



## Institute of National Affairs (INA) 2025 Annual Report

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### **1. Institute Overview**

- Background, Mission and Vision:

The INA was the initiative of a group of forward thinking leaders at the time of PNG's Independence with a commitment to support PNG's sound development through reliable independent research and informed public policy advice and debate. They largely came from the private sector, including some of the country's largest prevailing businesses, but some also hailed from the public sector, including a few political and public service leaders, and from civil society. An attempt was made to establish it six years before Independence, but the initiative didn't reach fruition, so a second effort was made and it was launched in 1976. At the time there was great enthusiasm and wide optimism for the prospects of the newly independent state, with its enlightened new Constitution and ambitious goals and strategic objectives, but there was also some concern that the country might break up into various smaller regional or tribal-based entities, or be subject to extensive lawlessness, and also that it might pursue a path being followed in some newly independent African countries, of sidelining the private sector as a vehicle for economic development, growth, job creation and opportunity.

The patrons of the INA were determined that the institute would conduct independent research related to public policy issues of economic and social interest for the young

nation, and that it should not be a lobbying organisation, but they generally held a viewpoint that a responsible, competitive and well-resourced private sector should play a role in enabling economic and national development, job creation and broad-based opportunity, which it was felt at the time some of the government's own research bodies and departments might seek to preclude.

The institute commenced activities, including hosting seminars in 1976, and started conducting some research in 1977 and was formally registered as an association with NIDA in 1979. Under its rules it was, and still is, run by a council of 15 members, largely comprised of business leaders (including a few from SOEs), including from businesses that would contribute to funding the institute, but also a few public sector leaders, academics, and others from civil society, including church and trades union representatives. The Council in turn was, and still is, appointed by three trustees, of whom one of the initial members was the then Governor General of the newly Independent State, late Sir John Guise. The first Trustees were appointed in August 1976, and the first Council members appointed in late 1976. The first Council meeting was held in January 1978 at the Institute of Applied Social and Economic Research (now NRI) with the INA's first seminar being held, on foreign policy investment, in August 1977. The Institute has a small permanent staff, with the first Director of Research, Terry Pitt, being appointed in July 1978, although it had first been decided to advertise the position in February 1977, but there were a few false starts.

Under the INA's Rules of Information the Institute's objectives are:

- (i) To foster development of the economy of Papua New Guinea.
- (ii) To promote interest throughout Papua New Guinea in the economics of the country both at a national and local level.
- (iii) To establish, operate and maintain research facilities and conduct research into matters (whether of economic nature or not) of interest to members of the business community in Papua New Guinea.
- (iv) To publish and disseminate information, (including the findings of any research undertaken by the Institute) to the Government of Papua New Guinea, to educational institutions, businesses and other interested members of the community as the Council shall see fit.
- (v) To promote and encourage the exchange of information, advice, and points of view between the Government, the private business sector and its representatives and civil society and to give oral and written comments to appropriate representatives of the Government on matters of Government policy, existing and proposed legislation and other similar matters of national interest and, if considered necessary

by the Council to employ professional advisers in relation to the preparation and delivery of any such comments.

- (vi) To prepare and publish information and comments on matters of economic and related interest with the purpose of bringing about better understanding of the national economy and development by the people of Papua New Guinea.

Over its life, the INA has commissioned research drawing upon domestic and international researchers, as well as using its own staff, and sometimes working with partner research institutions, with funding from INA contributors, development partners and private foundations. It publishes the findings as discussion papers, special reports, occasional papers and in other formats. It's always held forums and seminars, attended by Government, private sector and civil society, and at times organised or co-hosted development forums, economic summits and sector committees, including chairing some of the reform committees with government.

In 1998 at the National Economic Summit organised by the INA, working with PM & NEC, the recommendations included setting up a platform for routine consultation on economic, social, governance and other development issues. A NEC submission was initiated jointly by three central agency Ministers, namely, late Sir Mekere Moratau, Bart Philemon and Sir Moi Averu, to establish a mechanism for more routine Government, private sector and civil society dialogues on key development issues of concern to business, citizens and government. As a result CIMC (the Consultative Implementation and Monitoring Council) was established, which hosts 4 regional and one national development forum each year, as well as hosting several (currently 10) sector committees on different themes, from economic to health and family and sexual violence, commerce, infrastructure and the informal economy development. It has been managed since then by the INA, with consultative and development functions which are consistent with the INA's own rules. Each year the forums focus on different core development themes, from sectors, to Budget accountability.

### **PNG Economic and Governance Context:**

The INA's objectives have little changed over the past 50 years, but the circumstances facing Papua New Guinea, its population, government and private sector have altered substantially. The population is over three times larger now, although accurate demographic, economic and social data is hard to come by in PNG, and data formerly collected routinely by the State seems less available and apparently less reliable than in the 1970s and 1980s. The economy has grown, but not steadily or to the extent forecast, despite the development of multiple major new resource projects. Some social indicators,

including life expectancy, have improved substantially over the past five decades, but PNG continues to have the worst social indicators in health, education and other fields, such as power and communications, in the Pacific region, and across the wider Asia Pacific region, with continued high child and maternal mortality and morbidity rates, relatively low education retention rates in secondary school and poor standards, and high rates of transmissible and well as, more recently, prevalent non-communicable diseases. The formal sector remains relatively small and slow growing, with formal sector employment still absorbing less than a fifth of the potential workforce, leaving the rest of the prospective workforce pursuing their livelihoods in the informal economy, particularly in agriculture, and largely on their own customary land, but also in the growing urban centres. It remains one of the most rural populations in the world, but the towns and cities have been growing, particularly NCD over the past two decades, partly in response to poor services and opportunities in rural areas, and partly from displacement by conflict or natural disasters in some provinces. All areas lack State land for urban housing, so (illegal) settlements provide a large portion of the housing stock including for formal sector workers.

The country is over-governed, but with weak financial and operational governance, formally entailing three tiers of government: national, provincial and the barely resourced local level, but practically with four, including the relatively well-resourced but widely unaccountable District Development Authorities, largely controlled by Open Members of Parliament and their CEOs. With late Sir Anthony Siaguru (former senior public servant, Minister and Deputy Secretary General of the Commonwealth) advising in 1988 that the government should not have more than 14 Cabinet Ministers to remain functional, it now has 38 (one of the largest worldwide), plus vice Ministers, and burgeoning numbers of authorities and State-Owned Enterprises, many overlapping in functions. Despite a strong constitution, with a focus on decentralisation, and participation, and the passage of multiple laws and regulations, and establishment of relevant institutions, governance and accountability have seriously declined over the decades, including with conduct of elections and the census, to public procurement, aspects of resource governance, and standards of service delivery. Despite extensive policy and planning platforms, public expenditure widely diverges from those plans and stated priorities, while the Legislature (Parliament) has become more of a rubber stamp to the Executive, rather than an effective review and oversight body. Responsibilities are dissipated and SOE's, both utility companies and corporate revenue earners, having neither performed and largely having become a major bottleneck to reliable and affordable service delivery, while the large resource SOEs (for mining and Petroleum/gas) essentially operate parallel budgets, to some extent undermining rather than contributing to sound fiscal management and priority public expenditure. The long planned Sovereign Wealth Fund, intended to stabilise fiscal management and invest for the future in a diversified portfolio

(substantially offshore to fiscal and exchange rate stability) has not yet materialised, as proceeds have instead been concentrated in the industries from which they're sourced, essentially reinforcing rather than smoothing out resource cycles..

PNG's economy has transformed from a largely agricultural focused economy, with single major mining operation at Independence, with a heavy fiscal dependence upon Australian budget support, combined with revenue from that highly profitable copper and gold mine. Export earnings were still dominated by agriculture, including forestry, still with a large, but shrinking plantation sector. Mining overtook agriculture from 1984 and Ok Tedi, then later Porgera, Kutubu oil, then Lihir and smaller operations, like Misima, added to extractive production, albeit not readily replacing the large debt free Panguna copper and gold mine which was forced to close in 1989. The loss of those export earnings, revenue and the cost of the ongoing conflict placed a heavy social, economic and fiscal burden on the country (and of course Bougainville), a cost which subsequent governments through the 1990s failed to fully recognise as they made major commitments, and allowed governance and expenditure control to weaken during the decade, which proved to be an economically and fiscally highly cyclical and disruptive decade, with years of very high growth and others very low, and weak revenue. .

With the 1990s concluding in an economically and fiscally very fragile condition, the new (Morauta) government from 1999 commenced with extensive economic and governance reforms, including to financial sector management and oversight, including to the banking and the superannuation industry, but also with resource management, although these reforms and further SOE privatisations were soon curtailed. However, the decade also saw considerable economic and fiscal improvement, partly on the back of steadier global economic conditions (until the global financial crisis in 2008/9), including stronger global commodity prices, but also thanks to the prior reforms and relatively restrained fiscal management, resulting in lower and stable interest rates and steady exchange rates, greater confidence and investment, improved economic growth and substantially reduced debt to GDP; however, the public sector continued to deteriorate in capacity and performance, with an ageing workforce, limited recruitment of new staff and associated training and succession.

The 2010s saw many of the economic and fiscal mistakes of the 1990s repeated, with unrealistic revenue forecasts, associated with the PNG LNG project, that commenced production in May 2014, weak expenditure control, heavy borrowing and poor expenditure focus, including undue focus on State equity. There were some school enhanced capacity, and some restoration of professional staff (in education, and less so health), with improvements in attendance and retention, although health continued to be

neglected. Fiscal deficits recommenced from 2012, with growing accumulated public debt, causing annual debt servicing to displace other public expenditure components. By 2018 revenue was expected to improve, but a major earthquake disrupted projection at several major resource projects, as well as causing extensive casualties.

The Covid pandemic disrupted the global economy, and PNG somewhat less than regional economies overly dependent upon tourism or oil production, but still slowed PNG's economy and further added to accumulated borrowings, albeit on more concessional terms than hitherto, notably from specially designated facilities provided by the IFIs. A series of further global crises in the 2020s, following pandemic, conflicts and trade disruption, provided global and local challenges, but also some interim opportunities to PNG from improved commodity prices, and opportunities for improved focus on fiscal and monetary management.

Continued fixation on state equity in resource projects (where the resource already belongs to the State) and relative neglect of core governance and coordination and implementation issues, with continued multiplication of Ministries and public institutions, focus on unrealistic state targets and disruptive gimmicks (such as SEZs), but inadequate attention on the core responsibilities of the State, both for larger businesses or small agricultural producers and processors, and deficient reliable data collection and provision, have shifted the conditions and priorities for INA research and dialogue, with the public sector, private sector and civil society.

Nevertheless, the focus of some of the INA's early research and workshops, such as by Prof Michael Trebilcock on the respective roles of the private and public sector, on housing and urban development, on law and order by Clifford et al, and on trade and agriculture all remain remarkably pertinent, even though population, urban development and the scale of the economy, trade and extent of education are considerably changed from the 1970s and early 1980s to now.

In 2016 the INA conducted a major three day consultation (Symposium) in Alotau entailing many of the country's leading policy leaders (including some former Prime Ministers, Treasurers and leading former departmental heads, and academics and other notable opinion leaders ) from over the 40 years of independence, and a few younger people, to assess the country's economic and social development over the past 40 years of Independence. It found some achievements, but extensive poor performance, which could be largely ascribed to governance deficiencies, including a basic failure to adhere to the laws and policies to which the country was committed. It was agreed that better policies would help in many cases, but that the failure to commit to the application of the laws of the land, whether over elections, contracting, financial, land and resource

management, whether over large or small matters, were at the root of the wider economic, social and political failures. It was agreed that addressing the governance issues and firm commitment and application of the rule of law was fundamental, even before further reviews and amendments to those laws.

A decade later with the government-commissioned Reset @50 exercise, chaired by former Deputy Prime Minister and Treasurer, Charles Abel, and other exercises, such as the review of the 2022 Election process by a special Parliamentary Committee, led by the Governor for East Sepik, Allan Bird, similarly found severe diversion away from the laws and principles set out at the time of Independence, and break down of governance and government system, including (for Reset @50) a major incursion of the public sector into activities better performed by the private sector. The Rest @50, in which INA provided 3 research officers, and CIMC provided a committee member, and also the recommendations of past CIMC forums, it was agreed that major reforms were needed to put the country's development path back on track. This includes core political and governance reforms, a clearer distinction between government and private sector, with government withdrawing from commercial activities and focusing instead upon regulatory, governance and service delivery functions, including setting suitable conditions for competitive private sector investment. In 2026 the CIMC forums are focusing on gaining public awareness, engagement and ownership of proposed reforms that reflect public priorities, to provide them momentum and a capacity for their implementation.

### **3. Institute's Governance, Managements and Staffing**

**Trustees:** the INA has three Trustees, who's role is principally to appoint the Council Members, and provide guidance to the Council

- Gereia Aopi, CBE
- Bart Philemon
- Stan Joyce CSM

**Council Members;** comprising up to 15 members, appointed by the Trustees to run the Institute, overseeing the management

- Ernie Gangloff, President
- Simon-Marc Brendling, Treasurer
- Dr Ian Orrell
- Priscilla Kevin
- Lesieli Taviri
- Arianne Kassman
- Clarence Hoot
- John Nilkare

- Borone Isana
- Alessandro Mistrone
- Wayne Kasou
- Gabriel Pepson ML
- Steven Nightingale
- Belinda Manning
- Prof David Kavannamur

**Management and staffing:**

- Paul Barker, Executive Director
- Wallis Yakam, Executive Officer, CIMC and Deputy Director, INA
- Cathy Gairo, Finance and Admin Manager
- Tuari Gaudi, Researcher
- Flora Carruthers, MBE and Yauka Liria (part time researchers)
- Chonginan Moang website, newsletter and assistant researcher
- Vavine Iamo, payroll
- Moale Sabadi, Victoria Simon (transferring to CIMC), and Hilda Wele finance and admin staff
- Berlin John and Melinda Yakam, clerical assistant and library assistant (new)
- Kola Kumo, Allen Keneke and Rosa Joe, support staff
- Others: Research Fellows and Senior Research Fellows (unpaid, except during certain studies): including Prof Martin Davies

**CIMC staff:**

Fabian Paliken – Natural Resources
Wallace Angal – Informal Economy
Daisy Pupdi – Finance and Human Resources
Alison Anis - Media
Marjorie Finkeo– media (left mid-year, Jessica Oata – left year end- replaced by Gregory Wesley
Gretel Matawan -governance
Joan Kaupa - health
Martina Paulus – transport and infrastructure

Matthew Hapaeakola- ICT officer
Angela Kyakas – Law and Order
Chan Apakas – Civil Society
Koim Kumbamong (deceased Sept 2025)
Gwen Kera – finance and admin
James Mara – bus driver
Wesley Kual - vehicles
Tutara Kari – bus driver
Peter Apa -Graphics
Several pending graduation and mid-studies job experience recruits taken on year end.

**4. Research and Policy Initiatives**

At the end of 2024/start of 2025 the INA conducted a **stakeholder survey** on awareness of the INA, the importance of socio-economic research and suggested priorities for the Institute. About 300 stakeholders were invited to respond, but only 45 did so, perhaps because it was conducted during the Christmas holiday period.

### **Awareness and Perception of the Institute of National Affairs**

The survey assesses stakeholders' awareness, perceptions, and engagement with the INA and its work.

- 59.09% of respondents are fairly aware of the INA, while 27.27% are highly aware.
- Only 11.36% are not very aware, and 2.27% are largely unaware.
- 44 respondents participated, with 1 skipped.
- The weighted average awareness score is 1.89 on a scale where higher indicates greater awareness.

### **Stakeholder Types and Organizational Representation**

The survey identifies the types of organizations and individuals involved with or interested in the INA.

- Responses include private companies/MSMEs (34.09%), non-governmental/faith-based organizations (18.18%), public companies (13.64%), and individuals (9.09%).
- Other categories include development partners (6.82%), government/regulatory authorities (4.55%), State-owned entities (4.55%), and others (9.09%).
- 44 respondents provided responses; 1 skipped.

### **Stakeholders' Views on INA's Relevance**

Stakeholders' perceptions of whether the INA addresses their interests.

- 42.22% feel the INA addresses their interests directly.
- 51.11% feel it addresses their interests somewhat.
- 6.67% believe it does not address their interests.
- All 45 respondents answered.

### **Priority Issues for INA Research Focus**

Stakeholders ranked key issues for INA's research and dialogue.

- Macro-economic policy was the top priority, with 20 responses.

- Other significant issues include governance and corruption, employment and wages, resource management, and energy policy.
- Less emphasis was placed on international relations and ICT.
- The ranking reflects stakeholder concerns on economic, governance, and social issues.

### **Stakeholder Preferences for INA Engagement**

Preferences for how stakeholders want to engage with the INA.

- Regular updates via newsletter (35.56%) are the most preferred.
- Digital engagement tools like websites (15.56%) and social media (20%) are also popular.
- Seminars, media, and meetings are less prioritized but still relevant.
- 45 responses received; 0 skipped.

### **Importance of Evidence-Based Research**

Stakeholders' valuation of research for policy and decision-making.

- 66.67% consider evidence-based research very important.
- 26.67% see it as quite important.
- 4.44% view it as not very important.
- No respondents rated it as unimportant.
- All 45 responses included.

### **Value of Independent Public Policy Research**

Perception of the importance of PNG having an independent think tank like the INA.

- 71.11% see it as critical.
- 24.44% consider it very important.
- 2.22% see it as fairly valuable.
- 2.22% regard it as unimportant.
- 45 responses in total.

### **Likelihood of Using Policy Research in Engagement**

Stakeholders' willingness to use INA research for government engagement.

- 55.56% are very likely to use research.
- 28.89% are likely.

- 15.56% are neutral.
- No respondents are unlikely or very unlikely.
- All 45 responses.

### **Primary Interests in Supporting INA**

Main reasons for stakeholder engagement with INA.

- 40% want to stay informed on economic and development issues.
- 20% aim to influence policy research focus.
- 15.56% want to support INA's engagement with government.
- Smaller proportions seek specific data, participation, or public access.
- Total responses: 45.

### **Preferred Methods of Involvement**

Ways stakeholders want to engage with INA.

- Regular updates via newsletter (35.56%) are most preferred.
- Digital tools (shared documents, video conferences) (6.67%) and social media (20%) are also significant.
- Seminars, meetings, and forums are less prioritized.
- 45 responses; 0 skipped.

### **Stakeholders' Expectations of INA**

Stakeholders' expectations from INA (unspecified responses).

- 16 respondents answered; 26 skipped.
- No detailed data provided.

### **Perceived Effectiveness of INA in Public Policy Communication**

Rating of INA's role in informing government and public.

- Average rating is 3.91 out of 5.
- 47.73% rated it 4, and 22.73% rated it 5.
- 27.27% rated it 3.
- No responses rated it below 2.

### **Stakeholder Engagement Level with INA**

Assessment of INA's stakeholder engagement.

- Average rating is 3.38 out of 5.
- 38.10% rated engagement 4.
- 30.95% rated it 3.
- 14.29% rated it 2.
- 4.76% rated it 1.
- 3 respondents did not rate; total responses: 42.

### **Preferred Communication Channels for Updates**

Methods stakeholders prefer for receiving INA updates.

- Newsletter (35.56%) is most preferred.
- Social media (20%) and website (15.56%) are also popular.
- Radio, seminars, and meetings are less favoured.
- 45 responses received.

### **Additional Comments and Suggestions**

Open-ended feedback from stakeholders.

- 19 respondents provided comments or suggestions.
- 26 respondents did not respond.
- Specific content of comments not provided.

## **3. Achievements in 2025**

### **Detail the research projects conducted during 2025**

After a series of very busy years for field research, including the 2023 Rural Household Survey with IFPRI conducted in 17 provinces, and studies with CIPE on ICT in 2024, on conflict and resolution in Hela and Morobe provinces with USIP, and with the World Bank on constraints to MSMEs in the formal and informal sectors, 2025 was disappointing, with several significant studies having to be set aside or deferred from lack of funding, including a major agricultural survey in Hela province (envisaged under the USAid-funded Peace project in Hela and Morobe) and the Business Environment Survey, which has been prepared but now planned to be conducted in 2026, and further work on conflict and conflict resolution had to be deferred to 2026.

We conducted the two yearly Bertelsmann Transformation Index (BTI) study of governance, business transformation and democracy in the first quarter (which was published in the first quarter of 2026) and the Open Budget Survey 2025 was conducted in the Second quarter and intermittently through the year (for release in the second quarter of 2026); a small survey of energy and energy employees was conducted by INA staff in the final quarter of 2025, with Dr Ben Radley of Bath University. .

Apart from the studies conducted in 2025 (referred to above), several others studies and events were heavily curtailed owing:

- partly to the closure of USAID and discontinuation of several programs in PNG, several of which INA had some planned engagement, including new the Peace Project (in Hela and Morobe – where INA was to conduct an agricultural survey in Hela Province, and continue some of the conflict prevention and alleviation work conducted under the USIP funding in 2024), the regional economic program, rural electrification and environmental programs.

- partly to unavailability of full/adequate funding during the year for:

- the PNG Business Environment Survey (preparations conducted but survey deferred to 2026, with envisaged ADB -PSDI part funding, to complement the preparation conducted in 2025 using ExxonMobil support funding).
- Communal Conflict prevention/resolution research and workshop (focused largely on the upper Highlands, but also elsewhere, with workshop to be held in Lae) deferred to the second quarter of 2026 to secure needed additional funding for the exercise; the objective is to provide practical measures for conflict resolution, particularly addressing community based and sustainable mechanisms, supported by appropriate State and non-state inputs, rather than heavy handed or undue Statal interventions. Much research and consultation with key stakeholders was undertaken in 2025, including field visits to Enga in late 2025, in preparation for the workshop, intended to provide practical ways and consensus to address ongoing conflict, notably in the Upper Highlands Provinces.

#### **INA Seminar Series:**

- Including 3 on agriculture -in including by Dr Kristi Marht (in May) and Nancy Irwin (29 Sept), 3 on energy – including PNG power by Dr Ben Radley (in May and 29 October) and Prof Martin Davies (in July), Dr Almah Tarariah on women's role in leadership (in October)

**Addresses:** by the INA Director at the:

- To the CIMC SHP Ward Leaders workshop on Budget and Development in Mendi (in Feb)
- 2 presentations at the Papua Regional Governor's conference in March
- To the launch of the Shadow CEDAW Human Rights report (March)
- To the CIMC National Development Forum on rule of Law (in April)

- DAL/CIMC Agriculture Forum in Lae (in April), which was co-hosted by DAL and CIMC
- Marie Stopes for World Population Day (July),
- Elections and Biometrics at the invite of the Minister for Admin Services (13 October)
- CPA conference on the FATF grey-listing in Moresby, (in November),
- For the 50<sup>th</sup> anniversary of Independence (Sept)
- to the Parliamentary Committee on Customary Land,
- presentation on the final day of the Minimum Wages Board hearings
- to National Endowment for Democracy, Washington DC, plus a blog (11 Sept),
- to CIPE (plus a blog -26 Sept)
- to the US Senate and US Congress Foreign Affairs Committees (on critical minerals and the priorities and needs for the Pacific) 12 Sept)
- on the 2026 Budget,
- 20 Days of Human Rights Activism -with Magna Carta, (December)
- Forestry conference on downstream processing/log export ban, (deferred by PNGFA 3 times)
- Address at the premier of a locally-made feature film on GBV

**TV and Media:** regular articles, interviews with domestic and international tv, radio and print media by the Director throughout the year, including Emtv, NBC, ABC, RNZI, the National, Post Courier, Guardian, Resources outlets, plus NauFM100 Talk Back

**Governance coalitions:** INA has been actively engaged in the process of establishing and engaging with EITI, the Open Government Partnership ( OGP), the PNG Environmental Alliance and PNG Resource Governance Coalition, and being on their executive (e.g the EITI Multi-Stakeholder Group, which comprises Government, industry and civil society participation in equal amounts), The OGP entails government and civil society, and the INA cochairs the Fiscal Transparency cluster. CIMC also participates in these governance platforms, and co-chairs the public participation cluster of OGP. Other governance organisations are also founder members and actively engaged in these initiatives. (INA is also a member of the Community Coalition Against Corruption, managed by TIPNG).

**Forestry;** the INA is engaged with the European Forest Institute over aspects of forest economics and the viability of processing and other initiatives related to enhanced accountability and sustainability in forestry. After three deferrals of the PNG Forest Authority workshop on application of relevant new requirements and policies for forest management, where INA is required to provide a contribution, it is now deferred to 2026.

In **Agriculture** the INA is engaged in a range of initiatives. It initiated a food crop market support review with the ADB following the 10 January 2024 riots, under preparation as a prospective project in late 2026/2027. It is on the PACD steering committee (initially for cocoa and coffee, but now covering a range of other crops and products, including livestock), and the Director has been chairing the PPAP and then PACD technical advisory committee, screening all project proposals since the beginning of the 2010s. The PACD will be entering a new phase in 2026. In 2025, following the deferral of a CIMC agricultural Sector Committee meeting, and ongoing dialogue with DAL, an agricultural forum was held in Lae in April, with CIMC as the secretariat, at which the INA Director was a speaker and panelist. While the commitment and enhanced focus upon agriculture is welcome, concern was expressed by the director over the overemphasis upon establishing new authorities seeking to apply direction and targets on farmers and traders, as opposed to assisting farmers to pursue their own choices and achieve their ambitions, helping to address the many impediments in the sector. Achieving a better awareness, focus and balance between the role of the private sector and government. For many years the INA has been working closely with IFPRI conducting agricultural and socio/economic field studies to provide a better understanding of the status of rural PNG, health and nutrition, incomes and constraints. The INA is a gain involved in the national interpretation committee, helping determine the application of locally applicable rules for RSPO compliance in the palm oil industry. In the last round the INA was the chair, these time its input is more limited as a committee member, with other participation from the industry and some public entities.

**Reset@50:** The INA provided three researchers, namely: political scientist Dr Michael Kabuni, lawyer Mary Boni and ICT specialist Crystal Kewe, to support the analysis and report preparation for the Reset@50 review conducted for the 50<sup>th</sup> anniversary of Independence, to examine where the country has tracked since Independence, in applying the Constitution, achieving social indicator objectives, fair representation and participation, delivering governance, economic performance and quality services, and seeking out a path for the next 20-50 years, including necessary reforms where necessary to get on track in changing global and local economic and social conditions. The CIMC Executive Officer, Wallis Yakam, was a member of the committee for Reset, chaired by former DPM Charles Abel. The recommendations were accepted by NEC in late 2025, and to be workshopped around PNG at the CIMC Regional and National Development Forums in 2026, with feedback from the regional stakeholders.

The **Consultative Implementation and Monitoring Council (CIMC)**, was established in 1998, administered by the INA, but funded largely by Government (but with certain programs, such as the Family and Sexual Violence Action Committee, sometimes funded by development partners). In 2025, as well as its 11-12 Sector committees and additional

subcommittees, on economic, social and governance issues, it conducted a two day Social Accountability workshop in Lae, and a 3 day National Development Forum at APEC Haus on "Strengthening the Rule of Law: a roadmap for future generations". As stated the 2026 regional and national forums will be over raising awareness of the findings and recommendations of the Reset@50 and enabling feedback from diverse stakeholders in the regions.

#### **4. 2025 – Economic, Governance and Policy Review**

After several years of global disruption triggered by the pandemic and since 2022 by several major wars and proxy wars, 2025 was dominated by international economic uncertainty and instability, driven particularly by a major shift away from an established system of trade and financial governance to more protectionist and disruptive policies, driven by the new US administration, with its use of high tariffs as leverage for trade and investment deals and concessions. Nevertheless, for PNG, which has been less directly impacted by higher tariffs than others, 2025 has provided a more positive and productive year for most businesses and the economy, certainly than 2024, which commenced with the 10 January riots. Various agricultural prices remained strong through the year, providing incomes for rural communities, while the gold price has ended the year at a record level, both helping in turn to restore foreign exchange reserves and reduce delays in forex transactions. Frustration and the impact of incessant and extended failures in power generation and reticulation elevated this back to the top business impediment in many provinces, although conflict, flight disruption and bureaucratic duplication and delays (e.g. with vehicle licensing) and GST administration were high on the list of business concerns, as well as for many households, who also had to respond to high urban living costs, land and housing challenges, violence and security issues, and inadequate health and education services and opportunities. Votes of no-confidence were instigated during the year, but political disruption was largely avoided during the year, perhaps incurring less associated fiscal costs. The law and order scenario remains challenging, with horrendous cases of violence, especially in the upper Highlands, but the country was able to celebrate 50 years of Independence in September, in a mood of some jubilation, despite reservations over the country's performance, governance and direction. The anniversary provided the opportunity for some reflections on the past, including the government's own to Reset @50 review which recommended and gained approval for rationalisation of government focus and institutions.

The end of 2025 saw the passage of the 2026 Budget, which although not introducing significant new taxes - apart from raising the excise on diesel, focuses more on expenditure management. It will, however, presage the introduction of the new Income

Tax Act at the start of 2026, as well as the application of the new Minimum Wages Determination. Although the Income Tax act does provide a useful update and simplification of years of successive tax Amendments, it does entail levels of uncertainty around application, notably of taxation on allowances, which need dialogue and explanation and some deferral of application until clarified. Various other policy issues need clarification, including with respect to forestry management and the long-heralded log export ban, with the Budget still forecasting log export revenue and restoration of monitoring. It's widely recognized that PNG's poor economic performance over the years stems from declining governance and rule of law, waste and corruption, government often squeezing out the private sector, notably with poorly performing state entities and monopolies, an unaligned currency, poor infrastructure and services, including deficient health and education standards and accessibility. The Reset @50 requires rationalisation of institutions, and leaving business to the private sector, while government withdraws to policy and regulatory functions, and yet in practice, we're aware of the government's, and particularly some Ministers' enthusiasm for State-owned enterprises, establishing new regulatory bodies and patronage, as well as disrupting a standardized revenue system with seemingly ad-hoc SEZ concessions, which can jeopardize the needed level investment playing field. So, it will be interesting to see how this pans out over the next year, and years.

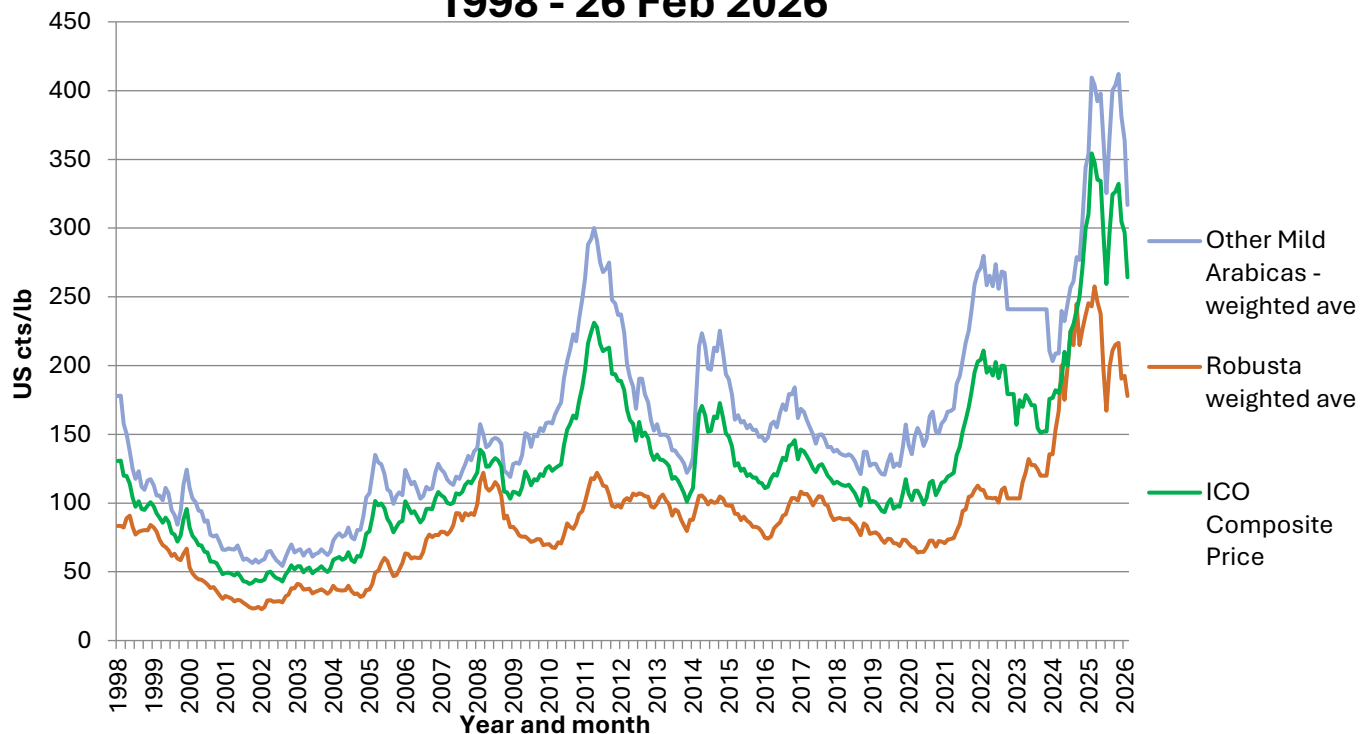
Global business and trade uncertainty is unlikely to go away soon, with some major international political leaders in power whose focus is on disrupting the economic, political and indeed geographical status quo, rather than calming markets. This is likely to play out in continued commodity price volatility, and a continued hesitancy towards major investment in the face of uncertainty, and safeguarding of reserves in more secure stocks and notably gold, providing interim gains for some industries and countries (including PNG), but hazards for others. The US economy has suffered from this uncertainty, although the impact has been somewhat delayed in their economic and job figures, with markets rather buoyed up by expectations from AI, in terms of prospective enhanced investment and productivity, which may or may not materialize. The non-resources sector has been driving growth in recent years in PNG, and this is liable to continue in 2026, even if some agricultural prices (notably coffee) may slip back from their recent peak levels. Hopefully, Porgera will be restored to full production, also enabling renewed opportunities for local suppliers and ancillary industries in Enga and beyond, as part of the peace dividend, while. K92 continues to perform beyond any earlier expectations. Despite positive steps and statements, decision-making over Wafi-Golpu and Papua LNG remains unclear and likely to be made in the second half of the year.

For Papua LNG, the earlier barrier over construction contract costs seems to have been largely addressed, with more competitive indicative prices, but PNG government

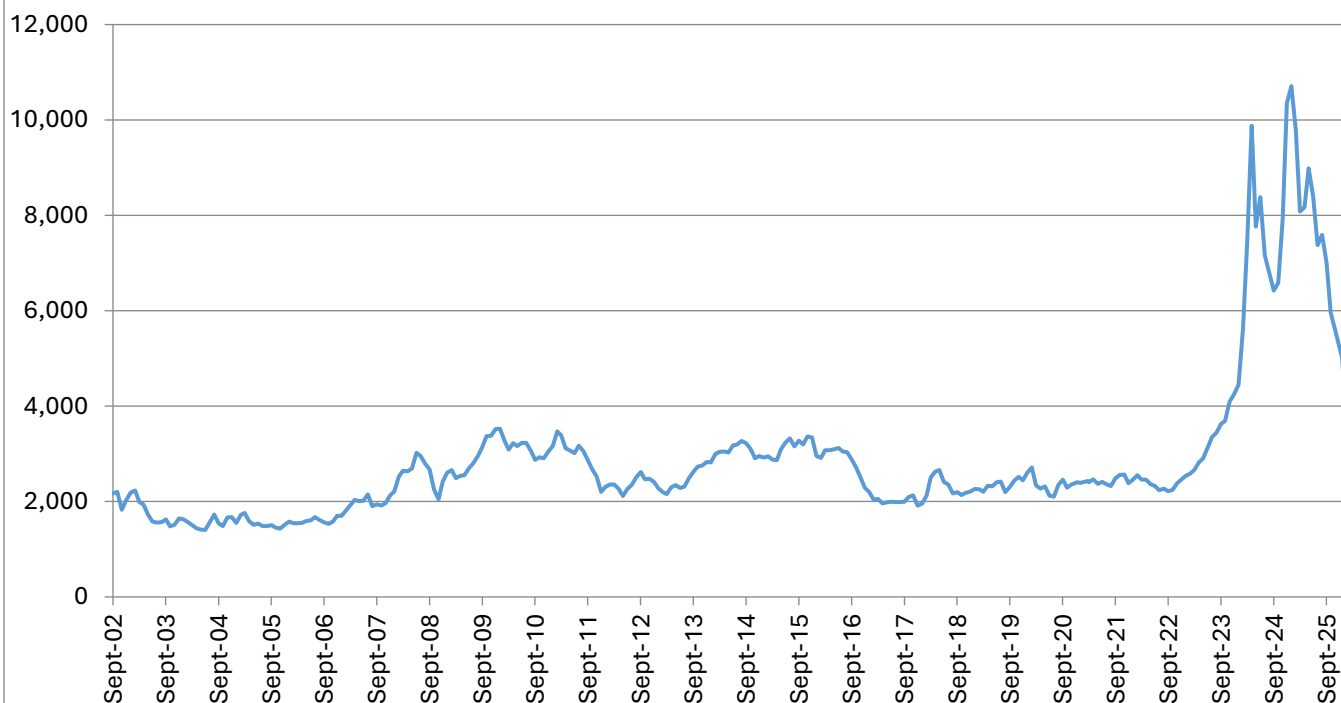
institutional requirements, financing for PNG equity and the benefit sharing dialogue all require considerable input, including in the face of tight expenditure ceilings. Lower than envisaged revenue streams to government from PNG LNG, on the basis of taxation safeguards agreed with investing companies in 2008, provide a reminder of the need to be fully apprised of the implications of concessions offered, including for landowners, and avoiding later surprises. While major resource projects will certainly provide investment confidence and a shorter term economic stimulus, the lessons from the past need to be learnt, including the relatively short term nature particularly of the LNG construction phase, and the need to mitigate negative impacts on other sectors of the economy during this phase. Ensuring that major resource projects are sequenced to generate greater local employment and sustained economic growth, and support, rather than undermine productivity and competitiveness in other sectors, needs to be a major focus, including application of a disciplined and transparently managed sovereign wealth fund (displacing some current relatively unaccountable SOEs).

Which brings us to the inevitable grey listing of PNG and its financial institutions by FATF in February 2026. PNG has been grey-listed before from 2014-16, when the country lacked the legal and institutional framework to oversee the financial sector and prevent money laundering and related illicit international transfers, or to hold perpetrators to account. Now we have the relevant laws and institutions in place, but, despite the positive performance of FASU (the financial watchdog) PNG has failed to establish a track record of prosecution of perpetrators. Although lists of questionable transactions and possible perpetrators have been drawn up, and some transactions have been blocked by respective regulated banks, perpetrators have to date been able to walk away without penalties and proceeds of crime not recovered. However, FASU is relatively positive over the impact of three years of grey listing, with its heavier oversight and restrictions on correspondent banking and bank transfers, and that this will pressure the PNG authorities into better cooperation and action. That will hopefully be the case, although, despite the establishment of ICAC and a whole range of other institutions, firm application of governance and anti-corruption measures will take determination, that is not often showing strongly in public administration in PNG, especially in the lead up, and during elections with the incessant cascading demands for patronage.

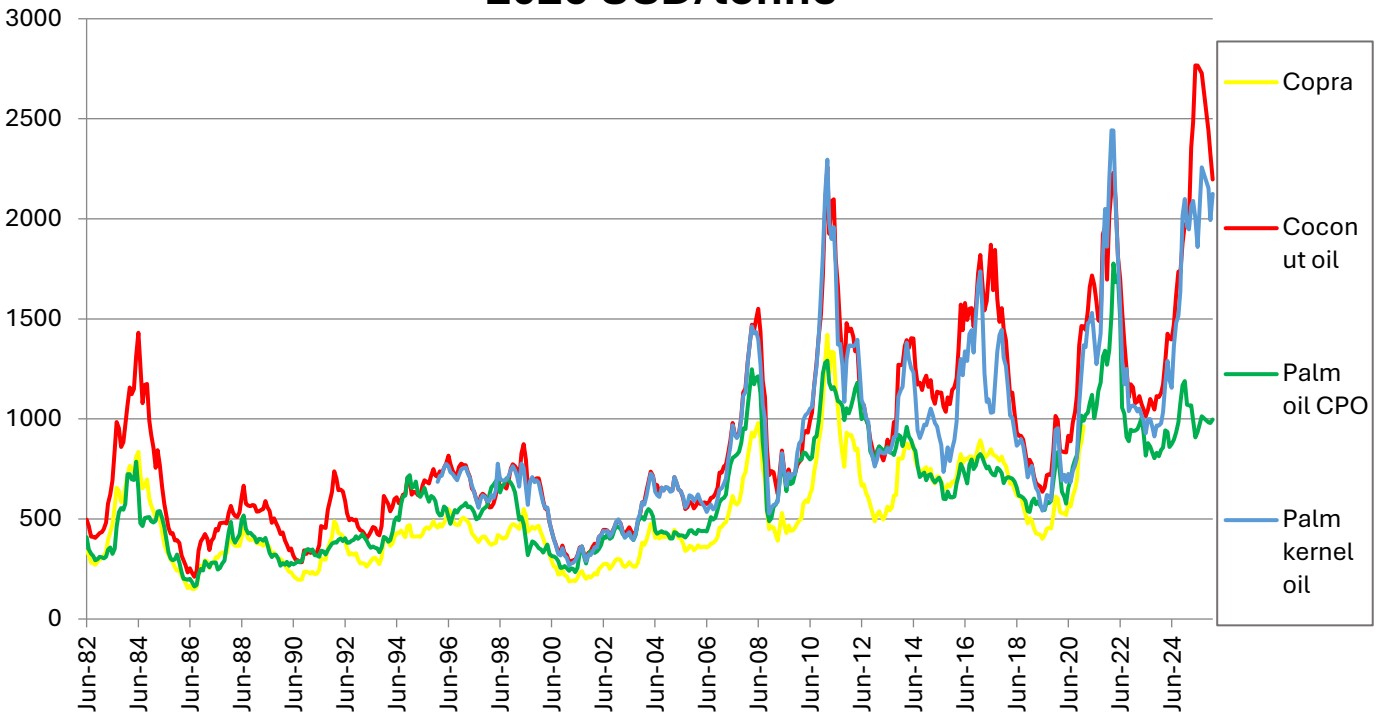
## International Coffee Prices (US Cts/lb) 1998 - 26 Feb 2026



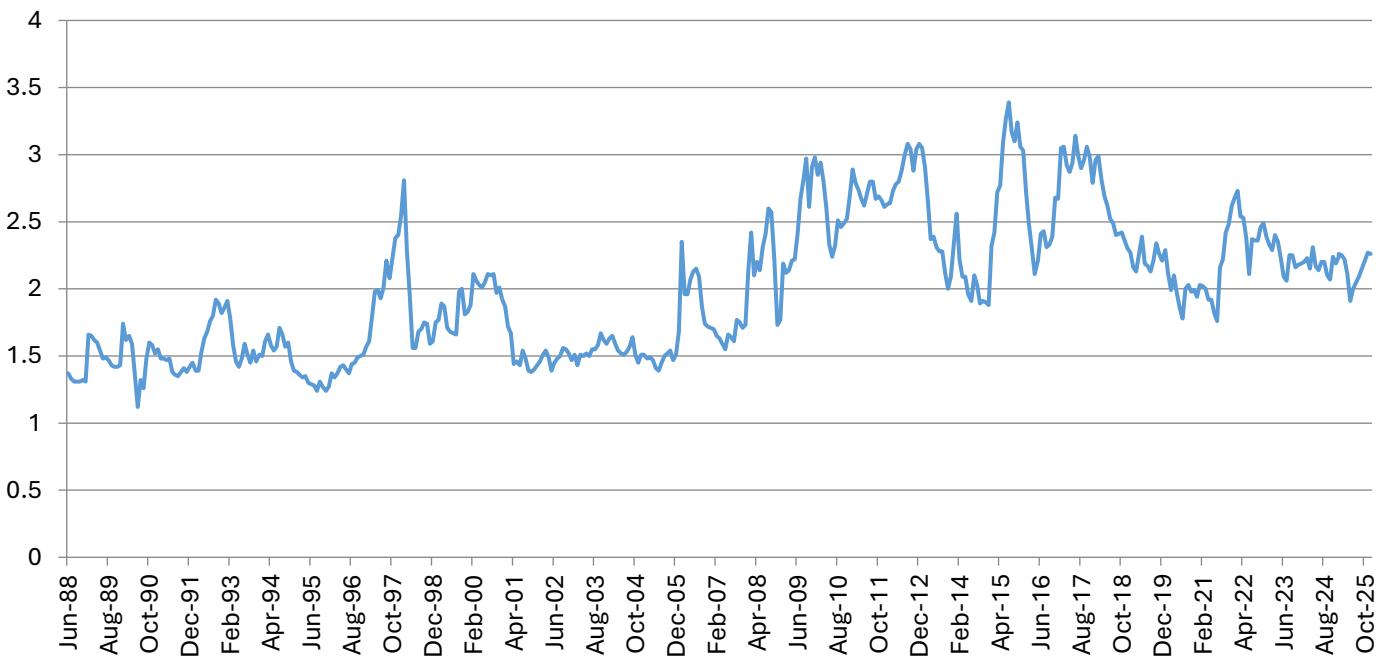
## International Cocoa Price (ICCO) USD/tonne Jan 2002 - 26 Feb 2026



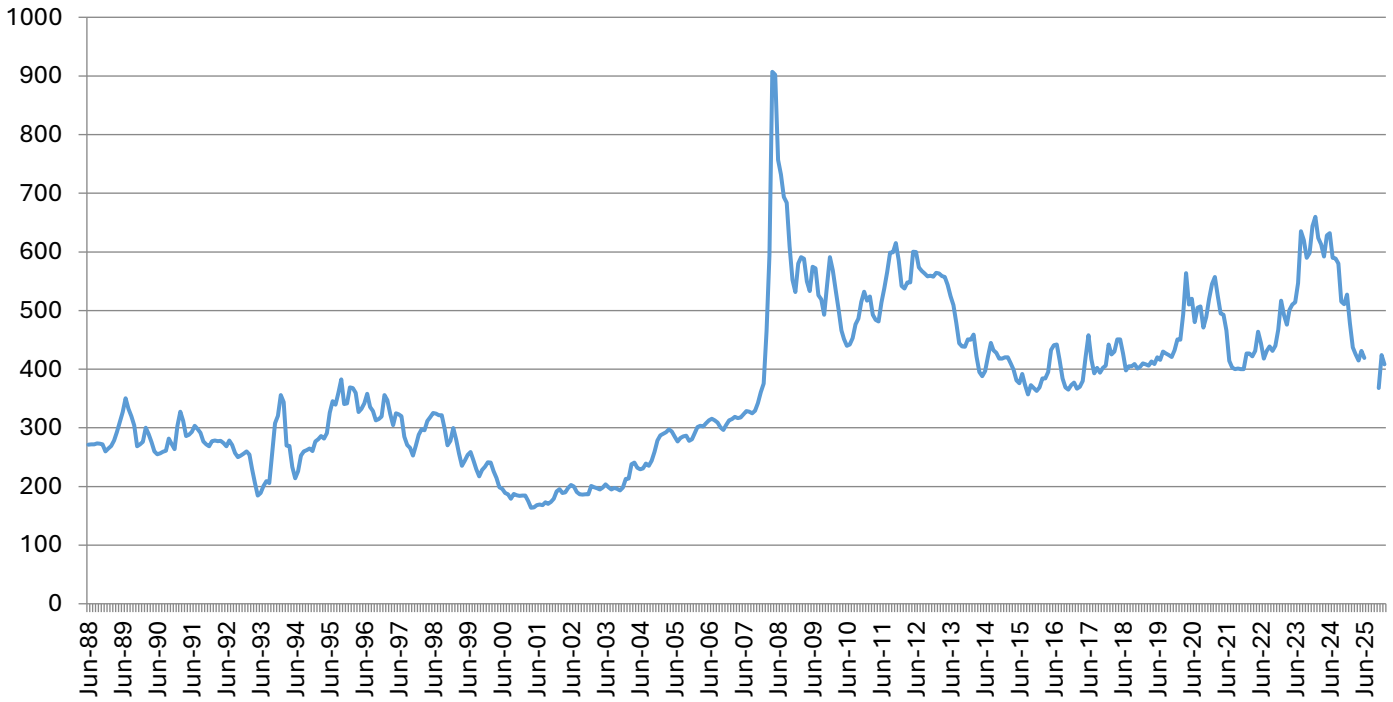
### palm oil and coconut oil prices (fob), Jun 1982-Jan 2026 2026 USD/tonne



### Tea Prices USD/Kgs 1988-Jan 2026



## Rice (Milled White) USD per tonne Dec 1991- Jan 2026 (Thailand -quote)



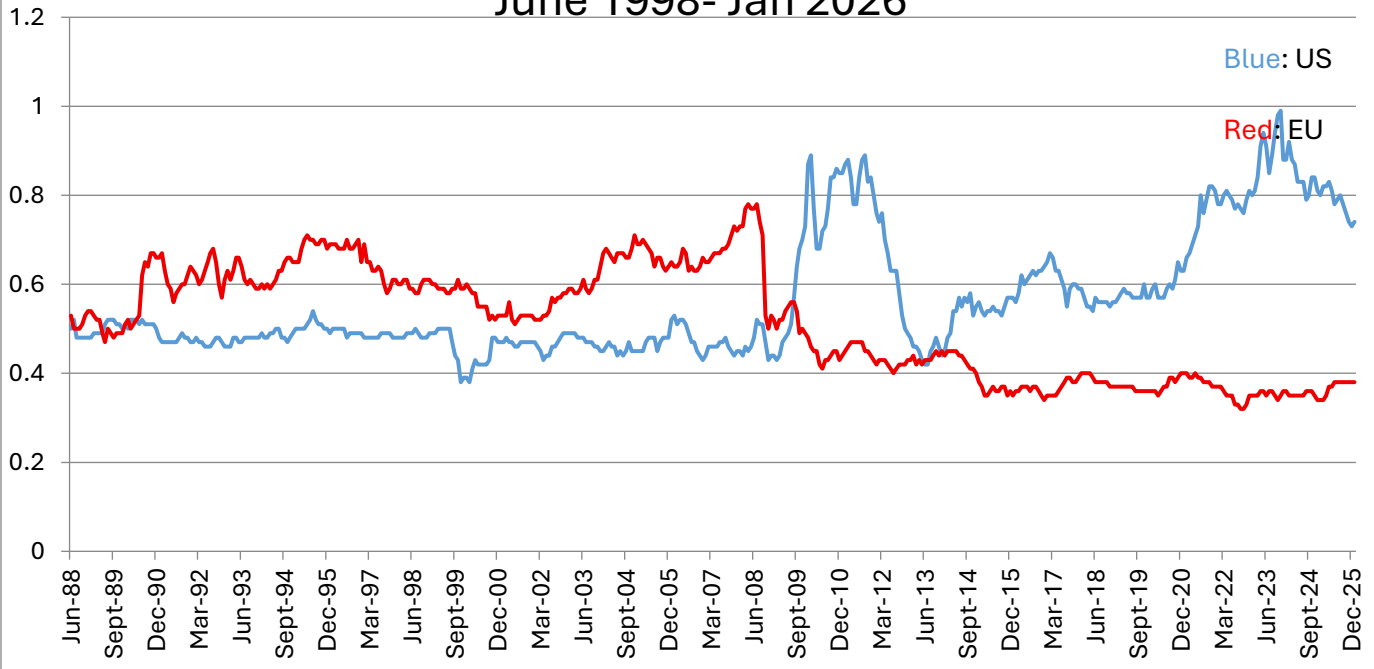
## Wheat Price (exports) USD/tonne (Apr 1992-Jan 2026)

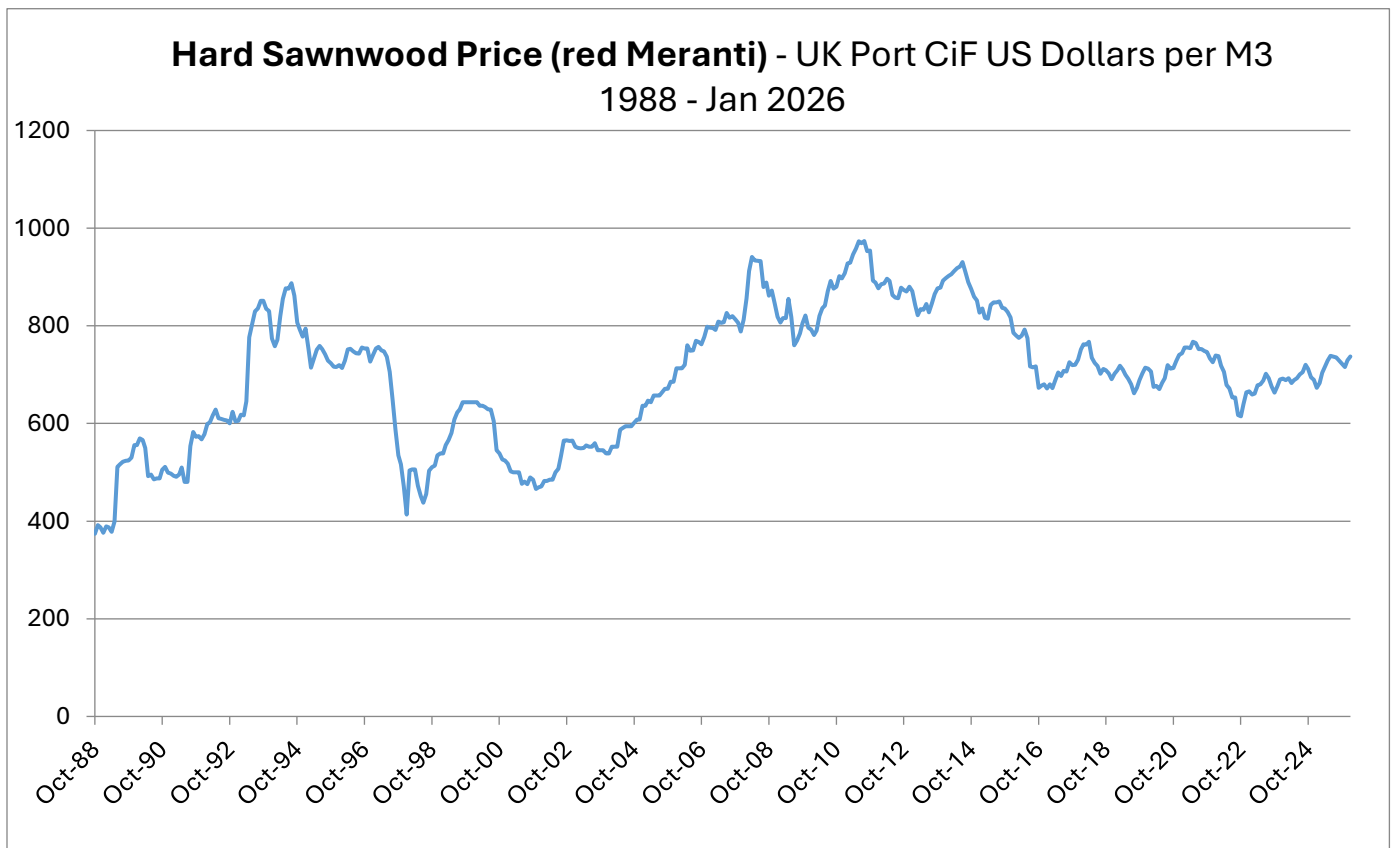
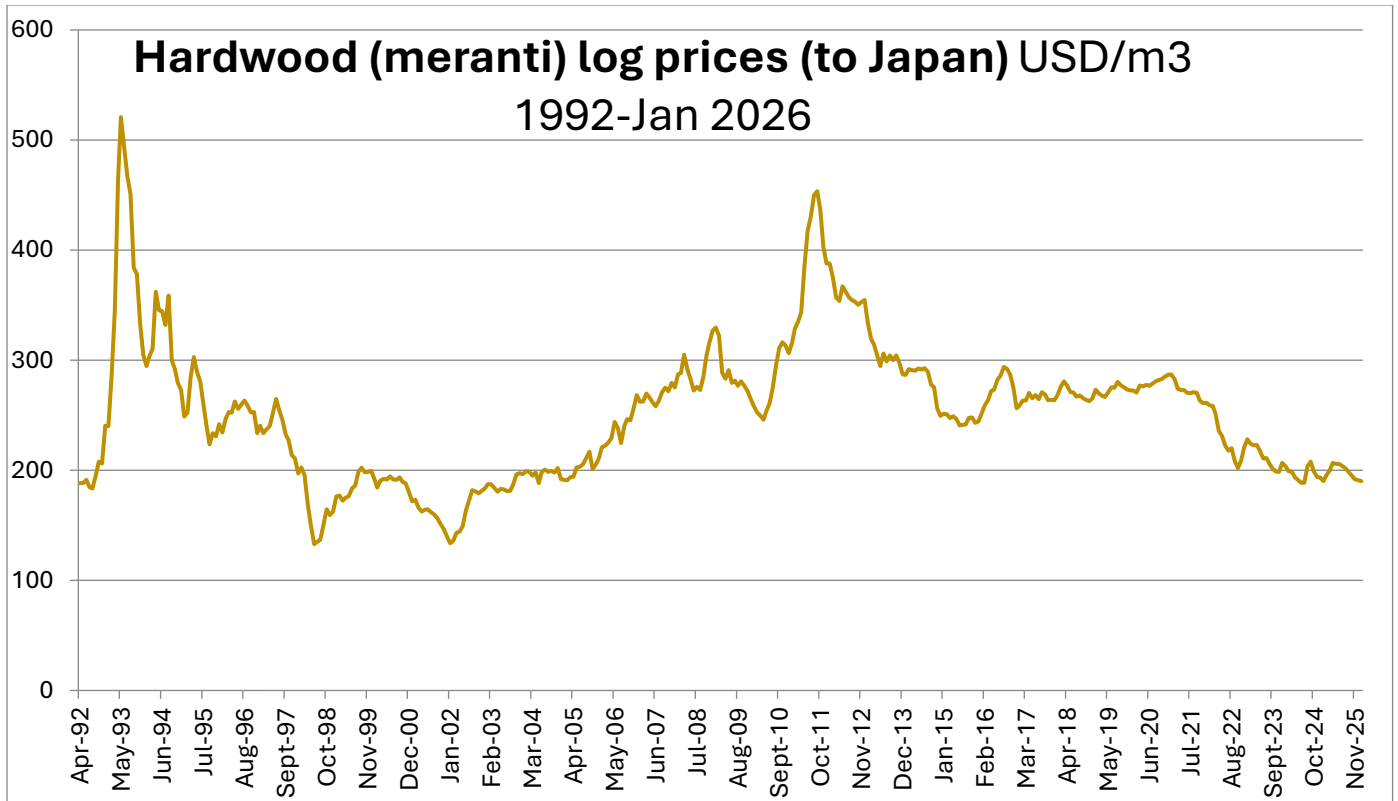


### Rubber RSS3 - Monthly Price - No 3 smoked sheet Sing. USD/kg (1988-Jan 2026)

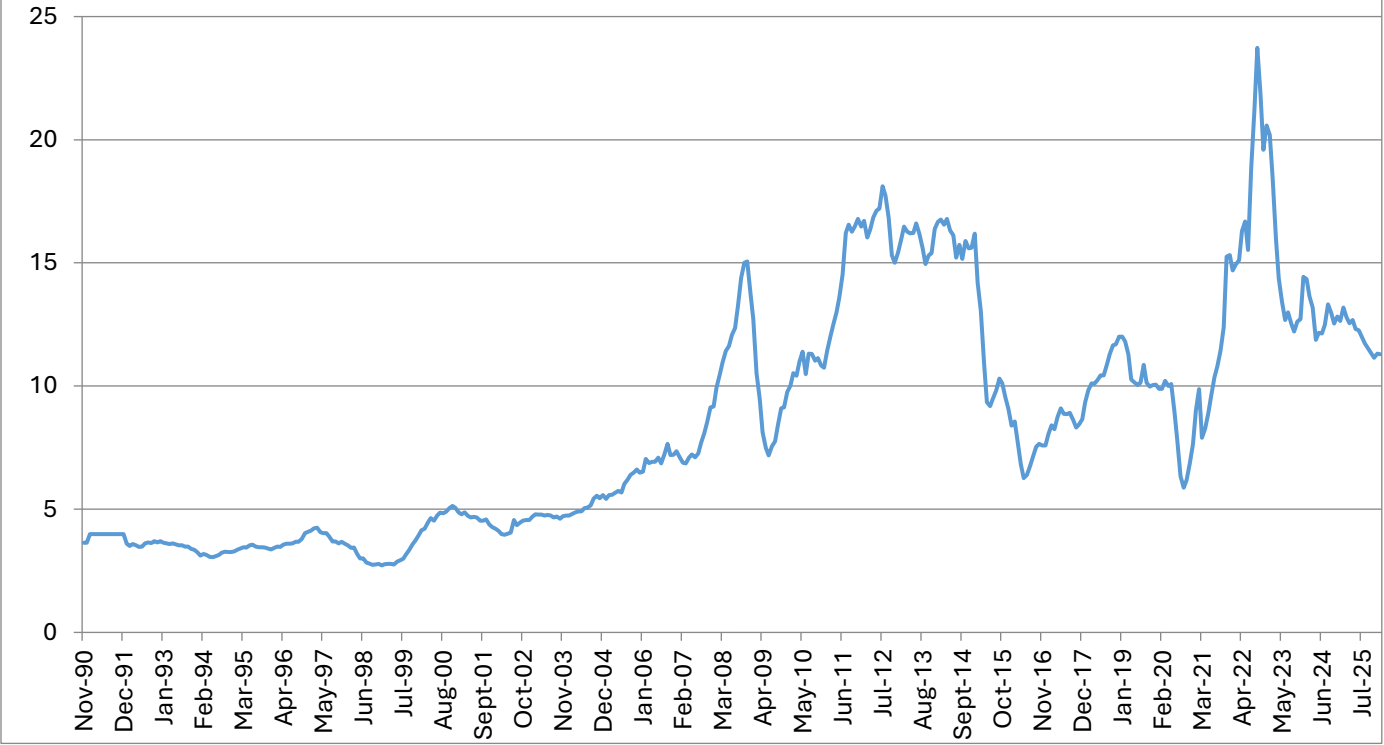


### Sugar US \$/kg (European and US Import Price) June 1998- Jan 2026

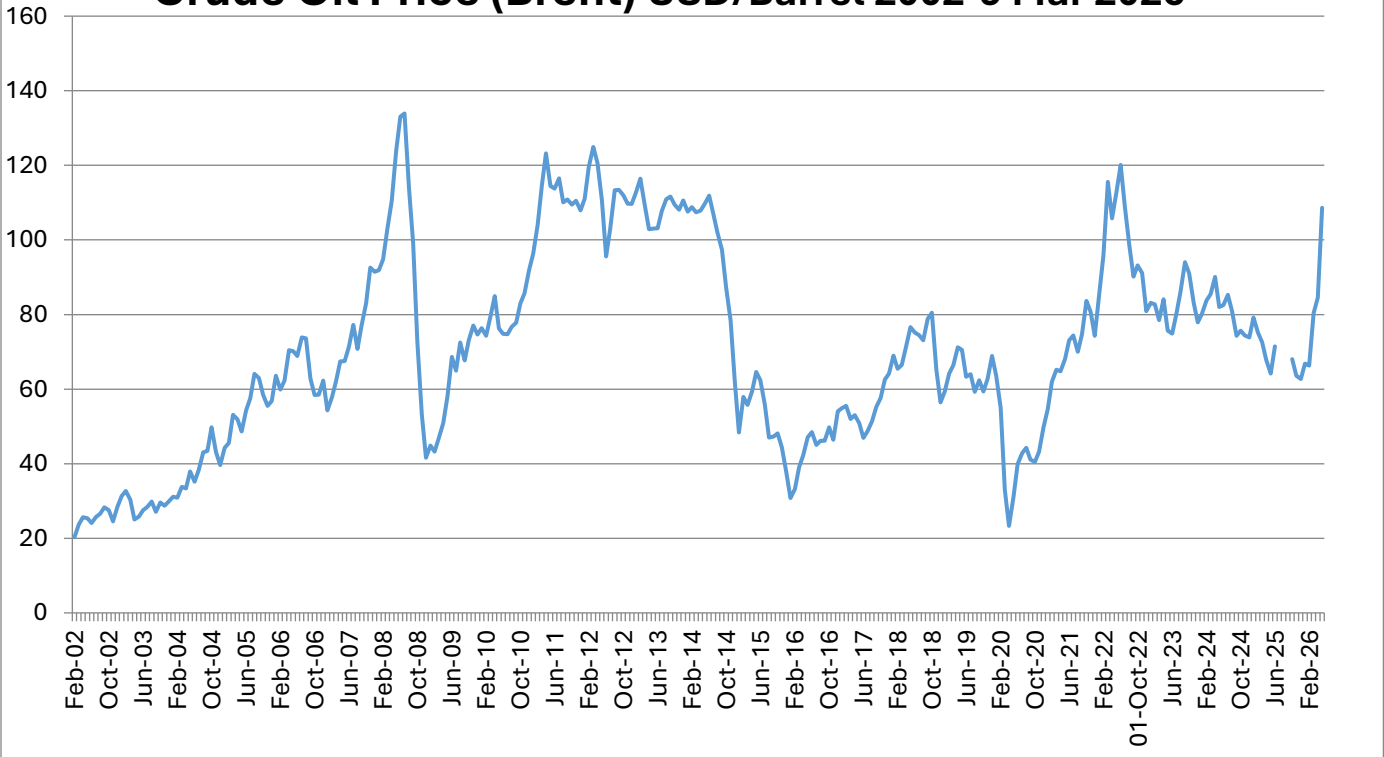




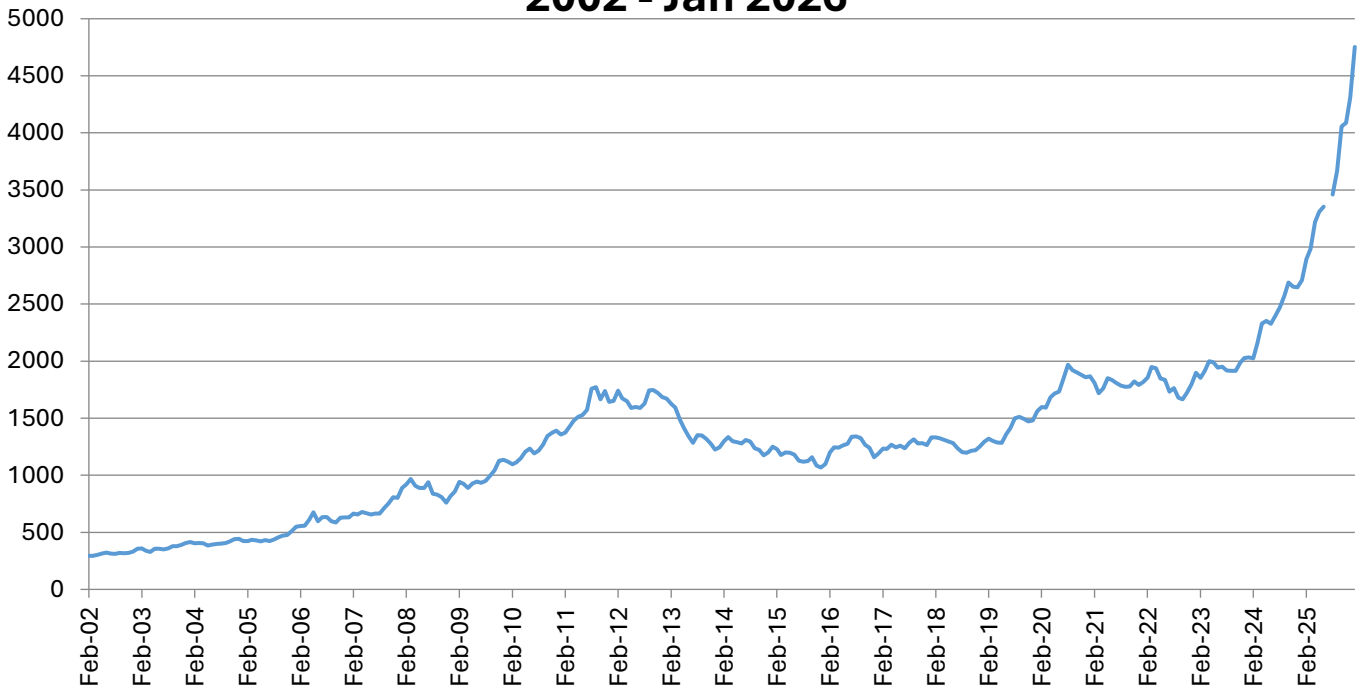
### LNG Prices USD/mill metric BTUs (Indonesia - Shell) 1990- Jan 2026 (Aug 25-Jan26 Japan)



### Crude Oil Price (Brent) USD/Barrel 2002-9 Mar 2026



## Gold Price USD/troy ounce 2002 - Jan 2026



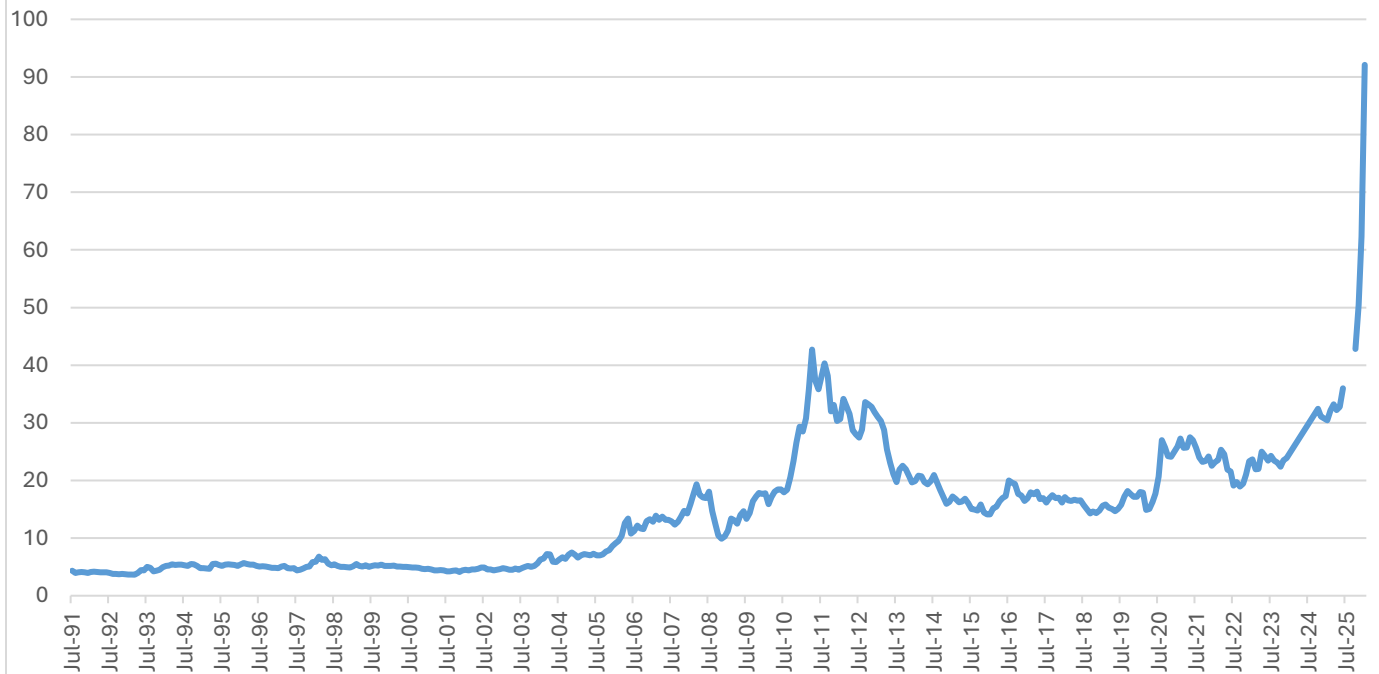
## Copper Gde A USD/tonne 2002 to Jan 2026



## Nickel, melting grade, LME spot price, CIF European ports, US Dollars/Tonne, Mar 2002- Jan 2026



## Silver, USD per troy oz, Jul 1991- Jan 2026



## 5. **Financial Overview** (see audited Accounts for 2025)

The INA continues to struggle with inadequate core funding to cover the considerable increase in operating costs that have occurred, especially since the strong appreciation of rental costs in NCD from 2007-2009. In some years large projects have provided sound revenue to more than cover expenses, but for the most part smaller projects, and modest honorariums for work undertaken, has left the INA drawing down on its limited capital, to the point where the institute has built up significant liabilities (notably building outgoing costs). Ongoing dialogue with development partners over the past decade has several times almost resulted in agreement, but has to date still failed yet to secure a reliable interim funding support for INA to transition, including for capacity building (funding for interns, experienced researchers and mentors) and reforms needed for the INA to be able to play a bigger part as a research and data hub, able to contribute more effectively to needed public policy dialogue in PNG. The resolution requires stronger partnership with private sector contributions, recognizing that quality research and independent public policy input is needed, (noting the considerable decline in the real contributions after inflation over the past 30 years), but combined with project specific funding from public and foundation sources on research consistent with INA's objectives. It must be recognized that independent public policy institutes are rare in developing countries, and largely affiliated with universities, and mostly funded by development partners or a few wealthy local sponsors, and usually, as also in developed countries such as Australia, have their premises provided FOC, or granted to them as an asset. INA is relatively unique, as an independent research/think tanks with a combination of funding sources, but inadequate in most years for sustained operations beyond a very modest capacity.

The INA relocated from downtown to Konedobu in 2010 to reduce rental and overhead costs, but despite initial savings, costs, and especially outgoing costs, have increased exorbitantly (and in our view unjustifiably: most of these costs were incorporated into rentals until about 2000, and the nature of our invoicing has resulted in ongoing issues with the landlord's agent's claims). Our initial arrangement of fitting out and subleasing the top floor of IPA haus helped alleviate costs, but by 2017 our tenants progressively moved out because of the excessive costs (notably outgoing costs) and we couldn't secure successors, with reducing those costs and giving greater assurance. So now, although rentals have been reduced with the smaller area used, we've forfeited our revenue stream from subtenants (the last one, ChildFund, moved out in 2024).

For many years the INA has sought a more sustainable solution, to relocate to a premises either belonging to the INA (e.g. on land owned/allocated to INA and with facilities built e.g. with Incentive Fund support, or premises such as UPNG facilities which are more suitable for an entity providing a public good, with its library, seminars, research etc. The

PNGIF has indicated that it has been willing over the past 15 years to support INA in this, but despite multiple initiatives the INA has so far been unable to secure the titled land required for PNGIF to be able to approve our submitted proposal or facilities, despite repeated indications of commitment to such arrangements, notably by UPNG administration and certain other partners.

**Bank Balances** at year end (2025)

<b>INA</b> Account: 30 December	<b>K659,139.99</b>
<b>CIMC</b> Account: 30 December	<b>K1,933,083.11</b>
<b>FSVAC</b> Account: 30 December	<b>K2,151.02</b>

**Other investments:**

- **Shares:** the INA's investment portfolio in shares now comprises:
  - **Santos (Oil Search):** Santos's acquisition of Oil Search was approved on 17 December 2021 and effective on 21 December 2021. The INA held 10,500 shares in OSL, which had been acquired for between K8.50-9.65/share for K100,000 purchased April-July 2006, and prior to the merger was trading at AUD4.04 (or approx. K12.10). The acquisition converted each OSL share to 0.6275 Santos shares, so INA now holds 6,589 Santos shares. Santos is currently trading at AUD 8.12 (29 April), significantly improved on AUD 6.42 (16/12/24) having slid from a peak in Sept of AUD 7.20 on the Sydney Exchange, with the PomSX recording AUD 6.10 or **K17.69** per share (30 December 2025) when last traded = **K116,559**, down from K19.50 (K128,485) in April 2025, and K 18.50 on 26 April 2022 or K121,891, but largely in the face of the weakening kina, rather than the share price rising, and from (OSL K9.50) = K99,750 in late 2020, but a considerable fall from K17.30 (18 Dec 2019) for the former OSL shares, or K181,600.

The interim dividend paid was **K3,683.46** paid 1 October 2025 (K0.559 per share).

- **BSP:** 29,400 shares @ 3.26-3.39/share for K100,000 purchased April-July 2006. Share units now stand at 29,694. Shares were trading 30 December at AUD 8.18 or K24.55 = **K728,988**, well up from K21.50 in April 2025 (K638,421), and K19.70 = K584,971.8020 December 2024 @, and from K16.11 in March and K12.10 = K355,740 (on 22 April 2022), and K12.30 = K361,620 (21 December 2021) and markedly stronger than the K10.30 (5 March 2019), =K302,820, K10.09 on 9 July 2018 (K299,612), and on K7.35 on 15 December 2015 (K218,250).

Dividend payments were at K 0.5 (interim) received on 19 September 2025 for **K14,827.30**.

- **Total current market value** (27 Feb 2026) approx. of **K845,547**, up from K766,906 in April 2025, and markedly higher (in kina terms, but not international value) than K712,492 in December 2024, K600,867 in March 2024, K477,631 on 22 Dec 2021, and up from K527,282 in December 2019.
- **Interim Dividends** for 2025/26 received from BSP and Santos should be about **K518,511**, combined.

**Paul Barker**  
**Executive Director**