



Pacific Institute
of Public Policy

Annual
Report

09

The Pacific Institute of Public Policy exists to stimulate and support policy debate in Pacific island countries.

Front/back cover image - Canoes at dusk along the Fly River, the border between West Papua / Indonesia and PNG, 1999
© Ben Bohane/degreesouth.com

Ben Bohane is a photojournalist and author who has specialised in the Pacific for the past 15 years. Ben is a member of the PiPP Advisory Council and joined our communications team as media advisor in 2010. He is represented by the Australian photo collective www.degreesouth.com. The images displayed in this report are from his forthcoming book *The Black Islands - Spirit and War in Melanesia*.

PiPP invites artists and photographers with an interest in showcasing the Pacific in an original way to exhibit their work in our publications.



Idyllic island at sunset, off the coast of Kiriwina island in the Trobriands group, 2004
© Ben Bohane/degreesouth.com

The Pacific Institute of Public Policy (PiPP) is a not-for-profit, independent think tank registered under the Vanuatu *Charitable Associations (Incorporation) Act* (Registered No. 34243)



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A man in traditional costume prepares himself for ritual during a kastom dance on the Sepik River, PNG, 2003 - © Ben Bohane/degreesouth.com



Message from the board

It has been said in some quarters that we are now in the Pacific century, and recent global events have shown that this may well be the case. Geo-political interest in the Pacific is returning to levels not seen since the end of the Second World War. What was once a region struggling to be heard, is now one that is being courted.

The need for a truly independent Pacific voice has never been greater.

In this rapidly changing environment the norms of political and economic engagement are being re-written on an almost daily basis. This has enormous implications for everybody, ranging from the smallest Pacific island to our larger Antipodean neighbours. Nobody knows for certain how the emerging roles and influences from both the Asian subcontinent and also the Middle East will manifest in our region, but those of us who live here know that it is already happening and moving at a pace. The scramble for mineral and marine resources may further exacerbate this struggle.

All of this befalling a region that is still finding its own identity. At every level there are serious challenges. Is the Pacific a single region, or three distinct regions that need to face these challenges separately? How do the Melanesian states combine the need to meet the challenges of the 21st century internationally, whilst dealing with domestic issues and challenges that have their roots deep in their past? How will the recent increased geo-political interest affect the relationship between the Micronesian countries and the United States? Can small Polynesian microstates possibly be expected to operate effectively in such a complex political environment?

The challenges and opportunities for the Pacific are indeed great. In order to meet these challenges, and hopefully make the best of the renewed interest in our region, it is important that our people, leaders and decision makers have access to as much information as possible. This information needs to be provided in a meaningful way that is readily understood and able to help them in their deliberations.

It is therefore a great honour for those of us on the Board of PiPP to see how this young organisation has grown quickly to fill this need. We all understand the very great responsibility that lie on its young shoulders, and congratulate the executive and staff for their incredible achievements in such a short time frame. I hope for the sake of all of us who live in Pacific that we shall continue to see PiPP grow from strength to strength.

Nikunj Soni
Board Chair



Message from the executive

The events of the last year highlighted the vulnerabilities and resilience of Pacific island states. The ripple effect of the global financial crisis reaffirmed the need for sustainable, broad based economic growth, and ongoing investment in social and physical infrastructure. The devastating flooding in Fiji and the earthquake-triggered tsunami that hit American Samoa, Samoa and Tonga were painful reminders of the force of nature, and the threat posed by climate change. The increasingly polarised debates on trade accentuated the difficulties of small island countries competing on an ever-shifting world stage.

These events further demonstrated the need for Pacific policy responses to be informed by relevant, independent evidence and analysis. Over the first two years of operation, PiPP has positioned itself as the Pacific's leading independent think tank. From the outset, innovative communications activities have been central to our model of engagement. Based on a detailed understanding of the issues, and the political context in which they will be considered, what we do is immerse the literature and participants in the live policy debate. In addition, research activities build on the knowledge base through original investigation and a considered synthesis of the work of others. Information is presented in accessible language and formats. By tapping into existing networks, we avoid duplication and broaden exposure.

The role of information interlocutor is often invisible, but its value can be gauged through the tremendous support for PiPP across the region and internationally.

We occasionally get asked if we have a particular agenda to advance. We don't. PiPP is proudly independent and non-partisan, and we do not seek to advocate particular policy positions. We exist simply to stimulate and support policy debate on the issues shaping the next phase of nation building across the Pacific. Our impartiality allows us to build trust, understanding and consensus for action. It also allows us to tackle sensitive issues and challenge the status quo when required.

The results speak for themselves, and this annual report presents an overview of our many achievements over the past year. It also showcases the striking imagery of Pacific-based, international photojournalist (and PiPP Advisory Council member) Ben Bohane. Like Ben's photographs, our early efforts have concentrated on Melanesia. A focus dictated as much by resource constraints, as an awareness of the incredible diversity of the countries in which we operate. Underestimating the nuances of each island state remains all too common in regional and international discourses on the Pacific. Yes, there is much to be gained from pooling resources and sharing learning, but there is no easy 'one size fits all' approach to development in the Pacific islands.

For the year ahead we will continue to develop our programme focus on trade, civic engagement and climate change. Topical issues being explored through these programmes include: education, gender equity, infrastructure, migration, renewable energy, urbanisation and youth citizenship. We will also endeavour to strengthen our partnerships with policy stakeholders and research institutions, especially in Micronesia and Polynesia.

As incoming executive director, it is an honour to be tasked with the leadership of such a dynamic organisation, and a privilege to work alongside a dedicated and capable team of colleagues and associates. We are indebted to the people and organisations that continue to support us, and welcome new partners to promote informed policy debate on the issues that matter.

Derek Brien
Executive Director



Man drags his canoe into the sea to go fishing, Weathercoast of Guadalcanal, Solomon Islands 1999 - © Ben Bohane/degreesouth.com



Highland crowd watch a pigfeast and flag-raising ceremony conducted by OPM guerrillas, West Papua / Indonesia 1995 - © Ben Bohane/degreessouth.com



AIDS awareness in a Motu village in Port Moresby, PNG 2005 - © Ben Bohane/degreessouth.com



Year in review 2009

MANAGEMENT AND ADMINISTRATION

The inaugural meeting of the permanent PiPP board was held in Port Vila on 19 January 2009, to replace the interim board, approve the institute's constitution, research ethics framework, annual report and financial statement for 2008. Additionally, it was resolved to short list nominees to fill the final vacant positions on the board, taking into account gender and representation from Pacific island countries. The current board comprises: Mr Nikunj Soni (Vanuatu), Mr Odo Tevi (Vanuatu), Mr Kalio Tavola (Fiji), Mr Afamasaga Toleafoa (Samoa), Dr Stephen Howes (Australia) and Mr Rick Houenipwela (Solomon Islands).

The financial statements for the 2008 financial year were audited by Hawkes Law Chartered Accountants and summarised in the 2008 Annual Report.

A regional recruitment drive was undertaken in late December 2008 to fill the senior positions - business development manager and senior research officer - and we were overwhelmed with quality applications from across the Pacific region. Mr John Licht was appointed as business development manager in January 2009, bringing an impressive array of skills relevant to both this position and the trade policy focus of the organisation. John had previously worked within the trade division of the Pacific Islands Forum Secretariat and the Vanuatu Government, and had also served as general manager operations and general manager customer services with Vanuatu Post Limited.

Filling the post of senior research officer proved difficult as funding was largely dependent on commissioned research and, therefore, it was not possible to offer contract certainty beyond an initial twelve-month period. As such we were not in a position to attract candidates from outside Vanuatu. In the end the incumbent senior research officer, Dr Bimbika Sijapati Basnett, agreed to remain with the organisation, splitting her time between the Pacific and Cambridge in the UK. Retaining Bimbika enabled us to proceed with the

programmed research agenda, and in particular undertake the second phase of the multi-year social and economic impact assessment of telecommunications liberalisation in Vanuatu.

Ms Frida Bani was appointed communications officer and Mr Ben Kaurua was appointed research officer to assist with the increasing workload of the organisation. Both Ben and Frida had previously worked with PiPP through our intern programme and telecommunications research project. In addition to core staff, PiPP engaged over 55 research contractors, interns and consultants on project specific activities throughout 2009.

It was envisaged that a dedicated communications team would be recruited through the course of 2009, however it was necessary to postpone recruitment until longer term funding arrangements were in place.

In our first year of operation, income was mainly generated from commissioned research and consulting activities, and contributions from the institute's founders. In 2009 core funding support from AusAID allowed us to focus more on developing core activities. Discussions are ongoing with existing and potential funding partners to deliver a model that enables the execution of annual work plans and also implement the institute's growth strategy outlined in the *Sustainability Plan 2008-2012*. This plan remains a living document, taking account of peer and internal review processes and the changing needs of the institute. A human resource management consultant was appointed at the end of 2009 to assist with the growth strategy, and put in place the policies and procedures to guide the future development of the institute. It will be necessary to secure multi-year funding support to shift the focus from securing short term (annual) financial survival to a more considered strategic approach as outlined in the sustainability plan. The organisational structure going into 2010 (see figure 1) best positions us to deliver the measured growth strategy and ambitious work programmes.

Board

The board oversees the strategic direction for the institute. Composition and management of the board is detailed in the PiPP Constitution. The board meets in person at least once annually and members communicate regularly with the executive.

Advisory council

The advisory council has been central to our early success and provides advice to the board and management on issues of strategic and policy importance, including setting research and policy priorities. Members of the advisory council are called upon to provide peer review, and academic members provide support to our Pacific research programme. Members of the advisory council are also invited to contribute opinion or research pieces for distribution through the PiPP network.

Communications

Central to our model of engagement with policy stakeholders is active research communication strategies. The communications manager oversees these strategies, in liaison with regional media agencies, research institutes and policy stakeholders. Outputs include innovative methods of information sharing in print, audio/visual and online mediums.

Programme management

Programme managers are responsible for the development and implementation of activities in line with the institute's thematic focus, which for the year ahead includes civic engagement, trade, and climate change. Related programmatic themes include: education, gender equity, infrastructure, migration, renewable energy, urbanisation and youth citizenship.

Research

The senior research officer provides leadership for the institute's research programme and offers mentor support to the research officers. The PiPP Research Ethics Framework guides research activities. In addition to undertaking original investigation, the research team ensure timely responses to contemporary and pressing policy issues, and synthesise key messages from existing research relevant to the Pacific.

Importantly, our research programme is designed to respond to demand and contemporary issues as they arise. Over the course of the coming year we aim to expand our internship programme to provide new opportunities for Pacific island researchers.

PROGRAMME ACHIEVEMENTS

Civic engagement

In volatile political systems, political party integrity legislation carries the powerful promise of stable government and more effective political governance. Throughout the Pacific, there is growing dissatisfaction with political parties and political leadership. The coalition arrangements that tend to dominate governments, especially in Melanesia, can be fragile, destabilised by party fragmentation and the proliferation of new (often short-lived) political movements. Existing party structures have failed to balance the requirements of executive leadership with the aspirations of a new generation of leaders who challenge the status quo. Patronage, instability and fragmentation continue to be the norm rather than the exception. Young people, especially, appear disenfranchised and disenchanted.

In response, some political leaders have sought to re-engineer their political systems in order to encourage elections that are more decisive, parties that more coherently aggregate interests, and governments that are more stable. There is broad support among political leaders, civil society and donors to arrest deteriorating political stability, and encourage good public leadership and active citizenship. PiPP continues to work with political parties and civil society groups to build momentum for greater civic engagement in the political and policy-making processes. The aim is to promote dialogue and raise awareness and understanding of the pressing policy issues, through civic education and improved access to information. The outcomes include more inclusive national debates, exploration of appropriate avenues for reform and the delivery of capacity building and training programmes.

Telecommunications reform

Following on from our 2008 research into the social and economic impact of telecommunications liberalisation in Vanuatu, the study was expanded to include an additional six rural research sites to better reflect the reality of living in Vanuatu. The study explored how people in urban and rural Vanuatu use telecommunications, and how this has

impacted on people's livelihoods. It also considered the implications of telecommunications for gender dynamics, small and medium enterprises, and rural-urban linkages.

This was the second year of what will be a multi-year study to track changes and trends as many countries in the Pacific open up their telecommunications sectors. The quantitative research drew on a detailed household level survey adapted from a study commissioned by the British Department for International Development (DFID). The qualitative research included semi-structured interviews and focus groups to better understand the use of telecommunications by small and medium enterprises in Vanuatu; the gender dimensions of telephony access and use; and the role of telecommunications on household income. A communications programme providing feedback from the initial findings complemented the field research undertaken in 2009.

The study demonstrated that telecommunications liberalisation has led to increased productivity. Near universal access to mobile phones in Vanuatu has also helped rural and urban households to offset household vulnerabilities, maintain social relationships, reduce household costs, narrow gender gaps in ownership and access, reduce costs and increase the profitability of small and medium enterprises, and, significantly, expand rural productivity. Nevertheless, the report also points to a number of issues that continue to pose significant challenges associated with the recent liberalisation of the telecommunications sector in Vanuatu, including: lack of complementary infrastructure; gender specific concerns and constraints in using mobile phones; significant costs associated with finding reliable network coverage; and a lack of appreciation of using the internet and high costs associated with internet services.

Drivers of change

The 'drivers of change' analysis tool is increasingly used by development agencies to identify and study the linkages between a country's political

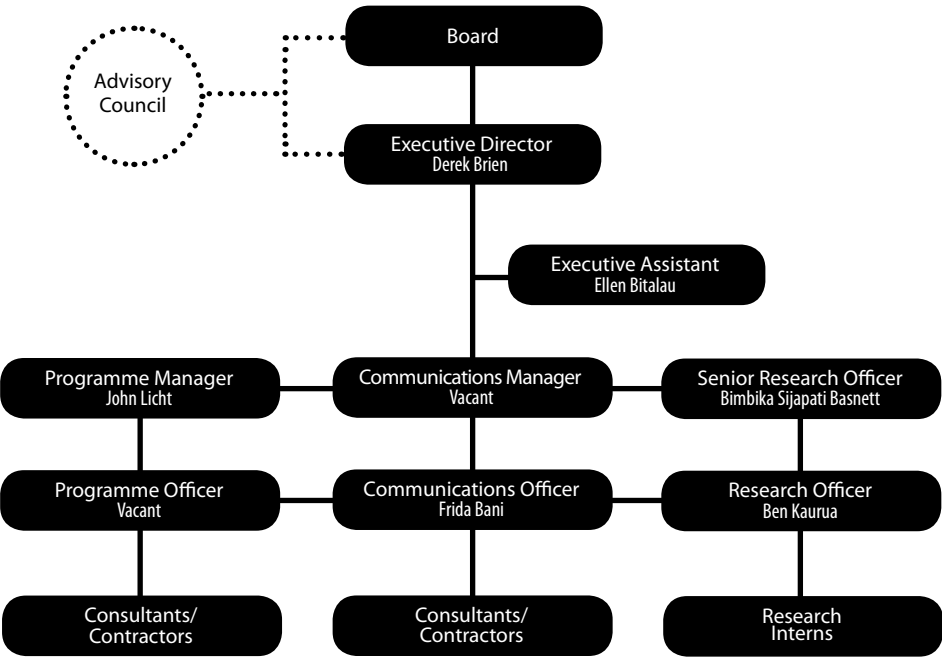


Figure 1: Organisational Structure 2010



Village serenity: afternoon stroll into a village on Kitava Island, Trobriand islands, PNG 2003 - © Ben Bohane/degreesouth.com

framework and the factors that support or block development. It considers the interaction between economic, social and cultural systems and the goals, behaviours and actions of the development actors. In 2007, a number of PiPP personnel were part of the drivers of change team that mapped out possible development scenarios for Vanuatu over the coming 10-15 years, based on different assumptions around political governance. Since 2008, PiPP has been engaging national and international stakeholders in order to distil the key messages and learning from the 2007 report* to maximise its use in understanding the social, cultural and political factors that shape the current development agenda.

Key activities in 2009 included the commencement of production of a radio documentary on the development challenges in Vanuatu, an interview series with key figures in Vanuatu's political history and a public discussion forum with the surviving members of the original 1979 Constitutional Committee. The event marked the 30th

* Marcus Cox et al (2007) *The Unfinished State – Drivers of Change in Vanuatu*. AusAID, Canberra.

anniversary of the Constitution of the Republic of Vanuatu and provided an opportunity to place some of the contemporary policy issues (including land, urbanisation and economic development) in their historical context. The audience included representatives from a number of secondary schools and provided a valuable exchange between the nation's founders and the leaders of the future. Also in attendance were government officials, members of the diplomatic corps, state dignitaries and interested public.

Fiji political situation

PiPP has led the call for international engagement and a truly participatory national dialogue to help bring an end to military rule in Fiji, and return the country to its rightful position as a regional leader. Recognising the many and varied interests, PiPP continues to consult with stakeholders within Fiji and the international community in an attempt to find a way forward. The entrenched differences of opinion further point to the need for inclusive dialogue and a well thought through reconciliation process.

The impact of the global financial crisis

Pacific island economies are relatively isolated from the rest of the world. However the global financial crisis, which unravelled on the back of the 2008 food and oil price spikes, was a cause for concern across the region. PiPP monitored the situation, providing analysis to Pacific governments and sub-regional bodies including the Melanesian Spearhead Group. PiPP also contributed to a global analysis of the crisis led by the Overseas Development Institute (ODI) providing input into the design of the research and overview of the Pacific context.

The crisis amplified the differing circumstances of each country and sub-region. The compact states of Micronesia have always had close economic relations with the US for political and military reasons. The territories of New Caledonia, Wallis and Futuna and French Polynesia have strong ties with France. Polynesian states such as Samoa, Tonga, the Cook Islands and Tuvalu have close trade and family links with Australia and more so New Zealand. The Melanesian countries of Papua New Guinea, Fiji, Vanuatu and Solomon Islands

make up the majority of the region's population, resources and trade.

It is not surprising that the impact of the global financial crisis has been different across the Pacific. Papua New Guinea continues to enjoy a boom in commodities and investment fuelled by the proposed multi-billion dollar liquefied natural gas (LNG) project. Tourism and construction have been major drivers of growth in Vanuatu, which averaged 6.6% between 2003 and 2008.

The Cook Islands and Samoa (pre tsunami) also benefited from tourism as visitors from Australia and New Zealand sought closer (and cheaper) destinations in response to the global economic downturn. Fiji's political situation and the floods in early 2009 hit the domestic tourism industry, and may have contributed to the surge in tourist numbers in other Pacific island countries. Countries dependent on remittances, such as Tonga and Samoa, felt the impact of rising unemployment and worsening economic conditions in countries where their diaspora live and work.

Regional trade and investment

PACER Plus continued to dominate the regional trade agenda in 2009, with Pacific Island Forum leaders agreeing, at their August meeting in Cairns, to commence negotiations. The PACER Plus debate remains highly polarised and trade centric. PiPP has published a number of briefing notes and undertaken extensive consultation in a number of Pacific island countries in an attempt to broaden the scope of PACER Plus, which is after all, an agreement on closer economic relations – and therefore beyond just a free trade agreement.

We were also commissioned by the governments of Samoa and Vanuatu to undertake detailed impact assessments of development needs and constraints in relation to PACER Plus. Both studies entailed a detailed consultation programme with government, private sector, civil society and donor stakeholders. Additionally we actively engaged with Australian and New Zealand officials to facilitate a fuller understanding of the key issues faced by PACER Plus parties. In developing a consultation framework we hope to open up the PACER Plus debate, and in doing so move towards each country taking a whole of government consideration of the possible benefits and risks of such an agreement.

If PACER Plus remains focused on free trade it will fail. Pacific leaders (in government, business and civil society) need to embrace the opportunity to consider a broader agreement on closer economic relations between the parties as a means to achieve national and regional development aims.

A closer economic agreement in the Pacific needs to consider a whole range of issues, such as improving living conditions, consumer protection, business development, social inclusion, infrastructure, the environment and migration. Pacific leaders have demonstrated a long-standing commitment to regional integration, and PACER Plus presents an opportunity to build on the deep social, cultural and commercial linkages between the Pacific islands, Australia and New Zealand. But we will not get there unless we change the language of the debate. Just releasing an avalanche of technical studies is not enough. Framing the discussion in trade jargon excludes most people, and prevents a more thorough appraisal of the options for mutually beneficial integration.

Climate change

In 2009 the climate change debate heated up in anticipation of an ambitious global agreement in Copenhagen. Perhaps we overlooked just how ambitious it was going to be getting any sort of consensus agreement, at what was probably the largest ever gathering of world leaders, and especially for such a divisive and complex issue as climate change. PiPP's involvement in climate change has focused on the human impact and how adaptation measures should be broadened beyond environmental measures (such as averting coastal erosion) and 'climate proofing' infrastructure. Meeting existing and future development challenges, amplified by the threat of climate change, requires investment in water supply, sanitation, agricultural productivity, renewable energy, health care and education.

Building each country's capacity to cope with the development pressures associated with rapid population growth and urbanisation goes hand in hand with climate change. Removing barriers to migration will be necessary as people displaced by coastal erosion, loss of agricultural land or water supply need to seek alternative accommodation. This may require internal and international migration channels. Investing in the broader development aims will contribute to people's chances to migrate by choice - or at least with dignity - and not as climate change refugees.

PiPP will continue to look at how emerging climate change mitigation and adaptation policies work for the people of the Pacific. Current areas of interest include understanding the implications of emerging markets, such as carbon trading and bio fuels, for small island states as well as reducing the Pacific's dependence on imported diesel for power generation. Research in these areas aims to help in the design of more effective long-term policy responses.

Performance monitoring and evaluation

Most Pacific island countries are formulating and implementing national and sectoral development plans, progressively aligning them to international commitments to promote sustainable development (e.g. the Millennium Development Goals, the Convention on the Rights of the Child and the Convention on the Elimination of Discrimination



A chief sits on a coconut stump, which used to mark the foreshore only 10-15 years ago, highlighting the impact of sea level rise in the Carteret atolls, PNG 2009 © Ben Bohane/degreesouth.com

Against Women). In partnership with UNICEF and UNFPA, we undertook a three-country diagnosis in Kiribati, Solomon Islands and Vanuatu to detail the performance monitoring and evaluation functions that currently exist and assess their strengths and weaknesses in terms of strengthening public sector management. The multi-country analysis allowed a comparison of monitoring systems as well as shared learning experiences. The diagnostic study found many disconnects between planning, monitoring and evaluation across each national government. In response to the existing constraints to performance management, the report set out a series of detailed recommendations covering:

- Strengthening data collection and analysis.
- Refining and rationalising monitoring systems to take account of practical realities and transaction costs of fostering dialogue and exchange between national planning and budgeting processes.
- Focusing performance monitoring and evaluation on outcomes rather than inputs
- Improving donor coordination and harmonisation.
- Building domestic demand for women and children focused monitoring and evaluation.

Public financial management systems

An internal study examined the options for using national public financial management systems for the delivery of aid in the Pacific. The countries in the Pacific vary in terms of size and complexity of financial management systems. Broadly speaking there are three categories: mid-sized countries (PNG & Fiji) that are highly complex administratively and technically; small countries (Vanuatu, Samoa, Solomon Islands) which are less complex and the micro states (Tuvalu, Niue Nauru) that have minimal incumbent systems.

The study highlighted the need for trust between development counterparts, especially as it is politically challenging if national governments suspect donors have no real intention of using their systems to deliver aid.

The study revealed a number of key learning points especially from working examples in Vanuatu, PNG and Solomon Islands. Many different models have been tried over time in these countries and this could be the subject of further detailed analysis.



Financial report

Communications

The following briefing papers and journal articles were published in 2009:

Why is the ADB increasing the cost of membership – and why does it matter for Pacific island countries? PiPP Briefing 07, March 2009.

'Pacific lessons from the Economic partnership Agreement', in *Trade Negotiations Insights*, Issue 03, Volume 8, April 2009.

PACER Plus: the art of negotiation, PiPP Briefing 08, May 2009.

'Putting substance into PACER Plus', in *Trade Negotiations Insights*, Issue 05, Volume 8, June 2009.

'Vanuatu's good recent growth performance and prospects', by Stephen Howes and Nikunj Soni, in *Pacific Economic Bulletin* Volume 24 Number 1, 2009.

'Implications of telecommunications liberalisation for small and medium enterprises in Vanuatu', by Bimbika Sijapati Basnett and Derek Brien, in *Pacific Economic Bulletin* Volume 24 Number 2, 2009.

Lending Fiji a hand: The need for international engagement and a national dialogue, PiPP Briefing 09, July 2009.

Fast growth in the Pacific is possible – look at Vanuatu, PiPP Briefing 10, July 2009.

Casting the net to define the PACER 'Plus', PiPP Briefing 11, October 2009.

Climate countdown: time to address the Pacific's development challenges, PiPP Briefing 12, December 2009.

PiPP's research into telecommunications reform in Vanuatu was featured in AusAID's magazine *Focus*, Volume 24, Number 1, Feb-May 2009.

Throughout 2009, PiPP has been a regular contributor to regional and international media with commentary sought on a number of Pacific policy issues reported by: ABC (Radio Australia and Australia Network TV), BBC, Radio New Zealand, PACNEWS, NBC PNG, Islands Business, SBS Radio, Solomon Star, PNG Post Courier, Vanuatu Daily Post, Vanuatu Independent, VBTC, Samoa Observer, Trade Negotiations Insights, One Television (Solomon Islands) and Agence France Presse.

A selection of media coverage is published on the PiPP website - www.pacificpolicy.org.

Participation in discussions forums and conferences during 2009 included:

- Accredited observer at the 15th United Nations Framework Convention on Climate Change Conference of the Parties (COP15) at Copenhagen.
- Observer at the Pacific Islands Forum Leaders Meeting in Cairns.
- Participation in the international conference organised by the Lowy Institute – 'Pacific Islands and the World: The Global Economic Crisis'.
- Presentation to the participants of the 2009 Pace Program in Canberra organised by the Australia and New Zealand School of Government (ANZSOG).
- Support to Vanuatu Investment Promotion Authority/Ministry of Trade (Vanuatu) with consultation forums for the review of foreign investment legislation and regulations.
- Presentation to students at the Vanuatu Institute of Technology on trade issues (PACER Plus and WTO).
- Participation in Vanuatu pilot BRIDGE Civic Education Workshop by the Australian Electoral Commission/UNIFEM.
- Participation in UNICEF Multi Cluster Survey (Vanuatu) results workshop.
- Presentation to the Government of Samoa and civil society representatives on PACER Plus.
- Presentation to the Government of Tonga and civil society representatives on PACER Plus.
- Presentation to the bipartisan Australian Parliamentary Friends of the Pacific Committee at Parliament House, Canberra
- Presentation to the governments of Kiribati, Solomon Islands and Vanuatu on child and women focused performance monitoring and evaluation.
- Invited guest at the Australian Council for International Development (ACFID) annual conference and council meeting.

BOARD DECLARATION

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 as at the end of the financial year and of its income statement, statement of cashflows and statement of changes in funds for that year.

The Board are 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 2009 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 judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2009. 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, which were approved on 15 February 2010.

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 2009, which are available online or from the institute's offices.

Approved by the members of the Board
and signed on their behalf by
the Chair, Nikunj Soni
Port Vila, March 2010

EXTRACT FROM AUDITORS' REPORTS

We have audited the financial statements of The Pacific Institute of Public Policy which comprise the balance sheet as at 31 December 2009, 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 on pages 5 to 13 of 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 *Companies Act* [CAP 191] and give a true and fair view of the financial position of the entity as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Summary financial statements

We have examined the summarised financial statements of the Pacific Institute of Public Policy for the year ended 31 December 2009. 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 2009.

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.

Port Vila, March 2010
HAWKES LAW Chartered Accountants
(Qualified auditors under Section 166 of the *Companies Act* [CAP 191] of the Republic of Vanuatu)

INCOME STATEMENT
FOR PERIOD ENDED 31 DECEMBER, 2009

REVENUE	2009 VUV	2008 VUV
Core funding grant	31,455,903	20,552,618
Consulting income	10,962,044	16,554,372
Interest income	5,327	6,771
Foreign exchange revenue	183,751	62,981
Other income	82,510	-
Total revenue	42,689,535	37,176,742
EXPENSES	2009 VUV	2008 VUV
Contractors	(13,130,357)	(23,304,422)
Depreciation	(396,005)	(106,957)
Rent	(1,800,000)	(778,125)
Travel	(7,323,482)	(1,843,342)
VNPF contributions	(611,303)	(24,800)
Wages and salaries	(15,291,940)	(620,000)
Other expenses	(4,805,224)	(2,201,225)
Total operating expenses	(43,358,311)	(28,878,871)
Total operating (deficit) / surplus	(668,776)	8,297,871

STATEMENT OF CHANGE IN FUNDS
FOR PERIOD ENDED 31 DECEMBER, 2009

	2009 VUV	2008 VUV
Balance at beginning of reporting period	8,297,871	-
Operating surplus for the reporting period	(668,776)	8,297,871
Balance at the end of reporting period	7,629,096	8,297,871

BALANCE SHEET
AS AT 31 DECEMBER, 2009

CURRENT ASSETS	2009 VUV	2008 VUV
Cash	5,839,749	5,443,751
Receivables	1,036,985	1,047,576
Other assets	206,058	206,058
Total current assets	7,082,792	6,697,385
NON-CURRENT ASSETS		
Property, plant and equipment	2,291,142	2,209,242
Total non-current assets	2,291,142	2,209,242
TOTAL ASSETS	9,373,934	8,906,627
CURRENT LIABILITIES		
Creditors and accruals	1,315,426	507,975
Directors loans	50,300	50,300
Provisions	379,112	50,481
Total current liabilities	1,744,838	608,756
TOTAL LIABILITIES	1,744,838	608,756
NET ASSETS	7,629,096	8,297,871
Accumulated surplus	7,629,096	8,297,871
TOTAL ACCUMULATED SURPLUS	7,629,096	8,297,871

NOTES:

Currency used is Vanuatu Vatu (VUV)

Mid-point exchange rate at 31 December 2009, AUD\$1.00 = VUV88.705

Core funding and commissioned research partners during 2009 included: AusAID, Government of Vanuatu, Government of Samoa and UNICEF.

A complete copy of financial statements audited by Hawkes Law Chartered Accountants is available upon request from the Pacific Institute of Public Policy, PMB 9034 Port Vila, Vanuatu or can be downloaded from our website at pacificpolicy.org.



Looking to the future



Canoe flotilla arrives in Port Vila harbour during the Melanesian Arts festival, Vanuatu 2002 - © Ben Bohane/degreesouth.com

The institute's programme focus will continue to develop around the core themes of trade, civic engagement and climate change, while remaining responsive to contemporary events and demand driven research requests. Current topics being explored through our research and programme activities include: education, gender equity, infrastructure, migration, renewable energy, urbanisation and youth citizenship.

Our work plan remains a 'living' document and is continually monitored and updated every six months, taking into account new research, communications and development priorities. It is flexible enough to accommodate emerging issues, such that PiPP can remain visionary and responsive in meeting current and future policy challenges in the Pacific.

The broader research communications programme is the core activity of PiPP. The aim is to contribute to development thinking and practice by working with government, donor, NGO and civil society groups to identify development challenges that would benefit from increased research and policy debate. To do this we will:

- Carry out original research and investigation (independently and together with research partners) on existing and emerging priority issues, and communicate the findings to wide range of audiences across the Pacific.
- Synthesise existing relevant research (undertaken by universities, research institutes, development practitioners, etc.) and communicate key messages through the PiPP network and using broader media engagement.
- Publish a series of policy briefing notes – targeted to government and civil society audiences, the PiPP briefing notes are short papers on matters of current importance to the Pacific. The papers present a balanced analysis of the policy issues and outline possible solutions to resolve problems.
- Develop networks with other research partners (including the Oceania Development Network, University of the South Pacific, East West Centre, Micronesian Seminar, National University of Samoa, University of Papua New Guinea, Australian National University, Caribbean Policy Research Institute, Overseas Development Institute and the University of Auckland) to deepen the linkages between research activities and the live policy debates in the Pacific. Host a series of discussion forums – bringing together key policy stakeholders to consider pressing policy issues (including attracting key note speakers, presentation of research results and information dissemination).
- Engage with local, regional and international media through timely press releases, media briefings, talkback radio and production of material suitable for TV and radio broadcast.
- Participate in relevant regional and international forums, conferences and meetings.

The planned activities detailed in our work plan for 2010 (available online at pacificpolicy.org) are designed to meet the institute's intended objectives, namely to:

- Improve access to information in user relevant languages and formats.
- Stimulate more inclusive national and regional debates on the pressing policy issues.
- Strengthen linkages between academia, development practitioners, government officials and elected leaders.
- Facilitate greater public engagement in public policy decision-making processes.
- Advance development thinking and practice.



Women wave their buruke fans in celebration during a ceremony to mark the end of the PMG (Peace Monitoring Group) mission. Arawa, Bougainville, PNG 2003 - © Ben Bohane/degreessouth.com



String band sings during annual John Frum day celebrations at Sulphur Bay, Tanna island, Vanuatu 2002 - © Ben Bohane/degreessouth.com



The people behind PiPP

BOARD

- Mr Nikunj Soni (Chair)
- Mr Odo Tevi
- Mr Kalio Tavola
- Mr Afamasaga Toleafoa
- Dr Stephen Howes
- Mr Rick Houenipwela

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- Ms Ellen Bitalau, Executive Assistant
- Mr John Licht, Programme Manager
- Dr Bimbika Sijapati Basnett, Senior Research Officer
- Mr Ben Kaurau, Research Officer
- Ms Frida Bani, Communications Officer

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PiPP gratefully acknowledges the core funding support provided by AusAID during 2009



Nikunj Soni
Board Chair



Derek Brien
Executive Director



Odo Tevi
Board Member



Ellen Bitalau
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Kalio Tavola
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John Licht
Programme Manager



Afamasaga Toleafoa
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Bimbika Sijapati Basnett
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Stephen Howes
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Ben Kaurua
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Rick Houenipwela
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Frida Bani
Communications Officer



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