



Pacific Institute
of Public Policy



Annual
Report

10

Tea

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

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)

Front cover image - *Nuanua tumau* - In *Nuanua tumau* (Residing Rainbow), 2010, even the powerful sentinels or warriors depicted protecting the village are unable to halt the recent Tsunami in Samoa. © Fatu Feu'u

Fatu Feu'u is a leading figure of contemporary Pacific arts in New Zealand. He is considered as 'the first painter and printmaker to bridge the cultural traditions which exist in Samoa and New Zealand'⁽¹⁾. Inspired by the diversity of his cultural experiences and knowledge of Pacific art forms, Feu'u has established a distinctive visual language inspired by Polynesian art forms such as tatau (tattoo), siapo (bark cloth), ietoga (fine mat), lashing, carving and ceremonial mask making⁽²⁾. He incorporates ancient symbolism in his work while using contemporary mediums to maintain a 'visual continuity for Samoan culture within Aotearoa/New Zealand'⁽³⁾.

'Fatu Feu'u's art functions as va'aomanu- vessels of knowledge – that contain evocations of memory, migration and reconciliation'⁽⁴⁾. Invariably Feu'u's work communicates narratives from Samoan oratory traditions. Oratory traditions were and still are an essential part of traditional Samoan culture allowing for allegories and legends to be passed from generation to generation.

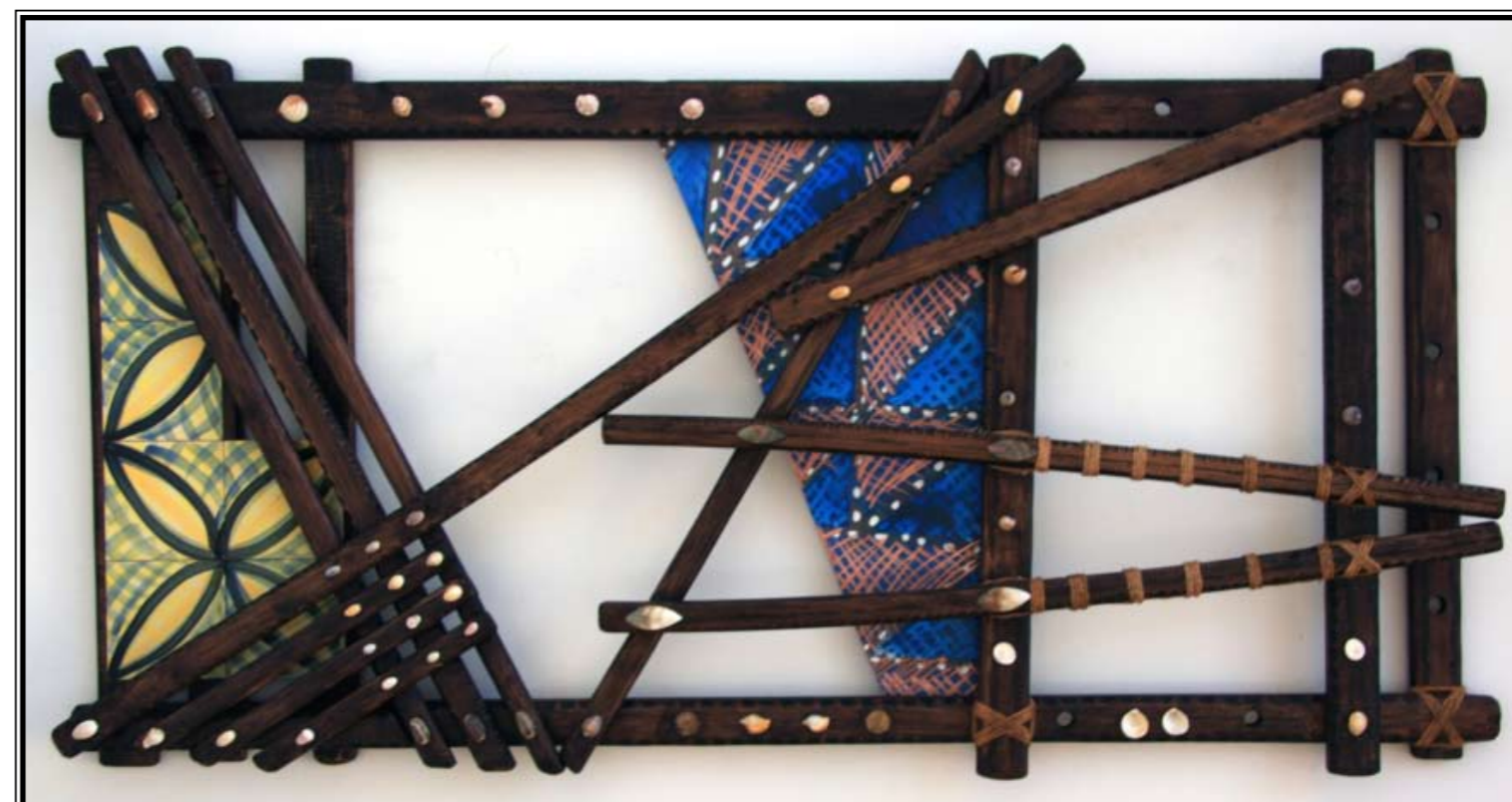
Feu'u incorporates Samoan text across the canvas. The text is accompanied by characteristic motifs such as the four-petalled frangipani flower, the frigate bird, tuna fish and ceremonial masks. These reoccurring forms are often used to express a variety of meanings depending on their context⁽⁵⁾.

(1) Ron Brownson, 'Fatu Feu'u: O le tautai Samoa' *Auckland Art Gallery Toi o Tamaki*, 2002.

(2), (3) (3), (4) & (5) Kate Gallagher, 'Fatu Feu'u: O le tautai Samoa' *Auckland Art Gallery Toi o Tamaki*, 2002.

Fatu Feu'u's artwork provided by Warwick Henderson Gallery and can be found online at www.warwickhenderson.co.nz

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



Aisina 2010 - The carved wood represents the form of a Vaka (waka), the hand-lashed timber-frame represents a traditional twig and shell star navigation chart used by Polynesian navigators. This floats over a painted copper panel which represents a sail, with the blues representing the Pacific Ocean that was crossed by various migrating Pacific peoples in their migration to New Zealand from early times to the present. © Fatu Feu'u

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Pacific voices

The first decade of the century has come and gone. What started with such hope being labelled by some as the “century of the Pacific” has seen a rapid fluctuation in the fortunes of many of the regions smallest nations.

There is talk of increasingly frequent and severe weather interventions, increasingly frequent and severe donor interventions, increasingly frequent and severe geo-political interventions.

The story is of ‘things being done to the Pacific’, of the noble intention of outsiders to save the region or the evil intentions of others to dominate the region.

There are few examples of the people of the Pacific highlighting their own voice, their own solutions to these problems and their own way of dealing with these issues. The people of the Pacific are not merely rolling over and giving up - they are challenging, adapting and creating ways of survival in the most challenging of environments, as they have successfully done for many millennia.

It is sometimes hard to get your voice heard when so many people are shouting at once. In the Pacific we have learnt the benefit of respectful silence at meetings whilst we absorb what is being said and calculate our next actions. Some people take this silence as a symbol of ineptitude or agreement, but it is neither.

The Pacific Institute of Public Policy continues to show what Pacific islanders themselves think about the issues, and demonstrate how they are able to form their own solutions. The need to find and highlight these voices is as great now as it has always been.

It is an incredibly important task and I congratulate the staff for another successful year.

Nikunj Soni
Board Chair



Leiloa II – Includes the symbols of Ancestral spirits and the Frangipani. The frangipani is influenced by the generalized flower form seen in Samoan siapo cloth which is generally made by female makers. For this reason the frangipani flower comes to represent the female form.

© Fatu Feu'u



Nuanua folau - (Sailing Rainbow), 2010, the rainbow imagery is a positive symbol of hope and action.
© Fatu Feu'u

Big problems need big ideas

'You have to dream before your dreams can come true'.

- Dr. A. P. J. Abdul Kalam

As I write this, the Pacific has just experienced the first cyclone of the season. There will be more. As there will be other storms to counter - those economic, political and social. Many have been brewing for some time, others will crop up unexpectedly.

The world went into 2010 with a sense of foreboding. Big economies were in a shambles. Optimism for a breakthrough deal on climate change was buried under the numbing weight of global politics. More than ever people were questioning the big decision-makers - banks, multinational corporations, multilateral agencies, even governments. Unsurprisingly, there were renewed calls across the Pacific to retreat into the security of past isolation and subsistence. Not everyone wants to go back. Nor can they. Not because traditional practices are wrong, not because modern practices are right, but because the world is ever changing. There is no end to the process of development - every nation is in fact a 'developing country'.

The pace of change in a more interconnected world is particularly daunting. Rapid urbanisation across the Pacific, and the enormity of geopolitical forces now at play, serve as stark wake up calls to our leaders. Constantly redefining our place in the world, and improving the quality of life at home should be the foundation of all political activity.

2010 marked a number of milestone anniversaries of independence in the Pacific. Amidst the celebrations and reminiscence some tough questions were posed - about what we have achieved and where we are headed. Four countries went to the polls in 2010, including the first ever vote for a popularly elected government in Tonga. Little changed. There will be a further five national elections in the coming year. Little will change. Much fuss is made about political instability in the Pacific. A more enlightened concern would be to question the pitfalls of political stagnation.

A generation after independence, where are the visionaries to lead the next phase of nation building? How long do we remain bound by the shackles of complacency, fearful of being too ambitious, too quick to accept the demands of outsiders? Study after study returns the same assessment - that the size and geography of Pacific island countries means we will be forever beholden to donors. Do we merely accept this as our fate? Or do we set our minds to the search for economic viability, unleash our entrepreneurial spirit, create new jobs and invest in the skills and education of our people?

While the political and economic landscape fails to keep pace with the needs of the people, there is change afoot in the Pacific. Information is becoming more accessible. Technology is connecting people like never before. People are increasingly speaking out on the issues that affect their lives. All of us at the Pacific Institute of Public Policy (PiPP) are proud that our work contributes to this emerging phenomenon. Whether these newfound voices are being listened to is something that we, and others, need to work on.

In 2010 PiPP pioneered a range of initiatives to stimulate and support informed policy debate. The report card in the following pages captures our learning. In the coming year we will build on these lessons to bring people together to dream big; to inspire our leaders to act big.

Derek Brien
Executive Director

The year in review

The Pacific Institute of Public Policy exists to stimulate and support informed policy debate in and about Pacific island countries. Central to our model of engagement is research communications - bridging the gaps between researchers, development practitioners, government officials, media organisations, elected leaders and their constituents. Our approach focuses on sharing knowledge about the issues and their context, to advance the search for practical solutions to national and regional development challenges. As a new generation of leadership emerges in the Pacific, it is especially timely to provide a platform for inclusive, informed and forward-thinking policy making.

This is what we set out to achieve when we established the institute in 2007. Our primary role, as discussion starter and information interlocutor, differs markedly from those that expressly aim to influence public policy through research and analysis. While we acknowledge our potential to influence, we put a premium on our ability to generate the debate in a balanced way.

Increased core funding support in 2010 provided space for us to develop the organisational architecture to deliver a package of key knowledge sharing products and grow our network. Highlights from the past year include:

- 7 Pacific Policy Dialogue events were attended by at least 1,000 people and broadcast live on national radio and later shown on prime time television.
- The inaugural Pacific Debate held in conjunction with the University of the South Pacific.
- Information is disseminated through a network of 2,500 people across the Pacific and internationally.
- 20 hours of live radio, 12 hours of TV broadcasts and 5 multimedia productions were produced.
- Increased engagement with policy stakeholders in the northern Pacific, including the Federated States of Micronesia, Republic of the Marshall Islands and Palau.
- Research findings on social and economic impact of telecommunications reform in Vanuatu published to much acclaim across the region.
- Website traffic increased by almost 900 per cent.
- Regular contributor to regional and international policy discussions.
- Best practice human resource and financial management systems put in place.

Our work has revealed strong demand for independent policy analysis and knowledge intermediary services throughout the Pacific. This demand is manifested through increasing requests for us to provide input into regional events, research projects, provide information and briefings and undertake commissioned research.

The following pages provide a detailed report card on our progress in 2010. While we strive always to get *straight A's*, we recognise there is always room for improvement. We continue to track our performance and draw on the key learning points to refine what we do and how we do it, and welcome feedback from others.



Red Fish - 2006 The red tuna and frigate bird that commonly feature in Feu'u's work are often representative of physical and spiritual journeys.
© Fatu Feu'u

2010 Report card

Effective governance and operations

Increased core funding support for 2010-11 released PiPP from the constraints of being solely project focused, providing space to develop the organisational architecture to deliver a package of key products and grow the network. The ongoing challenge will be securing further and longer term investment to meet what is clearly an overwhelming demand.

GRADE:

B

2010 HIGHLIGHTS:

- 2009 annual report and audited accounts published.
- Human resource policy and procedures manual approved by the Board following professional HR support that included a review of the organisational structure, sustainability plan and legislative obligations.
- Core funding support facilitated the recruitment of new staff in line with the approved organisation structure and HR procedures, which has enabled PiPP to employ the research and communications skills to deliver planned activities.
- Financial regulations approved by the Board and programme budgeting and accounting systems put in place.
- Throughout the course of the year, PiPP had primary engagement (i.e. direct face to face contact) with over 350 policy and research stakeholders in Australia, Cook Islands, Federated States of Micronesia, Fiji, Guam, Hawaii, Republic of the Marshall Islands, New Zealand, Palau, Solomon Islands and Vanuatu.
- Information is disseminated through a primary network of 500 active subscribers and secondary distribution lists approaching a further 2,000 people across the Pacific and internationally
- The focus for 2010 was on assessing locally derived, country-specific strategies for improving policy processes in the Micronesian states (FSM, RMI and Palau) and gain a stronger understanding of existing policy processes, capacities and conditions.

KEY OUTCOMES AND LESSONS LEARNED:

Clearly much can be done to support and strengthen locally-based and locally-driven policy and development research and analytical capacities. It is an area that does not appear to have received much attention (or resources) from development partners or governments in the Pacific. It is an area where PiPP can potentially add significant value. Simply put, facilitating informed, issues-based conversations between citizens and policy makers in itself becomes an educational tool for the community - people educating one another through ongoing dialogue. This year we have found strong demand for our services in Micronesia. Moreover, there are many talented and tertiary-qualified citizens of FSM, Palau and RMI (including many who have migrated to the US) who could be brought into a policy network, but the right institutional support must exist for this to happen. During the coming year we will continue to explore ways to meet the demand for closer engagement in Micronesia, including a physical presence through a satellite office and/or strategic partnerships.

KEY TO GRADES:

A = No room for improvement; B = Objectives achieved or exceeded; C = Satisfactory; D = Cause for concern

- NOTES:
1. The grades in this report card have been applied by the Board following a management self-assessment.
 2. We welcome feedback and appraisal from partners and users of our products/services, and in future years will endeavour to solicit and report independent measures of our performance.

Contribution to informed and effective policy outcomes

PiPP is primarily a discussion starter and interlocutor, a role that differs markedly from those seeking to directly influence the debate or steer the policy agenda in a particular direction. While we acknowledge our potential to influence, we put a premium on our ability to inform the debate in a balanced way. The ongoing challenge is to safeguard the institute's impartiality.

GRADE:

B

2010 HIGHLIGHTS:

- On average PiPP attended to 2.5 formal requests per week to input into regional events and research projects, provide information or briefings, with requests ranging across government (31%), multilateral agencies (27%), researchers (21%), NGO/civil society (17%) and private sector/media (4%).
- Collaboration with regional and international stakeholders with the aim of supporting a way forward with the political situation in Fiji with the best interests of the Fijian people at heart.
- Contribution to a volume of essays on the G20 growth framework edited by the Overseas Development Institute and released prior to the G20 Leaders meetings in Toronto.
- Participation at the UNICEF Pacific Conference on the Human Face of the Global Economic Crisis jointly convened by the Vanuatu Government in Port Vila.
- Presentations to the Cook Islands Cabinet and civil society and business leaders on the regional trade and economic framework known as PACER Plus.
- Presentation to the Pacific Islands Private Sector Organisation (PIPSO) conference on 'Strengthening Pacific Islands Private Sector to Meet Global Opportunities' in Nadi.
- Presentation to the workshop engaging non-state actors on PACER Plus convened by the Pacific Islands Forum Secretariat in Honiara.
- Presentation to the conference on improving the impact of development research through better research communications and uptake convened by UKAID and AusAID in London.
- Participation at the conference on advancing innovative development and aid strategies in the Asia-Pacific convened by the Lowy Institute in Sydney.
- Participation at the 63rd Annual UNDP Non-government Organisations Conference on advancing global health to achieve the Millennium Development Goals in Melbourne.
- PiPP is an affiliate member of the Oceania Development Network (ODN) as well as an accredited observer to the United Nations Framework Convention on Climate Change (UNFCCC) and associate of the United Nations Department of Public Information (UNDP/PI).

KEY OUTCOMES AND LESSONS LEARNED:

Investing time and resources into networking activities is crucial in the Pacific where verbal and face-to-face communication trumps all other forms of information and knowledge sharing. Together with our involvement in regional and international events, we have been able to witness how our networking initiatives have played out in the policy making arena. Our involvement in discussions on regional trade, for example, have greatly broadened thinking across the region on how PACER Plus can contribute to closer economic relations amongst the members of the Pacific Islands Forum if it is considered beyond just a trade deal. Our analysis and discussions on public financial management have led to better understanding both within countries and amongst development partners about the strengths and weaknesses of current systems. As reflected in the *Cairns Compact*, island governments and development partners are now working to progressively strengthen PFM systems so they are the best delivery mechanisms for official development assistance. Our attendance at international events enables us to contribute Pacific voices on issues - voices that may at times contradict the prevailing thoughts of those outside the region, which make them all the more important.

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Increasing awareness

PiPP discussion papers and events seek to increase awareness of the key facts relating to the major policy issues affecting the Pacific. In 2010 the institute pioneered a number of awareness raising events and forums for discussion, including: the Pacific Discussion Forums, Pacific Voices and the Pacific Debate. Additionally, the PiPP website serves as a medium for information exchange in a region that is in its infancy in terms of internet uptake. The ongoing challenges will be maintaining a policy of quality over quantity of outputs and events, especially as demand pressures increase; to stage a series of events in countries across the Pacific; and develop the institute's online presence.

GRADE:

B

2010 HIGHLIGHTS:

- 16 discussion papers have been published to date, with an additional four papers released in 2010 covering migration, aid, trade and regionalism. Approximately 20,500 copies of our discussion papers have been downloaded, with each new title averaging 1,500 downloads. Discussion papers are also disseminated through primary and secondary distribution lists approaching a further 2,500 people across the Pacific and internationally. An additional 3,000 discussion papers were distributed in hard copy format in 2010.
- *Going Mobile*, the research findings report exploring the social and economic impact of telecommunications reform was published to much acclaim in Vanuatu and across the region. So far 988 copies of the report have been downloaded from the PiPP website. The World Bank peer reviewed the PiPP study in 2008/09 and in 2010 proposed their own study to investigate the wider developmental impacts of mobile telecommunication in 4 Pacific island countries using a similar methodology.
- The Cook Islands Government published the report by PiPP - *Moving beyond SPARTECA: Opportunities and challenges for the Cook Islands* - on its Ministry of Foreign Affairs website.
- UNICEF published the report by PiPP - *Planning, Monitoring and Evaluation of Government Systems: A Women & Child Focused Perspective Baseline Diagnosis in Kiribati, Solomon Islands And Vanuatu* - on its Pacific website.
- PiPP completed phase one of UNIFEM's *Gender Equality and Political Governance* baseline community panel survey in Vanuatu.
- Seven public discussion forums were held in Vanuatu, which were attended by at least 1,000 people and broadcast live on national radio and edited highlights shown on prime time television.
- The inaugural Pacific Debate (*That regionalism has failed the Pacific*) was held on the margins of the Pacific Islands Forum Leaders' Summit in conjunction with University of the South Pacific students.
- Six consultation meetings on regional trade issues were held in Cook Islands, Federated States of Micronesia and Vanuatu.
- Website traffic increased by almost 900% in 2010 with 2.7 million hits on 0.25 million pages. Each visit averaged 8.5 page views, implying a rich visitor experience.

KEY OUTCOMES AND LESSONS LEARNED:

We have witnessed a number of examples where our discussion papers (which synthesise current thinking and research findings on key Pacific issues), research reports and broader networking discussions have informed development policy debates in the region, in particular on the topics of urbanisation and migration. In Micronesia this is in relation to the continued outward flow of citizens to the United States, and in Melanesia the need to find migration channels to avert looming crises associated with rapidly growing, young urban populations with little job and education opportunities. Our discussion paper on regionalism sought to provoke critical thinking on the future of the Pacific, and we are pleased that a series of public panel discussions on this topic will be held in the lead up to the next Pacific Islands Forum Leaders' Summit. The institute's online presence continues to evolve but remains static and does not provide opportunities for subscribers or others to engage and generate content. For the year ahead we envisage investing in a dynamic website to provide better access to wider sources of information and generate discussions on the issues.

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Improved research quality and relevance

In addition to undertaking original investigation and analysis, PiPP invests a great deal into networking activities with policy-makers and researchers, getting to know their specific needs and acting as a bridge between the two. This latter role is the PiPP niche and has proven to be the institute's most valuable contribution towards stimulating and supporting informed policy debate. The ongoing challenge will be striking a balance between the competing demands on PiPP as researcher and knowledge intermediary.

GRADE:

C+

2010 HIGHLIGHTS:

- Collaboration with Asian Development Bank on a research project *Strengthening Pacific Economic Analysis and Policy Development in Micronesia* to develop locally derived, country-specific strategies for improving policy processes and provide a much stronger understanding of existing policy processes, capacities and conditions.
- Research exploring the social and economic impact of telecommunications reform was jointly commissioned by the Vanuatu Government and AusAID's Governance for Growth (GFG) programme.
- *Moving beyond SPARTECA: Opportunities and challenges for the Cook Islands* commissioned by the Cook Islands Government under the AusAID funded Pacific Trade Research Activity.
- *Planning, Monitoring and Evaluation of Government Systems: A Women & Child Focused Baseline Diagnosis in Kiribati, Solomon Islands and Vanuatu* commissioned by UNICEF.
- *National Study for FSM Participation in the Pacific Agreement on Closer Economic Relations (PACER) Plus Negotiations* commissioned by the government of the Federated States of Micronesia under the AusAID funded Pacific Trade Research Activity.
- *An Assessment of development needs and capacity constraints in Vanuatu in relation to engagement in a possible future PACER Plus agreement* commissioned by the government of Vanuatu under the AusAID funded Pacific Trade Research Activity.
- Survey on micro, small and medium enterprises commissioned by the Vanuatu Government under a grant from the Commonwealth Secretariat.
- Collaboration on the research study *Economic Shocks: Reducing Vulnerability and Increasing Resilience in the Pacific* undertaken by Oxfam Australia, RMIT University and the University of the South Pacific.
- Collaboration with Monash University on a proposal investigating Pacific tourism and livelihoods.
- Collaboration with the International Development Institute for Leadership, Management and Technology on proposal to undertake research into aid delivery methods for the European Union.
- Collaboration with the World Bank Jastis Blong Evriwan (Justice for the Poor) programme research into land issues in Vanuatu.
- Contribution to *The G-20 framework for strong, sustainable and balanced growth: what role for low-income, small and vulnerable countries?* a volume of essays on the G20 growth framework edited by the Overseas Development Institute and published prior to the G20 meetings in Toronto.
- Invitation to attend and present to the Global Development Network annual conference *Financing development in a post crisis world - the need for a fresh look*.

KEY OUTCOMES AND LESSONS LEARNED:

Our research model taps into the expertise of the advisory council (many of whom are academics, policy practitioners or former policy makers) and partners (including development agencies, universities and multilateral institutions) through formal peer review processes and collaborative arrangements. The aim for 2010 was to commence a public service internship programme. Despite much effort and liaison with Pacific island governments, this initiative has stalled primarily due to competing pressures on the time of senior civil servants. The programme has been broadened to include university students, with the intention of mentoring interns with PiPP staff and advisory council members and will be pursued in collaboration with partners in 2011.

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More inclusive national debates

Throughout the Pacific, debate on pressing policy issues has been limited. Communication channels have failed to engage local communities and considerable gaps remain between academic observations and the realities on the ground. PiPP presents a unique and pragmatic response to the hurdles of language, access and cultural discord by facilitating dialogue, building trust and using relevant language and innovative formats to exchange information and ideas. The ongoing challenge is to ensure people have the choice to participate in national debates, and can do so in an informed way.

GRADE: 2010 HIGHLIGHTS

B

- PiPP produced 20 hours of live radio, 12 hours of TV broadcasts and 5 multimedia productions.
- Regular contributor to regional and international news media including: ABC (Radio Australia and Australia Network TV), Radio New Zealand, PACNEWS, Islands Business, SBS TV, Solomon Star, PNG Post Courier, Vanuatu Daily Post, VBTC, Samoa Observer, and Agence France Presse. A selection of media coverage is published on the PiPP website.
- Topics covered in the inaugural Pacific Discussion Forums in Vanuatu were widely discussed on national talk back radio.
- The format of the Pacific Discussion Forums has been widely adopted by other organisations and government departments undertaking public awareness and engagement.
- PiPP discussion papers are featured in development and media blogs, including: Lowy Institute (lowyinterpreter.org), Development Policy Centre (devpolicy.org) and Scoop Independent News (scoop.co.nz).
- Support to media agencies and journalism students to improve the quality of reporting.

KEY OUTCOMES AND LESSONS LEARNED:

PiPP has positioned itself as a credible source of information and is regularly called upon to comment on Pacific issues in regional media. We continue to work with media agencies and the journalism school in Vanuatu to strengthen reporting - for example we take young journalism students on internships and regularly follow up on press releases to encourage deeper reporting on the issues raised. We will continue to pursue potential collaboration with the AusAID funded Pacific Media Assistance Scheme (PACMAS) and BBC World Service Trust in regard to strengthening capabilities of local media production. For the year ahead there will also be a need to identify partners to assist with the production of media content as well as a need to build stronger linkages with national media outlets across the Pacific, especially in Australia and New Zealand, to raise public awareness of Pacific issues and their local context.

Going into 2010 PiPP had primarily focused on three main policy areas: trade, climate change and civic engagement. Moving away from the constraints of being solely project focused has better positioned the institute to respond to demand and contemporary issues as they arise. This has enabled PiPP publications and events to cover a broader array of public policy issues. The shift to being more dynamic and demand responsive has necessitated prioritising our engagement on issues, based on the best opportunities to add value. In 2010 this resulted in scaling back our planned involvement on the issue of climate change. Partly due to resource constraints and the fact that this is a particularly crowded policy space, the decision was made in response to the significant change in attitudes post Copenhagen summit in late 2009. With major governments backtracking on mitigation commitments and no global agreement in sight, the focus in the Pacific turned to securing shares in the promised pool of funds for 'adaptation'. PiPP is committed to continuing to seek ways to meaningfully engage with regional and national leaders on this important issue. Left to prevailing attitudes, climate change may simply end up being treated as the next cargo cult in the Pacific.

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Financial report 2010

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 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 2010 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 2010.

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 5 February 2011.

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 2010, which are available from the institute's offices.

Approved by the members of the Board
and signed on their behalf by
the Chair, Nikunj Soni
Port Vila, April 2011

EXTRACT FROM AUDITOR'S REPORT

We have audited the financial statements of the Pacific Institute of Public Policy which comprise the balance sheet as at 31 December 2010, 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) [CAP140] and give a true and fair view of the financial position of the entity as at 31 December 2010, 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 2010. 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 2010.

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.

HAWKES LAW Chartered Accountants
(Qualified auditors under Section 166 of the Companies
Act of the Republic of Vanuatu)
Port Vila, April 2011

INCOME STATEMENT FOR PERIOD ENDED 31 DECEMBER 2010

OPERATING REVENUE	2010 VUV	2009 VUV
Core funding grant	50,336,000	31,455,903
Project income	25,808,856	10,962,044
Interest income	136,374	5,327
Foreign exchange revenue	-	183,751
Other income	42,202	82,510
	<u>76,323,432</u>	<u>42,689,535</u>
EXPENSES	2010 VUV	2009 VUV
CP01 Programming, network & administration		
<i>Personnel costs</i>	9,501,861	n/a
<i>Operational costs</i>	4,429,935	n/a
<i>Travel costs</i>	2,713,069	n/a
	<u>16,644,865</u>	
CP02 Research		
<i>Personnel costs</i>	8,114,842	n/a
<i>Operational costs</i>	1,246,419	n/a
<i>Travel costs</i>	355,289	n/a
	<u>9,716,550</u>	
CP03 Research Communications		
<i>Personnel costs</i>	10,220,543	n/a
<i>Operational costs</i>	1,952,807	n/a
<i>Travel costs</i>	315,682	n/a
	<u>12,489,032</u>	
CP04 Special projects		
<i>Personnel costs</i>	17,817,437	n/a
<i>Operational costs</i>	3,177,777	n/a
<i>Travel costs</i>	7,604,097	n/a
	<u>28,599,311</u>	
Total operating expenses	<u>67,449,758</u>	<u>43,358,311</u>

STATEMENT OF CHANGE IN FUNDS FOR PERIOD ENDED 31 DECEMBER 2010

	2010 VUV	2009 VUV
Balance at beginning of the year	7,629,096	8,297,872
Operating surplus / (loss) for the year	8,873,674	(668,776)
Balance at the end of the year	<u>16,502,770</u>	<u>7,629,096</u>

BALANCE SHEET AS AT 31 DECEMBER 2010

CURRENT ASSETS	2010 VUV	2009 VUV
Cash	5,344,113	5,839,749
Receivables	8,374,846	1,036,985
Other assets	428,744	206,058
Total current assets	<u>14,147,703</u>	<u>7,082,792</u>
Non-current assets		
Property, plant and equipment	3,808,568	2,291,142
Total non-current assets	<u>3,808,568</u>	<u>2,291,142</u>
TOTAL ASSETS	<u>17,956,271</u>	<u>9,373,934</u>
CURRENT LIABILITIES		
Creditors and accruals	671,771	1,315,426
Directors loans	-	50,300
Provisions	781,730	379,112
Total current liabilities	<u>1,453,501</u>	<u>1,744,838</u>
TOTAL LIABILITIES	<u>1,453,501</u>	<u>1,744,838</u>
NET ASSETS	<u>16,502,770</u>	<u>7,629,096</u>
Accumulated surplus	16,502,770	7,629,096
TOTAL ACCUMULATED SURPLUS	<u>16,502,770</u>	<u>7,629,096</u>

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 (AusAID). Project funding included Asian Development Bank, Government of Australia, Government of Vanuatu, UNIFEM and the Vanuatu Independence Committee.

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 - email pipp@pacificpolicy.org



Lapita Mulifauna, Woodcut on paper Ed 40, 2010 - inspired by Lapita pottery.
© Fatu Feu'u

Investing in our future

The institute's work plan and budget for 2011 reflects the lessons learned throughout the previous three years of operation, and this has focused our operations on a series of key knowledge sharing products and services aimed at stimulating and supporting informed policy debate in the Pacific. These include:

PACIFIC DISCUSSION FORUMS

Building on the success of our public forums pioneered in Vanuatu during 2010, the Pacific Discussion Forums are a series of public question and answer panel discussions, broadcast on radio and television. In 2011 we hope to take the Pacific Discussion Forums on the road, initially hosting one event in each sub-region (Melanesia, Micronesia and Polynesia) in the lead up to the Pacific Islands Forum Leaders' Summit.

DISCUSSION PAPERS

Our occasional discussion paper series is our signature output and will continue with up to six releases per year - although as always quality trumps quantity. These papers draw on the support of the advisory council, and reflect contemporary thoughts and research on key and emerging issues.

PACIFIC POLL

The explosion of mobile telephony and talk back radio has demonstrated what we all know. People have plenty to say on issues affecting their lives, and the Pacific Poll provides an exciting opportunity to better understand people's thinking on key and emerging issues through telephone, SMS and web surveys.

PACIFIC DEBATE

The Pacific Debate is an annual event coinciding with the Pacific Islands Forum Leaders' summit. The format of the debate is adapted from the Oxford Union and Australasia schools of debating.

PACIFIC VOICES

A volume of essays and other contributions on contemporary policy issues from people in the Pacific. The format is designed to be more about communicating good policy ideas and less about meeting the strict requirements associated with publication in academic journals. Submissions are invited throughout the year and published electronically.

RESEARCH AND SPECIAL PROJECTS

We will continue to generate original research where the need arises and capacity and resources permit.

FUNDING PRIORITIES 2011 AND BEYOND

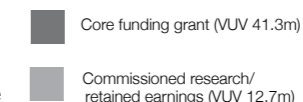
We estimate the need for an additional VUV 36.7 million (AUD 400,000) to deliver the 2011 programmed activities.

In addition we will be seeking an investment in the order of VUV 18.8m (AUD 205,000) to develop the online Pacific Policy Network.

Building on our engagement in the northern Pacific states, we envisage establishing a pilot satellite office at an estimated to cost VUV 12.4m (AUD 135,000).

We gratefully acknowledge the core funding support provided by AusAID during 2010/11. With this support finishing in the coming year, we need to put in place longer term funding arrangements for 2012 and beyond. We look forward to welcoming new partners to support our work in the Pacific.

Secured funding 2011



Funding priorities 2011





Deep in conversation at the office - in this photo: His Excellency Roy Mickey Joy (Vanuatu Ambassador to the European Union, Belgium and United Kingdom), His Excellency Donald Kalpokas (Vanuatu Ambassador to the United Nations), Smith Tebu (CEO Vanuatu Investment Promotion Authority), Louis Kanpel (General Manager Vanuatu Chamber of Commerce).



Vanuatu's place in the Pacific and the World - a public discussion forum facilitated by PiPP and broadcast live to radio and TV.

The people behind PiPP

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**Pacific Institute
of Public Policy**