events and research uptake</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>18,582,901</td>
<td>17,027,222</td>
</tr>
<tr>
<td>Operational costs</td>
<td>9,624,699</td>
<td>5,168,762</td>
</tr>
<tr>
<td>Travel costs</td>
<td>7,735,437</td>
<td>5,240,237</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,943,037</strong></td>
<td><strong>27,436,221</strong></td>
</tr>
</tbody>
</table>

#### Total Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>112,085,307</strong></td>
<td><strong>90,168,747</strong></td>
</tr>
</tbody>
</table>

### Balance Sheet as at 31 December 2012

#### Current Assets

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>93,180,977</td>
<td>29,564,656</td>
</tr>
<tr>
<td>Receivables</td>
<td>761,098</td>
<td>2,643,400</td>
</tr>
<tr>
<td>Other assets</td>
<td>438,645</td>
<td>595,285</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>94,370,720</strong></td>
<td><strong>32,802,341</strong></td>
</tr>
</tbody>
</table>

#### Non-current assets

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>6,177,799</td>
<td>5,251,465</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>6,177,799</strong></td>
<td><strong>5,251,465</strong></td>
</tr>
</tbody>
</table>

#### Total Assets

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>100,548,519</strong></td>
<td><strong>38,053,806</strong></td>
</tr>
</tbody>
</table>

#### Current Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors and accruals</td>
<td>816,871</td>
<td>981,543</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,902,874</td>
<td>804,918</td>
</tr>
<tr>
<td>Income in advance</td>
<td>59,375,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>62,094,745</strong></td>
<td><strong>1,786,461</strong></td>
</tr>
</tbody>
</table>

#### Non-current Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>8,346,758</td>
<td>4,541,300</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>8,346,758</strong></td>
<td><strong>4,541,300</strong></td>
</tr>
</tbody>
</table>

#### Total Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>70,441,503</strong></td>
<td><strong>6,327,761</strong></td>
</tr>
</tbody>
</table>

#### Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated surplus</td>
<td>30,107,016</td>
<td>31,726,045</td>
</tr>
<tr>
<td><strong>Total Accumulated Surplus</strong></td>
<td><strong>30,107,016</strong></td>
<td><strong>31,726,045</strong></td>
</tr>
</tbody>
</table>

### Notes:

The financial statements are presented in Vanuatu currency (Vatu) which is the Institute’s functional and presentation currency.

Foreign currency transactions are translated to Vatu at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the income statement in the year in which the exchange rates change.

Core funding provided by the Government of Australia Agency for International Development. A complete copy of financial statements audited by Law Partners Chartered Accountants is available upon request - email pipp@pacificpolicy.org.
Management & accountability

Organisational governance

THE Pacific Institute of Public Policy (PiPP) was established as a legal entity under the Vanuatu Charitable Associations (Incorporation) Act (registered no. 34243) on 21 November 2007. The institute’s constitution forms part of its articles of association and details the organisation’s objectives, composition and management. As a not-for-profit entity, the constitution directs that all income and property shall be applied solely towards the promotion of the objectives and that no income or property shall be paid or transferred by way of dividend, bonus or otherwise by way of profit to the members.

BOARD

THE institute is governed by a Board of up to seven members whose purpose is to maintain the values of the organisation and set the overall strategy and direction. Current members are profiled in the following pages. The Board monitors the financial and operational performance of the organisation and its management. The Board meets twice annually, before 28 February to approve the annual report and audited financial statements for the previous operating/financial year and by 30 November to approve the annual budget and activity plan for the forthcoming year. The institute follows the Vanuatu financial year, which starts on 1 January and ends on 31 December.

Human resource management

THE institute has a Board approved Human Resource Policy and Procedures, which was prepared by an external HR professional and sets out the key human resource management and disciplinary procedures. The institute’s human resource planning is informed by analysis of future workforce demand and supply, future workforce opportunities and challenges, skills assessments and legislative obligations. Going into 2013, core staffing numbers are expected to remain relatively constant at 14 full time equivalent positions covering programming, networking and administration (4), research (5) and communications and research uptake (5) with 12 out of the 14 positions (86%) working directly on research/analysis and the dissemination of information.

ASSOCIATES

We continue to explore ways of operating through a network of associates and contributors, and through strengthened institutional partnerships with other research and policy focused organisations in other Pacific island countries. This allows us to keep our core staffing requirements at a sustainable level, whilst expanding our reach and access to relevant expertise. This model also allows greater flexibility in responding to contemporary and emerging policy issues, and by embracing information technology advances will ensure the natural evolution of PiPP from ‘think tank’ to collaborative ‘think net’.

Financial management

FINANCIAL management is the responsibility of the Executive Director and is overseen by the Board. The institute has Board approved Financial Regulations in place, which cover: financial delegations; management of accounts; payments and purchasing; asset management; and financial reporting. The institute is committed to the principles of best procurement practice that includes open, fair and competitive purchasing and tendering processes, which are appropriate in terms of cost and efficiency and take into account potential conflicts of interest. The institute has advanced budgeting and accounting systems in place, and the accounts are audited annually by a firm of chartered accountants according to international accounting standards.

Ethics and values

THE institute has a Board approved Research Ethics Framework, which provides guidance for researchers and procedures for institutional monitoring. All research conducted by, for and in collaboration with PiPP is guided by the principles of dignity, respect, selflessness, honesty, integrity, objectivity, accountability, openness, and leadership. The principles apply equally to staff and research associates.

External scrutiny, monitoring and evaluation

THE institute’s accounts and operations are audited annually by a firm of chartered accountants in accordance with international financial reporting standards, and submitted to the Vanuatu Financial Services Commission pursuant to the requirements of the Vanuatu Charitable Associations (Incorporation) Act. Annual and progress reporting and financial acquittals have been supplied to AusAID since 2008. The institute welcomes critical feedback on its performance and editorial content. To this end, we engage a range of academics, policymakers and experts to provide peer review and offer comment on our work. In addition, we publish an annual report card that assesses our performance against objectives and captures the key lessons learned. To date this has been based on self-assessment overseen by the Board. Moving into 2013 we will introduce a panel of peers and experts to provide an external appraisal to inform the annual report card.

The type of activity undertaken by PiPP does not easily lend itself to measuring outcomes. Short-term quantifying mechanisms can capture the level of outputs (e.g. number and reach of research and discussion papers, number of citations of PiPP analysis, web and network traffic and event attendance) but this provides little evidence of how PiPP’s activities lead to better informed and more inclusive policy decisions and how these decisions contribute to improved development outcomes. Given the complexity in assessing the impact of our work, we have teamed up with the Overseas Development Institute to examine the characteristics of the policy issues and environment in which we operate, track how we have responded and the effect this has had on fostering debate amongst different stakeholders and any contribution this has had on policy change. The assessment is based on interviewing key stakeholders and mapping the issues, PiPP’s responses and its impact. Rather than focus on individual or specific stories, the performance assessment will provide an analysis of the patterns that emerge from the totality of the reviews.

Staff
The people behind PiPP

BOARD
Mr Rick Houenipwela, Solomon Islands
Dame Carol Kidu, Papua New Guinea
Mr Matthew Morris, Australia/Papua New Guinea
Mr Nikunj Soni (Chair), Vanuatu/Timor Leste
Mr Kalio Tavola, Fiji
Mr Odo Tevi, Vanuatu
Mr Afamasaga Toleafoa, Samoa

Professor Stephen Howes resigned from the Board on 6 November 2012

STAFF
Trevor Banga, Research Associate
Frida Ben-Sam, Communications Officer
Ellen Bistrau, Executive Assistant
Ben Bohane, Communications Director
Derek Brien, Executive Director
Mary Jack Kavani, Project Officer
Linda Kemi, Research Associate
Toby Ley, Research Associate

TREVOR BANGA
Board Member

FRIDA BEN-SAM
Communications Officer

ELLEN BISTRAU
Executive Assistant

BEN BOHANE
Communications Director

DEREK BRIEN
Executive Director

MARY JACK KAVANI
Project Officer

LINDA KEMI
Research Associate

TOBY LEE
Research Associate

PIPP ASSOCIATES
H.E. Ati George Soko-Mamau, Retired (first) President of the Republic of Vanuatu
Mr. Hannahing Alota, Former Ombudsman, Vanuatu
Chief Vincent Boulelone, Former Speaker of Parliament, Vanuatu
Ms Virliska Baadromio, Executive Director, Fiji Women’s Rights Movement
Professor Satish Chand, University of New South Wales, Australia
Associate Professor Simon Feeny, Alfred Deakin Research Institute, Australia
Dr Dan Gay, Principal Emergent Economics, UK
Mr Ben Graham, Advisor to the Government of the Republic of Marshall Islands
Mr Mark Harradine, Executive Director Auditor General’s Office, Australia
Mr Adrian Hewitt, Overseas Development Institute, UK
Mr Aunese Makoi Simati, Secretary Ministry of Finance, Tuvalu
Ms Pricilla Maruariki, Manager Treasury Operations, Ministry of Finance, Cook Islands
Mr Emmanuel Narokojo, Masaii Communications, Papua New Guinea
Professor Greg Rawling, University of Otago, New Zealand
Mr Benjamin Shing, Director Strategic Policy Planning and Aid Co-ordination, Vanuatu
Mr Ashley Wilmah, Policy Analyst, Solomon Islands

TREVOR BANGA
Research Associate

FRIDA BEN-SAM
Communications Officer

ELLEN BISTRAU
Executive Assistant

BEN BOHANE
Communications Director

TREVOR BANGA
Board Member

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ANNNA NAEMON
Research Associate

KALIO TAVOLA
Board Member

MATT TOMAR
IT Support Officer

ODO TEOI
Board Member

AFAMASAGA TOLEAFOA
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