



PACER Plus

Annual Report

2024-2025



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“ What makes PACER Plus unique is not just its legal and economic architecture but its development-first foundation. It is a trade agreement that puts Pacific people at the centre, balancing regional economic integration with the tailored support needed to lift capacity, open market access, and ensure no one is left behind. ”

Message from Chair of Joint Committee

Mr. Collin Beck

As we close the 2024-2025 financial year, we find ourselves at an important juncture in the Pacific Agreement on Closer Economic Relations (PACER) Plus journey. This year marks the final phase of the five-year AU\$25 million Development and Economic Cooperation (DEC) Work Programme generously funded by the governments of Australia and New Zealand. Since the operationalisation of PACER Plus in December 2020, we have made tangible strides in shaping a more connected, resilient, and inclusive Pacific trade and investment environment.

What makes PACER Plus unique is not just its legal and economic architecture but its development-first foundation. It is a trade agreement that puts Pacific people at the centre, balancing regional economic integration with the tailored support needed to lift capacity, open up market access, and ensure no one is left behind. From the Rules of Origin reforms helping exporters navigate trade processes, to labour mobility initiatives that generate real income for our people, the impact is being felt in communities across the region.

In the past five years, we have seen how much can be achieved when we work as equal partners. We have rolled out targeted technical assistance, supported private sector growth, strengthened border systems, and amplified the voice of women, youth, and rural entrepreneurs in trade. These efforts reflect not only what PACER Plus is, but who it is for.

Looking ahead, we must not lose momentum. As the current DEC Work Programme concludes in December 2025, we hope to see continued investment and political will to maintain what we have started. The region's economic future depends on strengthening our ability to trade with each other and the world, on our terms, and in ways that reflect our shared Pacific values.

PACER Plus has shown that regionalism can work when guided by genuine partnership and purpose. Let us continue to grow this platform together so that the next chapter is even more impactful than the last.

Mr. Collin Beck

Permanent Secretary

Ministry of Foreign Affairs and External Trade,
Solomon Islands



“ Trade in Services plays a significant economic role in the Pacific, with PACER Plus being the only regional agreement detailing services commitments. Efforts were focused on creating inclusive policies and frameworks, particularly in tourism and digital trade. ”

Message from the Head of PPIU

Roy Lagolago

This year marks the final phase of the five-year DEC Work Programme and therefore a fitting moment to reflect on the progress we have made together, the lessons learned, and the path that lies ahead for PACER Plus.

The focus on Trade in Goods activities continued with the modernisation of systems, enhancing consistency and predictability while supporting PACER Plus Parties in implementing best practices. Technical assistance provided for the Harmonised System 2022, Rules of Origin, and Customs procedures has fostered the harmonisation of customs processes in PACER Plus countries. With the sanitary and phytosanitary measures work programme, the focus of activities was on technical assistance on pest risk analysis, procurement of equipment and SPS-related capacity building for public sector officials and private sector. PACER Plus has also driven improved standards, quality assurance systems, and strategic implementation of technical regulations, standards, conformity assessment procedures.

We have focused on localisation, on empowering local experts to strengthen national capabilities despite challenges such as staff turnover. We are also seeing a shift from national demand for capacity building towards multi-country dialogues and regional forums. This evolution allows countries to harness collective knowledge and sharing on emerging themes and risks; enhancing their ability to implement relevant strategies domestically. PACER Plus adds value by keeping Parties informed and responsive to trade risks and opportunities.

Trade in Services plays a significant economic role in the Pacific, with PACER Plus being the only regional agreement detailing services commitments. Efforts were focused on creating inclusive policies and frameworks, particularly in tourism and digital trade. Trainings have benefitted hundreds, with a notable participation rate from women and rural regions. PACER

Plus provides a framework to assist Parties in overcoming barriers, promoting policy reforms, and enhancing investment facilitation strategies. Labour mobility remains essential, offering development benefits and addressing related challenges. PACER Plus leads efforts in regional strategies for skills development and integrating labour mobility with trade. The Pacific Labour Mobility Annual Meeting continues to serve as a key platform for improving cooperation and outcomes aligned with developmental goals.

Whilst the delivery of the DEC Work Programme has been a significant achievement, it is imperative to note that the PPIU is also a secretariat supporting the governance of PACER Plus. The Joint Committee and subcommittees are the foundation of PACER Plus, essential to economic cooperation, shared understanding and commitment to partnership. Decisions are made by the Parties through mutual agreement with each having an equal vote. This process is grounded in consultation and consensus, embodying the Pacific decision-making approach of “talanoa”.

Our experience and learnings over the past five years have sharpened our focus and our work programme is becoming more refined, targeted, and responsive to the needs of the countries we serve. The outcomes of the internal audit and corporate review have guided improvements to strengthen the agility and resilience of the PPIU, ensuring that we remain fit for purpose in a challenging and uncertain global environment.

In closing, the accomplishments of the PPIU over the reporting period are the products of coordinated efforts among an array of stakeholders: our staff, principal donors Australia and New Zealand, our partner agencies, and, most importantly, our 10 PACER Plus Parties. I thank all these contributors for their commitment to accelerate positive progress on PACER Plus.

Roy Lagolago

Head

PACER Plus Implementation Unit

Implementing our Strategic Plan 2025

The PPIU Strategic Plan 2025 is the central framework guiding the implementation of PACER Plus and the Arrangement on Labour Mobility. It ensures that trade, development and labour mobility initiatives deliver tangible benefits to member countries, partners and the private sector.

Its significance as the central framework for implementation is broken down into the following strategic elements that have guided implementation during this reporting period.

- **Implementation and Delivery**
 - » Provides a roadmap for PACER Plus rollout, clearly defining priorities, targets, and timelines.
 - » Ensures effective delivery of technical assistance and capacity building in member countries.
 - » Translates the PACER Plus legal framework into practical, on-the-ground outcomes.
- **Regional Coordination**
 - » Strengthens coherence via alignment of national trade policies with regional integration goals.
 - » Positions the PPIU as the central hub for coordinating regional trade initiatives.
 - » Ensures efficient use of resources by reduction of duplication among members and partners.
- **Partnerships and Resources**
 - » Provides a framework for development partners and donors to align their support with PACER Plus objectives.
 - » Supports mobilisation of resources and investment memorandum to accelerate implementation.
 - » Build credibility and confidence among stakeholders in the strategic direction of the region.
- **Private Sector Engagement**
 - » Identifies opportunities where the private sector can capitalise on PACER Plus benefits.
 - » Facilitates business growth through support in trade and investment barrier removal.
 - » Encourages regional value chain development in sectors such as agriculture, fisheries, tourism, and services.
- **Accountability and Measurement**
 - » Introduces monitoring, evaluation, and reporting frameworks to track progress.
 - » Ensures transparency and accountability to member states, development partners, and other stakeholders.
 - » Provides evidence for strategy adjustment and reporting tangible results.
- **Future Proofing**
 - » Responds to emerging global and regional challenges, including climate change, digital trade, and shifting geopolitical dynamics.
 - » Strengthens the PACER Plus framework as a tool for resilience, inclusive growth, and sustainable investment.
 - » Prepares member countries for post-2025 trade and development realities.

The PPIU Strategic Plan 2025 is critical for ensuring that PACER Plus moves beyond a legal agreement to a practical, results-oriented regional framework. By providing guidance across implementation, coordination, partnerships, private sector engagement, accountability, and future proofing, it ensures that the Agreement delivers tangible, sustainable benefits to Pacific countries and stakeholders.

PACER Plus Implementing Environment

This reporting period was the first full year of implementation without the disruptions of COVID-19. However, despite this, challenges with implementation continued due to external factors largely outside the direct control of PACER Plus countries or the PPIU, but shaped the enabling environment, pace, and priorities for implementation.

External Factors Impacting PACER Plus Delivery (FY2024/25)

- **The Global Economic Environment:** Global economic activity decelerated as post-pandemic rebounds faded, and trade tensions grew. China's economic slowdown reduced demand for Pacific exports, while advanced economies tightened fiscal space. With growth projected to slow and inflation easing, governments faced tighter fiscal space and competing priorities (e.g., recovery and reconstruction in disaster-hit areas). This pushed implementation of activities toward cost-effective, high-impact trade-enabling deliverables (border process reforms, e-systems, MRAs) and co-financed investments. Rising tariff tensions and a slower China outlook dampened the external environment, underscoring the value of regional integration, trade facilitation, and market diversification—all core to PACER Plus.

Implications: Limited fiscal room for Pacific governments to co-finance trade reforms and investors were more cautious in Pacific markets.

- **International Trade Dynamics:** Freight and logistics disruption especially with the Red Sea shipping crisis in 2024 pushed up freight costs and lengthened supply chains into the Pacific, delaying delivery

of SPS/lab equipment and raising costs for SMEs. Shifting demand in key markets such as trade tensions and tariff measures among larger economies (US-China, EU green policies) has put pressure on Pacific exporters to diversify markets.

Implications: PACER Plus reforms on trade facilitation, digital systems, and export diversification became more urgent but harder to finance.

- **Tourism and Travel Recovery:** There was a strong rebound in some countries' visitor numbers which increased, boosting services trade. Whereas Vanuatu faced a major disruption with Air Vanuatu's liquidation and an earthquake, both in 2024,

Implications: Uneven tourism recovery influenced how quickly members could benefit from PACER Plus services trade and private-sector engagement initiatives.

- **Climate Change & Natural Hazards:** Transition from El Niño (late 2024) to ENSO-neutral (mid-2025) left lingering drought in Micronesia, Kiribati, and Tuvalu, and flooding in other areas. Natural disasters such as the 2024 earthquake in Vanuatu caused major infrastructure disruption, delaying implementation activities.

Implications: Required flexible scheduling of technical assistance, more climate-proofing of SPS and border projects, and disaster-responsive programming

- **Labour mobility policy shifts:** Reforms in Australia's PALM scheme and New Zealand's RSE scheme in 2024–25 affected worker placements and welfare, directly shaping PACER Plus labour mobility and reintegration programs.

Implications: Provided opportunities to align PACER Plus work with global and regional priorities, but also required constant adaptation to partner country labour policies.

- **Political Developments:** Changes in several governments required refreshed engagement and sequencing for customs/SPS/standards and private-sector outreach. Regional politics had an impact on Pacific priorities increasingly shaped by climate diplomacy, debt sustainability, and geopolitical competition (China, US, Australia, New Zealand).

Implications: While trade remained a priority, attention of governments was often divided, or required the reprioritising of prior-approved activities affecting pacing of PACER Plus implementation.

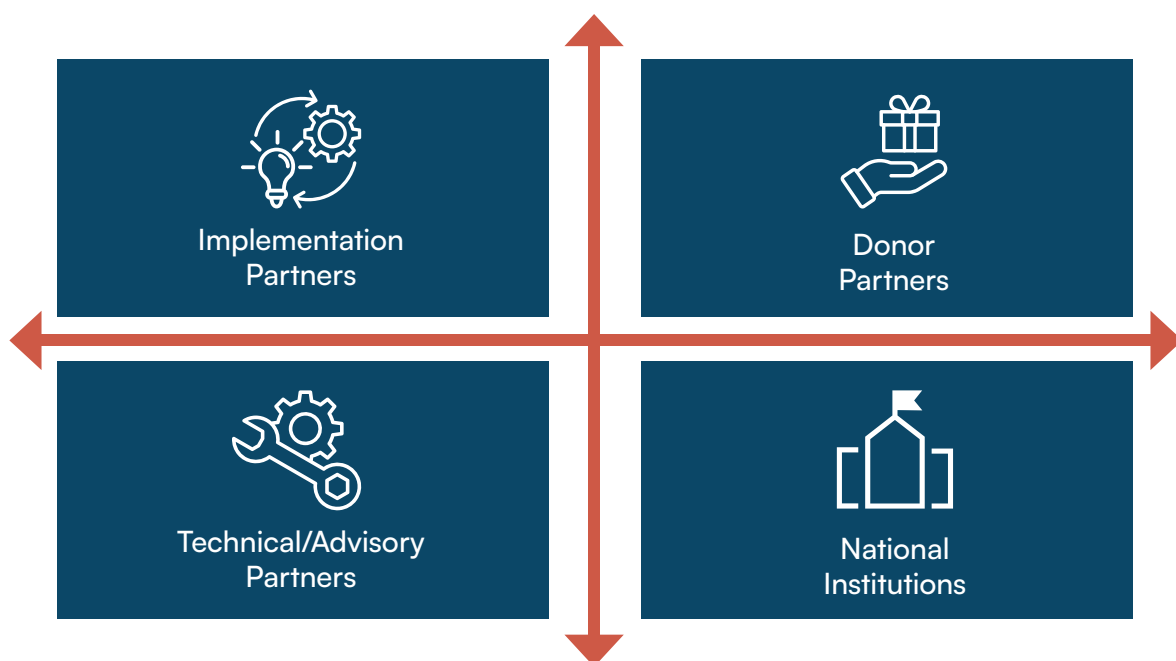
Despite the challenges faced with softening global growth, climate variability, trade dynamics and geopolitical tensions, there were opportunities to concentrate on services trade facilitation and investment, digitised border processes, and private sector engagement which offered visible wins.

Strengthening Partnership & Collaboration

The central role of the PPIU is to implement and deliver the DEC Work Programme. Our key learning over the past four years is that partnership sits at the heart of effective implementation — partnership the PPIU forges with donor partners, national, regional, and international institutions.

The PPIU continues to foster partnership with relevant stakeholders to harness synergies, reduce duplication and to ensure our output is aligned with international and regional priorities, and particularly the 2050 Strategy for the Blue Pacific Continent. Our partnership modality can be categorised broadly into following:

- 1. Principal Donor Partners:** The DEC Work Programme is funded by the governments of Australia and New Zealand. Throughout the year, the PPIU has maintained regular engagement with key personnel from Australia’s Department of Foreign Affairs and Trade (DFAT) and New Zealand’s Ministry of Foreign Affairs and Trade (MFAT).
- 2. Implementation Partners:** The PPIU partners with institutions that directly or indirectly support the Work Programme and help it leverage skills, expertise and other resources that support and advance activity implementation.
- 3. Technical/Advisory Partner:** Given the DEC Work Programme covers a wide range of sectors, the PPIU partners and works with technical agencies and experts who provide advice and contribute to PACER Plus annual work programming and country level engagements.
- 4. National Institutions:** Partnership and collaboration with national institutions helps integrate PACER Plus priorities and advances implementation. National institutions such as ministries of trade and related ministries, chambers of commerce, and private sector bodies have been central to the implementation of the work programme in this reporting period.



Overview & Highlights

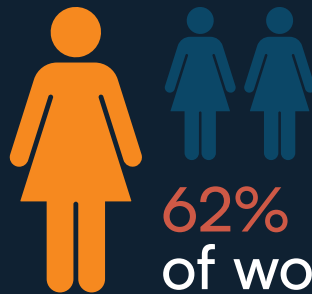


1,100 Participants

In PACER Plus supported capacity building with **46.7 % of public service**

30 workshops

and /or capacity building events facilitated or co-facilitated by PPIU



62% of women

participation across all PPIU capacity building activities and forums

Overall, **an increase from 47% to 82% of participants who participated in PPIU capacity building** and awareness events agreed/strongly agreed that their knowledge improved to intermediary, advanced and expert knowledge

298 businesses

participated in PPIU capacity building and awareness events



Over 40% of these businesses

are in the MSME service sector (e-commerce, transportation and tourism)

At least 10% were from the informal sector

particularly those who are in micro-small tourism accommodation (homestays and beach fale) and eco-tourism activities



124 other organisations

participated in PPIU capacity building awareness programmes comprising of CSOs, academia, trade unions, and development partners

15

key governance meetings were conducted with key decision-making events involving the 10 parties



8 representative meetings

facilitated by PPIU for study tour knowledge exchanges and best practice, or international fora representation by key party members

92% agree

or strongly agree there is growing confidence in the effectiveness of PACER Plus

100% of Members in the SPS/TBT Committee in Trade in Goods agree or strongly agree that PACER Plus is making them more comfortable seeking advice or assistance from fellow members





56

technical assistances (TA)

provided to parties with majority of support to the Trade in Services and Investment components



Over **AU\$500,000**

has been invested into automated IT systems (e-phyto), equipment (fumigation, inspection, quarantine, incinerators, harvesting, and agricultural processing) to improve trade in goods and services



AU\$418,568

equipment to improve SPS/TBT systems



AU\$204,065

investment on equipment and information systems for the private sector to increase private-public sector engagement and partnership to ultimately expand trade



24 Letter of Agreements

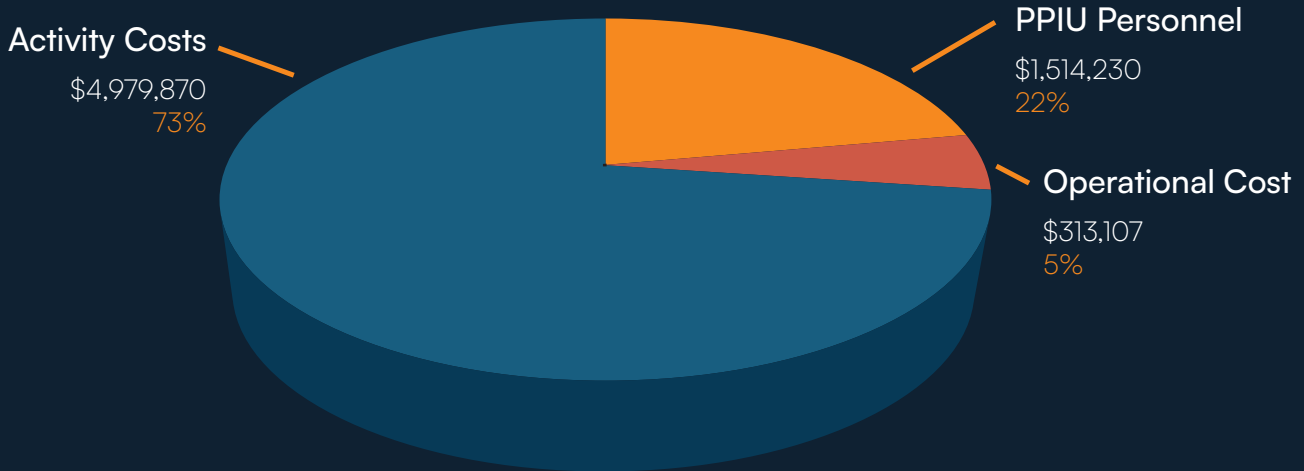
with national institutions, regional and international partners



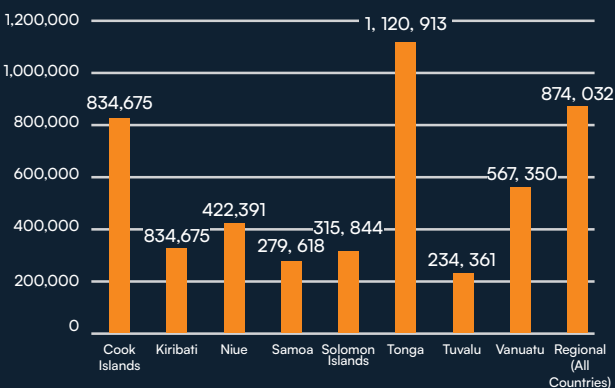
AU6.8m spent on

delivering activities and support through the DEC Work Programme

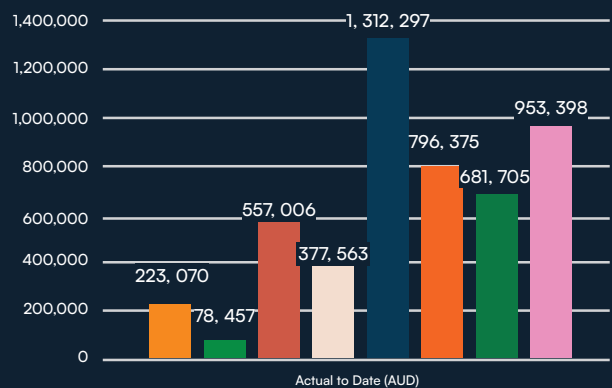
Total expenditure as at 30 June 25 by Category (AUD)



Activity Spending by Country as at 30 June 25 (AUD)



Total Expenditure by Component as at 30 June 25 (AUD)



Workshops and Events in Action: 2024–2025 Highlights



A participant at the the second Revenue Mobilisation Talanoa for PACER Plus Signatories in February 2025 in Apia speaks at the four-day event.



Customs officials from 16 Pacific countries are Fiji this week for a five-day workshop to understand the WCO tools and initiatives aimed at facilitating and securing cross-border e-commerce.



Regional customs officials at the three-day Regional Workshop on Transposition of Tariff Commitments and Product-Specific Rules under PACER Plus in Apia, Samoa in September 2025.



The Eighth PACER Plus Joint Committee Meeting in Honiara, Solomon Islands.



The Niue- Solomon Islands Intra-Pacific Labour Mobility Pilot has provided a valuable opportunity for four retired Solomon Islands nationals to address critical labour shortages in Niue's aged care sector.



The PLMAM 2024 was held in Brisbane, Australia.



The PPIU provided funding support and took part in the Pacific Tourism Organisation meetings held in Tonga from 20 to 22 October 2025.



The Regional Workshop on Addressing the Social Impacts of Labour Mobility in the PACER Plus Arrangement on Labour Mobility brought officials from the 11 PACER Plus ALM signatory countries in June 2025.



The Seventh PACER Plus Ministerial Meeting in Brisbane, Australia.

Rules of Origin and other Aspects of Implementation of Tariff Commitments

The PPIU supported Parties to implement the latest Harmonized System (HS) 2022, transposition of tariff commitments and facilitated the collective agreement on HS 2022 product specific rules (PSRs). All Parties have either adopted or are in the final stages of adopting HS 2022 and transposed PACER Plus PSRs and tariff schedules with Samoa and Cook Islands still finalising their tariff transposition process. The technical support and capacity building provided for the adoption of HS 2022, PSRs and Customs procedures has contributed to continual harmonisation of customs procedures for PACER Plus Parties.

The PPIU seeks sustainability in its capacity building initiatives. In working with the Oceania Customs Organisation (OCO), it has focused on building national expertise to guide local staff and implement Tariff and Rules of Origin (RoO) commitments with minimal external reliance. This commitment to localisation ensures knowledge retention at institutional and national levels. The activities were completed in partnership with OCO, Pacific Financial Technical Assistance Centre (PFTAC), and Pacific Islands Tax Administration Association (PITAA).

ACTIVITIES	RESULTS
<ul style="list-style-type: none"> • Technical assistance on Tariff commitments and Rules of Origin • National Rules of Origin Training: Cook Islands, Samoa, Vanuatu • Capacity Building on Tariff commitments and Rules of Origin • Review Guidelines on PACER Plus Rules of Origin • Regional Revenue Mobilisation Talanoa 	<ul style="list-style-type: none"> • Improved regulatory and policy reforms because of technical support and capacity building provided in tariff commitment and review of RoO in Cook Islands, Samoa and Vanuatu. • Improved knowledge of customs officials from capacity building workshops with practical skills to apply knowledge on HS transpositions at national level from 11 to 85% (74% increase in knowledge). • 25 private sector businesses mainly from the tourism and transportation industries, gained knowledge and awareness on Product Specific Rule RoO requirement, tariff commitments and use of automated systems/tools. • 113 public servants are more confident in conducting business on domestic revenue mobilisation, RoO and Tariff commitments and use of automated systems and tools. • 174 participants who attended RoO/Tariff capacity building related activities were able to use the knowledge to improve RoO requirement, tariff commitments and use of automated systems/tools. • Equal representation of female and male participation across all RoO/Tariff events for the year.

Strengthening Revenue Resilience in a Liberalising Trade Environment



In February 2025, the PPIU convened the second Revenue Mobilisation Talanoa in Apia, Samoa, bringing together senior officials from customs, tax administrations, and finance ministries across the region to address the challenge of sustaining domestic revenue amid trade liberalisation.

Held from 25-28 February, the four-day regional dialogue built on the inaugural Talanoa held in Fiji in 2024 also included participants from Cook Islands, Kiribati, Niue, Samoa, Solomon Islands, Tonga, Tuvalu, and Nauru. The discussions focused on strengthening revenue mobilisation strategies in the context of PACER Plus commitments.

Key themes included improving indirect tax collection, broadening the tax base, closing revenue gaps, and ensuring fiscal sustainability through both short-term measures and long-term reforms. Modernising tax and customs systems was identified as a priority, particularly through investment in digital solutions to

enhance efficiency, accuracy, and capacity. participants

Participants examined policy and operational issues such as VAT and GST administration, valuation processes, tax expenditures, and the fiscal implications of e-commerce. It also underscored the value of regional cooperation in designing strategies that protect fiscal space while enabling trade reforms to advance.

The workshop was delivered in partnership with the PFTAC, PITAA, OCO and the International Monetary Fund.

The outcomes will contribute to a regional roadmap aimed at assisting PACER Plus signatories to implement effective fiscal reforms, modernise customs operations, and sustain government revenue streams. This work is essential for maintaining funding for critical public services while pursuing inclusive economic growth in a liberalising trade environment.



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Customs and Trade Facilitation

Reducing trade costs and streamlining customs procedures are crucial to unleashing full trade potential of PACER Plus Parties. Commitments to improving information systems have been achieved with all Pacific Parties now deploying the Automated System for Customs Data (ASYCUDA) World (AW) for their Customs Administration system. PPIU has supported

this modernisation through targeted technical assistance and capacity building, working in collaboration with OCO, United Nations Conference on Trade and Development (UNCTAD), and Universal Postal Union (UPU) to facilitate system implementation and enhance customs officials' capability to utilise the system effectively.

ACTIVITIES

- Pacific Regional Advanced Trade in Goods Workshop
- Procurement of Equipment for ASYCUDA
- World implementation
- Consulted with UNCTAD, UPU and countries on the enhancement of AW and interfacing with other systems
- Regional Workshop on Cross Border E-Commerce
- Capacity building on PACER Plus Customs Procedures

RESULTS

- Improved and advanced cross border e-commerce knowledge for public sector to support customs administration and procedures.
- Improved customs information systems with the implementation of ASYCUDA World.
- Enhanced partnerships with UNCTAD, UPU and OCO to operationalise AW interfacing other systems.
- Public sector participants who attended customs capacity building activities in FY24/25 improved knowledge by 43% (pre 22% - post 65%) to utilise information systems and procedures to support customs administration and can use knowledge to conduct customs related business.

Breaking Barriers in Vanuatu's Kava Industry

In the highlands of Espiritu Santo, Vanuatu's largest island, Tahun Kava Exports Limited has emerged as a trailblazer. Led by entrepreneur Sergine Tahun, the company became the first woman-owned kava exporter in Santo to achieve Hazard Analysis and Critical Control Points (HACCP) certification, setting a new benchmark for quality and safety in the industry.

Her journey to HACCP certification required meeting stringent international standards, understanding export regulations, and establishing relationships with overseas buyers. Working closely with biosecurity officials and the Vanuatu Chamber of Commerce and Industry (VCCI), Sergine refined her operations, implemented proper cleaning and packaging procedures, and strengthened supply chains by building trust with farmers in remote areas.

The business overcame challenges typical of the sector, including weather-related disruptions, market competition, and gender barriers in a traditionally male-dominated field. A dedicated farm manager played a critical role in liaising with growers, supporting nursery management, and providing equipment, ensuring a consistent and loyal supplier base.

Through support from PACER Plus and VCCI, Tahun Kava achieved HACCP certification in late 2024. This milestone significantly enhanced the company's credibility, attracting new international enquiries and enabling access to premium markets. Between December 2024 and February 2025, the company dispatched eight export shipments and began sending product samples to potential buyers worldwide.



Tahun Kava's success demonstrates the value of combining traditional products with modern quality standards. It highlights how targeted support, compliance with global requirements, and strong community relationships can drive export-led growth. Beyond individual achievement, this case showcases the potential of Pacific women entrepreneurs to transform industries and inspire broader participation in regional trade.

With plans to expand into new markets and diversify product offerings, Tahun Kava is well positioned to strengthen Vanuatu's reputation as a producer of premium-quality kava.



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Sanitary & Phytosanitary Measures

PACER Plus harmonises sanitary and phytosanitary (SPS) measures across Parties, a key outcome of the Work Programme. A suite of support on SPS policy and regulatory reform are highlights in this reporting period. Parties surge in trade with regional and international partners was a direct result of the digitisation of biosecurity services and increased provision of equipment and resources to implement SPS best practices.

Parties continued to access a mosaic of regional forums and technical groups to manage emerging risks, understand contemporary

themes, and gain latest knowledge on policy and technology development in the trade of plant and animal products in a fast-evolving landscape.

PACER Plus is catalyst for expansion of partners and deployment of mobilised resources. Ongoing cooperation with the Pacific Community (SPC), PHAMA Plus, Australia Department of Agriculture, Fishery and Forestry, and New Zealand Ministry of Primary Industries is pointed to increasing the capacity of Parties to scale the implementation of more efficient SPS measures.

ACTIVITIES	RESULTS
<ul style="list-style-type: none"> • Procurement of Incinerators • PHAMA Plus-PPIU support Fumigation (Tonga) • Update of legislation on SPS Measures • Crop Pest Survey: Cook Islands, Samoa, Tonga • Technical Assistance and capacity building on pest risk analysis • SPS Capacity building for public sector officials & private sector • Development of Quarantine Electronic Systems • Procurement of Inspection tools and safety equipment 	<ul style="list-style-type: none"> • SPS related equipment and infrastructure installed or upgraded to meet market access requirements through installation of incinerators and supply of inspection equipment and personal protective equipment. • Information systems are supported for utilisation of efficient and transparent of SPS applications through digitised E-Phyto certification and quarantine systems. • Policy and regulatory reforms to facilitate application of WTO compliant SPS measures were supported. • An increase of 17% of participants (88% of participants from 71%) have increased knowledge to intermediary, advanced and expert level from no knowledge to basic knowledge.

From Cacao Beans to Fruity Bars



Cathliro Commodities, a woman-led, locally owned cocoa producer and exporter in Solomon Islands, marked a milestone in September 2024 with the delivery of a food dehydrator machine, funded through the PACER Plus DEC Work Programme. This investment is set to enhance the company’s ability to produce value-added cocoa products and diversify into dried fruits, strengthening its position in both domestic and international markets.

Founded by entrepreneur Mrs. Diana Yates, Cathliro Commodities operates a 99-hectare cocoa farm in Guadalcanal and sources beans from more than 200 growers in provinces including Isabel and Makira. The company transforms these raw materials into high-quality cocoa paste, nibs, powder, and tea for export, connecting local farmers to global supply chains. The new dehydrator enables expansion into products such as fruity chocolate bars and dried tropical fruits, tapping into niche boutique markets overseas.

Beyond boosting production volumes, the equipment supports year-round operations, reducing reliance on favourable weather conditions and allowing for consistent supply to customers. This diversification strategy enhances resilience and creates new income opportunities for local farmers, while adding value to Solomon Islands’ agricultural exports.

PACER Plus support extended beyond equipment provision to include capacity-building for Cathliro’s staff. Training, delivered both online and in-person, including sessions in Australia, equipped the team with the skills to develop innovative products, improve processing techniques, and meeting international quality standards.

The initiative reflects PACER Plus’s commitment to fostering economic development through trade, innovation, and private sector growth. By enabling Cathliro to move from raw commodity exports to high value finished goods, the project strengthens the competitiveness of Solomon Islands’ cocoa industry and provides a model for other local enterprises to follow.

With its expanded product range and strengthened capacity, Cathliro Commodities is well positioned to scale its operations and capture new opportunities in regional and global markets.



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Technical Barriers to Trade

PACER Plus has driven improved standards, quality assurance systems, and strategic implementation of technical regulations, standards, and conformity assessment procedures. The activities in the reporting period were primarily technical assistance at national level to strengthen Technical Barriers to Trade (TBT) related legislation and regulations to increase and improve compliance at country level. Capacity was built across Parties with a focus on broad standards and conformity assessment procedures, food sampling, and assessment procedures for specific international standards.

Learnings from early implementation of the DEC Work Programme saw demand for capacity

building primarily at the national level and this has evolved towards greater participation in multi-country dialogues, regional and international forums, where countries are able to engage and learn the latest themes and emerging risks, and ensure they are implemented. This is the value addition that PACER Plus provides, where it enables Parties to be at the forefront of these forums, the first to know, and the first to respond to emerging trade risks and opportunities. Equally important during the period was alignment of PACER Plus support to the Pacific Quality Infrastructure Initiative (PQI) and collaborating with key partners Pacific Islands Forum Secretariat, Standards Australia and British Standards Institute to deliver capacity to Parties.

ACTIVITIES

- Technical Support for Lab Capacity — Vanuatu
- Training on the Environment Health Quality Management System — Solomon Islands
- Capacity Building Standardisation Roadmap-Tonga
- Development of National Quality Policy Samoa
- Strengthening Standards and Certification capacity
- Regional TBT Capacity Development

RESULTS

- Improved regulatory and policy reforms on regulations, standards and conformity assessment procedures through regional quality policies on environmental health quality management and national quality policy technical support and training provided.
- 100% of public sector participants (38) who attended TBT related capacity building initiatives are confident in conducting quality checks, standards and certification, food sampling and ability to interpret testing reports, implement TBT obligation and conformity assessment procedures to facilitate trade.
- Increased knowledge (20%) of public sector actors to implement TBT regulations and apply international standards from 66% to 86%.
- Increased participation of women (63%) in TBT related capacity building activities.

Bottling the Fragrance of Samoa - How Mailelani is Turning Coconuts into Global Success



From a small family kitchen in Samoa to international shelves, Mailelani Samoa Body Care has grown into a leading producer of artisan soaps, body oils, scrubs, and premium facial care products. Founded 25 years ago by Sylvie and Kitiona Salanoa, the business is rooted in the use of locally sourced ingredients, including coconut oil, cocoa butter, and the distinctive moso'oi (ylan-ylang) fragrance, to create products that reflect Samoa's natural beauty and cultural traditions.

Mailelani's range now includes eight varieties of handmade soaps, cocoa-based body butters, and a new facial care line launched in early 2024 with support from the PACER Plus. The expansion marked a milestone for the company, enabling it to strengthen its market presence in Samoa, Australia, New Zealand, and beyond.

The journey to success has not been without challenges. Early production hurdles, supply chain disruptions, and the complexity of export regulations tested the business. Through persistence and community partnerships, Mailelani transformed from a cottage industry into a recognised exporter of high-quality Samoan products.

A key feature of Mailelani's model is its commitment to sustainability and community engagement. Raw materials are sourced from rural villages, providing economic opportunities while ensuring authenticity in every product. This approach aligns with PACER Plus's goals of fostering inclusive trade and supporting private sector growth. PACER Plus assistance with packaging clearance costs helped Mailelani bring its facial care line to market.

By combining traditional craftsmanship with modern business practices, Mailelani has created a brand that preserves cultural heritage while competing globally. The company's growing international presence demonstrates the potential of Pacific small businesses to scale up sustainably and share the essence of their islands with the world.



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Trade in Services

Services trade has become the backbone of the global economy and is increasingly becoming the key driver of economic growth in the Pacific. It is the largest contributor to economic activity and employment in most Pacific economies and accounts for over 50% of GDP in many PACER Plus countries. Against this backdrop, PACER Plus exists as the only Agreement in force with detailed commitments on trade in services. PACER Plus plays a fundamental role in enabling Parties to realise the growth dividends of services trade.

In this reporting period, technical support to improve the enabling environment for trade in

services through the development of inclusive policies, laws, frameworks and regulations remained the priority of Parties. This focus underscores the existence of barriers to services trade in domestic regulatory regimes and policy settings. Within these efforts, tourism and digital trade have been the priority sectors reflecting their potential to drive services trade and economic development in the region. Going forward, PPIU aims to build on the work accomplished and continue to strategically focus on priority service sectors that can drive services trade in the region, including tourism, digital trade service sectors and transportation services.

ACTIVITIES

- Technical Assistance on Legislation and Policies — Samoa, Tonga
- Development of Ecommerce Toolkits
- Tourism Skills Development — Kiribati, Tonga
- Capacity building for the prevention and response to cyber-attacks — Cook Islands
- Project for the Digitization of Business Trainings — Cook Islands
- Regional Trade in Services Workshop

RESULTS

- Improved Trade in Services inclusive laws, frameworks, regulations for Samoa and Tonga with technical support provided with reforms have been formulated and written for Cabinet approval.
- 350 participants who attended TiS related capacity building initiatives have improved capacity to implement trade in services reforms and best practices by 50% (pre 50% to post 100%).
- 144 private sector organisations have participated in TiS related awareness or capacity building initiatives.
- 100% agreed and strongly agreed that they gained, applied and confident in conducting, making and using PACER Plus Services commitments in understanding and drafting scheduled commitments, with clear implications of digitally enabled services, e-commerce and digital trade in Cook Islands.
- Increased participation of women (71%) in TiS related capacity building activities than men.

Tonga Develops Tourism Roadmap to Revitalise Tourism Development



Tourism is vital for Tonga, contributing over TOP18 million to GDP in 2022 and projected to grow to TOP88 million by 2033. However, the industry faced major setbacks from the COVID-19 pandemic and the volcanic eruption and tsunami of 2022. In response, the Government of Tonga is developing the Tonga Tourism Roadmap 2025-2030 to revitalise the sector and unlock its potential for sustainable growth.

The Roadmap will prioritise climate change adaptation to ensure tourism development is resilient and protects Tonga's natural and cultural assets. It will also focus on e-commerce and investment as key drivers for industry expansion, aiming to strengthen the sector's competitiveness over the next five years.

The development process began with the National Tourism Forum, held in Nuku'alofa on 13-14 March 2025, bringing together public and private sector representatives, as well as regional and international tourism experts. The forum provided a platform to align stakeholder priorities and set a coordinated strategy for tourism growth.

This initiative is supported by the PACER Plus DEC Work Programme, funded by the governments of Australia and New Zealand and managed by the PPIU. The International Trade Centre (ITC), a joint agency of the United Nations (UN) and the World Trade Organisation (WTO), is providing technical support, drawing on its expertise in trade competitiveness, MSME development, digitalisation, and climate resilience.

The Roadmap will be developed through a participatory approach, involving a series of consultations and workshops with stakeholders across Tonga. Scheduled for completion in October 2025, it will serve as a strategic guide for revitalising tourism, fostering inclusive economic growth, and positioning Tonga as a competitive and sustainable destination in the Pacific region.



To read the full story,
scan the QR code

Investment

Increasing direct foreign investment in the territories of our Parties remains a top priority. Foreign investment provides the much-needed capital inflow to drive economic diversification, increase productivity and innovation, support infrastructure development, and contribute to skills development and job creation in the region. Unlike many regional FTAs that focus primarily on liberalisation and investor protections, the PACER Plus Investment Chapter is significant for its development-oriented approach, which includes not only investment liberalisation but investment promotion and facilitation, capacity-building support, and policy flexibility tailored to the unique needs of Pacific Island countries.

In 2024/2025, the focus has been on improving inclusive policy, legislation and regulation reforms affecting foreign direct investment and building the capacity of public sector actors to put in place investment reforms and best practices. Capacity building focused on upskilling investment officials to move from investor registration to more comprehensive investment promotion and facilitation. Going forward, the PPIU will place greater emphasis on supporting countries to actively promote and facilitate available foreign investment opportunities, while also strengthening the capacity of local private sector actors to participate in and benefit from foreign investment flows.

ACTIVITIES

- Technical Assistance for Investment Legislation and Policies — Kiribati, Niue, Samoa, Tuvalu
- Investment Promotion & Toolkits — Kiribati, Solomon Islands, Tonga

RESULTS

- Improved inclusive policy legislation, regulations and reforms affecting foreign direct investment in Kiribati, Niue, Samoa and Tuvalu.
- Increase of demand for Pacific Island investment readiness programmes through investment promotions and toolkits supported for Kiribati, Solomon Islands and Tonga.
- Increased capacity by 33% of public sector actors to put in place investment reforms and best practices (30% pre knowledge to 63% post knowledge).
- Increased participation of women (63%) in investment related capacity building activities than men.

Niue's Small Businesses Go Digital with PACER Plus Support



Six Niuean small businesses have been selected to receive e-commerce coaching and grant support worth AU\$45,000 under Phase 2 of the Pacific Islands Forum Secretariat (PIFS) E-Biz Plus Program, implemented in partnership with the PPIU under PACER Plus. The programme, officially launched on 3 July 2024, which provided e-commerce toolkits and training in Niue, Tonga, and Vanuatu.

The selected businesses represent a diverse cross-section of Niue's economy, including agriculture, handicrafts, food processing, and technology. They are Niue Organic Farmers Association (organic farming and education), Niue Vanilla International (premium vanilla products), Mrs Sena's Crafts (traditional handicrafts), Ebony Carvings (handcrafted jewellery and carvings), Lupe Niue (banana chip production), and Bohnz Infotech (IT services). Each will receive personalised coaching to enhance their online presence, improve digital marketing strategies, and expand access to overseas markets.

The initiative aligns with the Pacific Regional E-Commerce Strategy and Roadmap and the 2050 Strategy for the Blue Pacific Continent, which emphasise digital trade as a driver of inclusive growth. It will also help Niue's micro, small and medium-sized enterprises (MSMEs) reduce trade costs, boost competitiveness, and create new income opportunities.

PACER Plus has provided AU\$100,000 to support the Niue programme, which includes both the coaching component and the grant scheme. The approach combines capacity building with targeted financial assistance to ensure that participating businesses can implement their e-commerce strategies effectively.

PACER Plus underpins this effort by facilitating access to broader markets and providing targeted development assistance. For Niue, the programme represents a significant step towards economic resilience, enabling local businesses to leverage digital tools to connect with customers worldwide and share Niue's unique products and culture on the global stage.



To read the full story,
scan the QR code

Labour Mobility

Labour mobility continues to be a top priority for the Pacific, and we recognise both the significant development benefits and the challenges involved. The Arrangement on Labour Mobility (ALM) complements bilateral labour mobility arrangements to enhance the positive development benefits of labour mobility. In this effort, PACER Plus support in 2024/2025 focused on establishing regional strategies for reintegration, skills development, remittances data, and leveraging labour mobility to support priority supply chains in key sectors like agriculture. These interventions have been enabled by our unique ability to integrate labour mobility with trade.

The Pacific Labour Mobility Annual Meeting (PLMAM) has become the preeminent regional forum for labour mobility in the region. The PPIU continues to give priority to leveraging PLMAM to enhance regional cooperation and deliver tangible outcomes that align to regional shared goals. Going forward, the new iteration of the ALM will guide the DEC work programme with a stronger focus on reintegration, particularly in skills development, intra-pacific labour mobility and mitigating the negative social impacts of labour mobility.



Jimmy (right) from Solomon Islands is thriving in his role as a production hand at PB Agrifood in Australia. Next to Jimmy is company director, Catherine.

ACTIVITIES

- Regional workshop on the new Arrangement on Labour Mobility (ALM)
- Regional Workshop on Good Labour Mobility Governance: Fair Recruitment & Social Protection
- Niue-Solomon Islands Labour Mobility Pilot - Mobilisation of Solomon Islands workers to Niue - Health Sector Pilot
- Pacific Labour Mobility Annual Meeting (PLMAM) 2024
- Intra-Pacific Labour Mobility Strategy signed between Niue and Solomon Islands
- Mapping of the Pacific Labour Mobility Architecture
- Regional Workshop on addressing the social impacts of labour mobility in the PACER Plus Arrangement on Labour Mobility (ALM)

RESULTS

- Implemented inclusive strategies and programmes aimed at increasing economic development transfers and addressing constraints to enhance development impact of labour mobility implemented through Intra-Pacific Labour Mobility Strategy Mapping of the Pacific Labour Mobility Architecture.
- Increased cooperation amongst participant countries through inclusive cooperation platforms such as PLMAM 2024, Regional Workshop on New ALM, Good Governance and social impacts of labour mobility.
- Increased Engagement of Pacific country partners in ALM through signed engagement between Niue and Solomon Islands — 5 Solomon Islands nurses employed in the Niue Health Ministry).
- Increased participation by 116 of other sectors comprising academia, unions, and development partners in LM activities.
- 96 private sector businesses participated in all LM related capacity percentage of participants with improved knowledge (no or basic knowledge to advanced knowledge) from 77% to 86% (increase of 9%).
- 100% agree/strongly agree that their knowledge improved their understanding of Bilateral Labour Migration Agreements in the Pacific region.
- 415 participants for all LM related awareness and capacity building initiatives predominantly female by 59% and male by 41%.

RSE Scheme Creates Opportunities for Solomon Islands Workers



In 2022, young mother Rose Sosoe from Honiara, Solomon Islands, joined New Zealand's Recognised Seasonal Employer (RSE) scheme with the goal of creating a better future for her family. The RSE programme, established in 2007, connects workers from Pacific countries with New Zealand's horticulture and viticulture sectors, addressing seasonal labour shortages while providing workers with sustainable income and skills.

Ms. Sosoe was recruited by Hortus, a leading ethical workforce solutions provider operating across New Zealand's major wine-growing regions. For Ms. Sosoe, the role in Marlborough's vineyards marked her first time traveling outside Solomon Islands. Despite initial nerves, she embraced the opportunity to gain employment, acquire new skills, and support her family back home.

Over the past two years, Ms. Sosoe has become a valued member of the Hortus team, contributing to operations while working alongside colleagues from across the Pacific. Her earnings have enabled her to send regular remittances, helping to improve her family's living standards and provide educational opportunities for her now seven-year-old child.

The RSE scheme delivers significant mutual benefits. For employers like Hortus, it ensures access to a reliable and skilled seasonal workforce, while fostering strong relationships with Pacific communities. For workers like Ms. Sosoe, it offers financial stability, professional development, and a pathway to greater personal empowerment.

Ms. Sosoe's journey reflects the broader impact of labour mobility under PACER Plus, which supports inclusive economic growth and resilience in Pacific nations. By creating avenues for Pacific people to access overseas employment, the scheme not only addresses labour market needs in New Zealand but also contributes directly to livelihoods, education, and community wellbeing in participating countries.

For Ms. Sosoe, the experience has been life-changing — turning aspirations into reality and building a foundation for long-term security for her family.



To read the full story,
scan the QR code

Cross Cutting Activities

PACER Plus Governance

In its capacity as secretariat to the Joint Committee and the PACER Plus subsidiary subcommittees, the PPIU plays a fundamental role in facilitating effective discussions amongst Parties. The participation of Parties in governance meetings is important to facilitate discussions and provide strategic direction for the work of the PPIU.

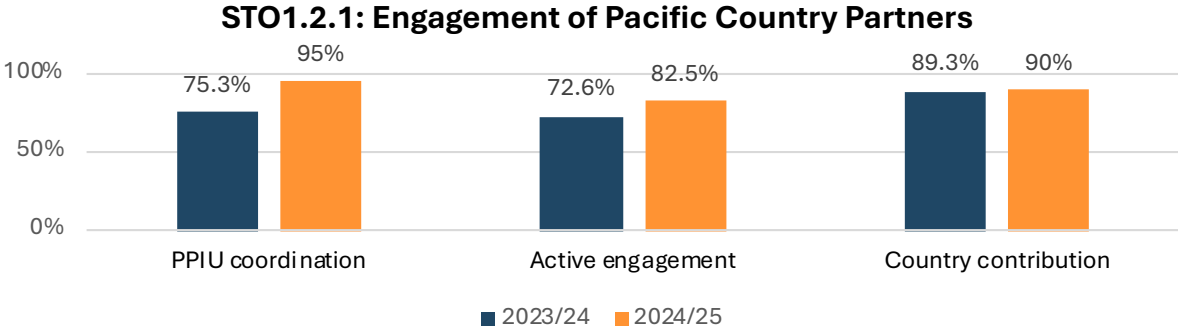
Governance structures under the Treaty are Party driven. Decisions are made by the Parties through mutual agreement with each having an equal vote. This process is grounded in consultation and consensus, reflecting the Pacific way of decision-making; ensuring inclusiveness and that no one is left behind.

Overall Progress Towards Achieving Regional Integration Short Term Outcomes

These analyses show PACER Plus committee meetings have contributed to regional integration objectives as defined in the Partnership and Performance component (PP-STO1.2) of the MELA framework. Drawing from survey responses across all six committees the data has been aggregated by financial year (2023/24 and 2024/25) to identify significant trends and improvements. The analysis focuses specifically on three key indicators: engagement of Pacific country partners in PACER Plus activities, enhancement of regional decision-making processes, and strengthening of cross-country connections among public sector participants. While individual committees show varying performance, this aggregated analysis provides a comprehensive overview of progress toward achieving the broader regional integration goals of PACER Plus.

STO Engagement of Pacific Country Partners

Indicator: Percentage of participant countries reporting engagement in PACER Plus activities

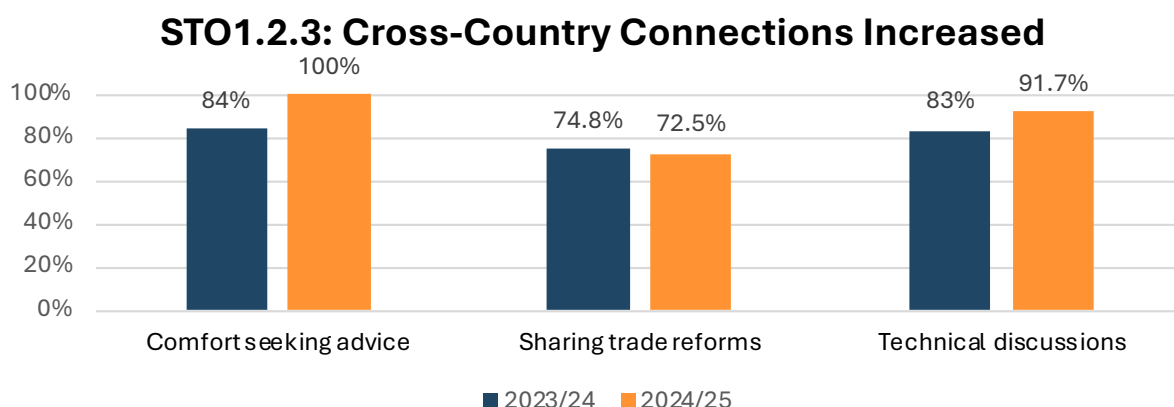


Finding: Engagement in PACER Plus activities has significantly increased from 2023/24 to 2024/25, with the most dramatic improvement in coordination with development partners and stakeholders (+19.72 percentage points). This

indicates that collaborative partnerships have effectively increased engagement of Pacific country partners, with active implementation engagement increasing by nearly 10 percentage points.

STO 1.2.3: Cross-Country Connections Strengthened


Indicator: Percentage of participant countries reporting engagement in PACER Plus activities




Finding: Cross-country connections among public sector participants have strengthened significantly, with a perfect score (100%) in 2024/25 for comfort in seeking advice or assistance from peers in other countries. This represents a substantial increase of 15.99 percentage points from the previous year. While sharing information about trade reforms showed a slight decrease (-2.34 percentage points), the overall facilitation of technical discussions improved considerably (+8.70 percentage points), indicating strengthened professional connections across countries.

improvement across all three regional integration indicators between 2023/24 and 2024/25, with **Engagement** improving by **10.11 percentage points**, **Equitable Partnership** strengthening by **6.26 percentage points**, and **Cross-Country Connections** increasing by **7.45 percentage points** overall. Notably, two indicators achieved perfect **100% satisfaction/agreement scores** by 2024/25: chair’s impartial and consultative approach, and comfort seeking advice from peers in other countries. These findings confirm that PACER Plus is making significant progress toward its regional integration objectives, with improvement across nearly all metrics during the evaluation period.


In summary, the data demonstrates substantial



15 key governance meetings
were conducted with key decision-making events involving the 10 parties




92% agree or strongly agree
there is growing confidence in the effectiveness of PACER Plus membership to conduct collaborative endeavors and decision-making.



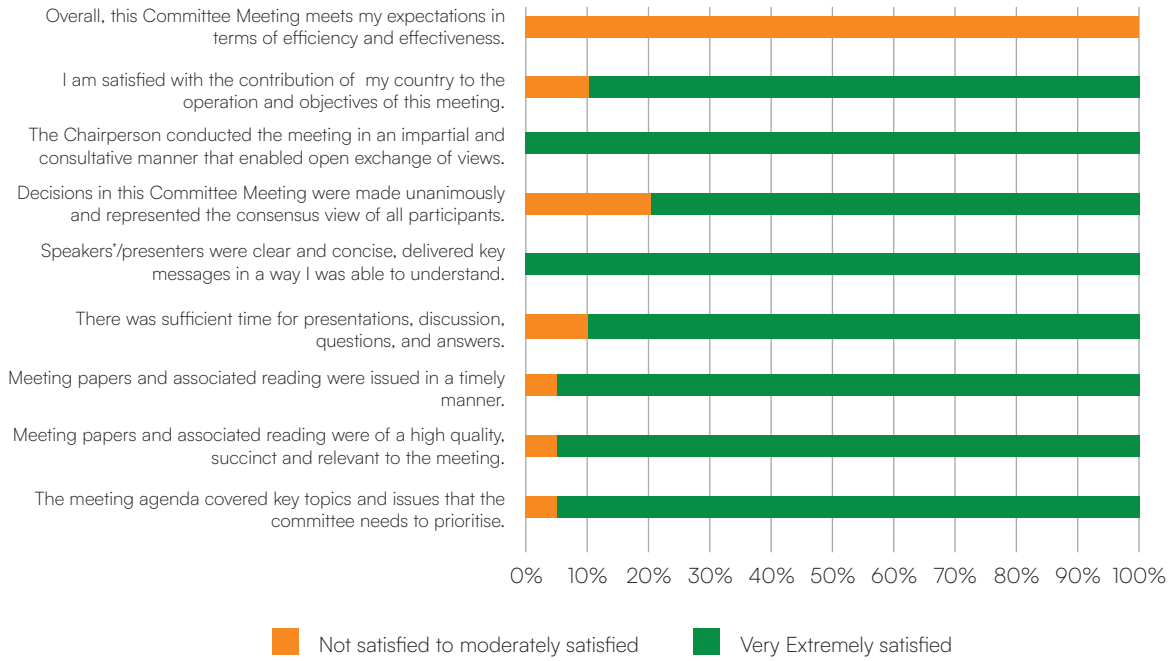
100% of Members
in the SPS/TBT Committee in Trade in Goods agree or strongly agree that PACER Plus is making them more comfortable seeking advice or assistance from fellow members.

participants, gender disaggregated

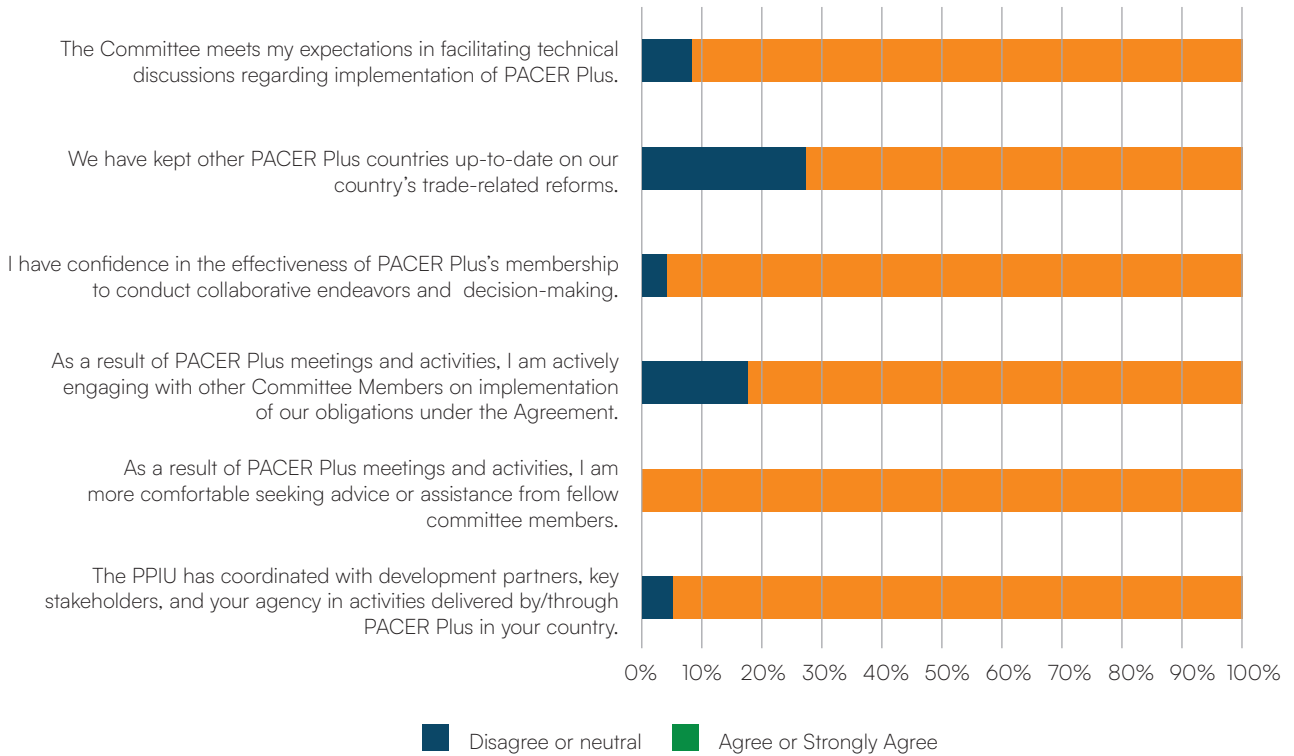
38% male
62% female



PACER Plus Committee Evaluations 2024-2025



PACER Plus Committee Evaluations 2024-2025



Export Capacity Development for Private Sector

The Impact of PACER Plus on the Private Sector: Progress and Challenges

A recent study on private sector engagement with PACER Plus has revealed both positive progress and key areas for improvement. While the agreement's long-term economic benefits are still developing, direct support for businesses has already shown promising results.

PACER Plus has actively supported micro, small, and medium enterprises (MSMEs) through initiatives aimed at enhancing their export readiness, improving marketing efforts, and providing crucial technical assistance. These efforts are directly contributing to an increase in trade and serve as tangible examples of how trade agreements can create new economic opportunities.

- **Strengthening Coherence and Capacity:** Despite this early success, the study highlights the need for stronger coherence and coordination. To maximise the

agreement's impact, several key areas must be addressed:

- **Awareness:** More must be done to educate businesses about the opportunities available to them under PACER Plus.
- **Systematic Engagement:** A more systematic and structured approach to private sector engagement is needed to ensure consistent and effective support.
- **Monitoring and Evaluation:** Parties must improve their ability to monitor and evaluate the effectiveness of investments in the private sector.
- **Sustaining Momentum and Addressing Internal Challenges:** To ensure sustained commitment from all parties and the PPIU continued support for the private sector is critical. The PPIU plans to increase its promotional activities by engaging with business forums and industry events.



42% private sector participants

and 298 businesses in PPIU capacity building and awareness events.



Over 40%

of these businesses are in the MSME service sector (e-commerce, transportation and tourism).



At least 10% were from the informal sector

particularly those who are in micro-small tourism accommodation (homestays and beach fale) and eco-tourism activities.



AU\$204,000

in private sector support in systems and equipment.

Monitoring, Evaluation, Learning and Adaptation

The Monitoring, Evaluation, Learning, and Adaptation (MELA) framework remains a highly relevant part of PACER Plus because it provides a structured approach to track progress, understand outcomes, and improve the effectiveness of the agreement. It is a cumulative framework that considers the implementation of activities before the MELA framework was approved in 2023. It not only measures progress but also drives learning and adaptation, ensuring the agreement remains responsive, results-focused, and capable of delivering sustainable economic benefits.

During the reporting period, regional dashboards were presented to the Joint Committee to assist with monitoring progress of outcomes of the DEC Work Programme. The PPIU also finalised the Learning Agenda which focused on the private sector and the delivery of capacity development activities.

A separate review of capacity development efforts (Learning Agenda) identified that successful training requires careful needs assessment, pilot testing, and comprehensive design. While in-person training proved most effective, there is potential to improve online learning platforms to better support participants.

The PPIU still faces internal challenges, particularly in establishing organized corporate systems. A data quality assessment (DQA) conducted in early 2025 revealed significant documentation and data issues that affect program monitoring, reporting, and accountability. Key findings from this assessment include:

- A disconnect between financial reporting and results.
- The use of multiple, fragmented platforms for storing documents.
- The need for improved data collection on gender and inclusivity.

MELA continues to take shape, albeit challenged by competing demands and resourcing to deliver a full work program. In delivering our first full year report against the approved MELA Framework in December 2024, it is significant progress that defines what improved performance looks like among our Parties with diverse trade and economic capacities. Whilst the foundations are in place, implementations are still being refined.

Considering the achievements made to shape MELA outputs on an annual basis, to foresee a trend in STOs over the past 5 years, a cumulative number of activities has by default created baseline information. This will formulate the execution of the post 2025 MELA Framework 2026-2030. STOs took shape in 2023-2024 and 2024-2025. Although in early stages, it will give birth to a robust and systematic approach in tracing how output has progressed into outcomes to weave out Most Significant Changes (MSC) that will be further consulted, sensitized and consolidated to achieve Intermediate Outcomes in the near future.

Progress of STO from 2023/2024 to 2024/2025

Capacity building

Component	STO Year	Pre-Post	Knowledge application rate		STO Year	Pre-Post	Knowledge application rate
RoO	STO 2023-2024	19% increase	40%	⋮	STO 2023-2024	11-85 = 74% increase	83%
Customs	STO 2023-2024	82-49 = 33% increase	100%	⋮	STO 2023-2024	22-65 = 43% increase	60%
SPS	STO 2023-2024	100-28 = 72% increase	83%	⋮	STO 2023-2024	71-88 = 17% increase	76%
TBT	STO 2023-2024	84-44 = 40% increase	75%	⋮	STO 2023-2024	66-86 = 20% increase	100%
TIS	STO 2023-2024	78-78 = 0% increase	60%	⋮	STO 2023-2024	50-100 = 50% increase	83%
Investment	STO 2023-2024	82-67 = 15% increase	60%	⋮	STO 2023-2024	30-63 = 33% increase	83%
Labour mobility	STO 2023-2024	84-54 = 30% increase	57%	⋮	STO 2023-2024	77-86 = 9% increase	88%
	Average	Average 24% increase	68%			Average 35% increase	82%

STO 2023/2024 findings indicated that across all capacity building activities delivered by PPIU and its partners, 68% of participants applied knowledge to improve performance in their respective organisations and directly impact the development benefits of trade facilitation and labour mobility of PACER Plus member countries.

STO 2024/2025 findings found that 82% of all participants who participated in PPIU capacity building initiatives applied knowledge and skills to improve member country performance in trade of goods and services overall.

A positive result with the 14% increase of utilization and application of skills and knowledge facilitated by PPIU and its partners. Despite the increase, key findings of STO tracer studies offer a roadmap for strengthening future capacity-building initiatives and ensuring their alignment with the PACER Plus objectives. This is also further supported by the recommendations of the Learning Agenda through careful needs assessment, pilot testing, and comprehensive design and utilising online learning platforms.

Status of Reform

The status of reforms that were supported through technical support were traced in 2023/2024. The tracer report found that 30% of the reforms had been enacted and operationalised, 60% reported that it had been developed but pending passage or adoption and 10% made no progress.

In 2024/2025 STO tracer found that 50% of reforms supported through PACER Plus technical support had been enacted and operationalised, 50% reported that the reform had been developed but was pending passage or adoption.

Over the two-year period, there has been an improvement in the enactment, approval and operationalisation of reforms, policies etc. by 20%. Despite progress made in formulating and drafting reforms, there are still significant hurdles in the approval and implementation stages, and these include pending government approvals, political instability/government turnover, and delays in implementation. These findings underscore the need for continued support and advocacy to overcome political and bureaucratic barriers and ensure the timely adoption and operationalisation of reforms.

Inclusion and PACER Plus

PACER Plus is a unique trade agreement aiming to increase trade and investment with a goal of inclusive economic development. It does this through a 'twin-track' approach, mainstreaming inclusion into our operating processes and procedures, corporate and governance structures, and secondly through the design of inclusive activities and interventions that promote outcomes in marginalised communities.

To better understand the role of inclusion in the current trade context, PPIU commissioned a Gender Equality, Disability and Social Inclusion (GEDSI) Analysis to explore how trade, investment, and labour mobility under PACER Plus can deliver more inclusive economic outcomes for Pacific Parties. The analysis has provided a valuable foundation outlining common barriers and entry points, while also highlighting the need for more practical, country-specific and trade-linked insights to guide implementation.

Structural and practical barriers that limit inclusive participation in PACER Plus related economic opportunities:

- Disconnect between inclusive development policies and actual trade or investment practices.
- Limited access to productive resources (e.g. finance, land, information), especially for women and rural enterprises.
- Digital exclusion, particularly in outer island or remote areas.
- Inaccessible or exclusive recruitment and reintegration processes within labour mobility schemes.
- Low institutional capacity to capture and monitor disaggregated trade-related data.

The Report found that many systemic challenges, such as limited access to finance, digital exclusion, and underrepresentation in trade-related systems, persist across the region, and that more work is needed to translate high-level findings into actionable initiatives. While the analysis presents these findings in a largely descriptive manner, they establish a valuable baseline, with further work needed to map these barriers directly to PACER Plus implementation components and country-specific contexts.

STO 2024-2025 findings also found that gender roles of public sector officials are often challenged by the perception of SPS/TBT equipment utilization that it is a male dominated role. The supporting systems such as Health and safety measures are key determining factors that reinforces the perception that male officials are more prone to high risks environments than female officials when operating equipment and machines. An indication that Standard Operating Procedures (SOP) are to be followed to tighten safety measures at the highest regard, to enable both women and men to equally share roles in operating SPS/TBT machineries and equipment.

Over this period, almost two in every three participants in PACER Plus supported training/capacity building have been women. Considering this, a deeper analysis of evaluation data from twelve PACER Plus capacity-building initiatives delivered between July 2023 to March 2025 revealed significant gender-based patterns in learning experiences and outcomes. Most notably, female participants consistently demonstrated equal or higher technical knowledge but markedly lower confidence in applying this knowledge compared to male counterparts — a “confidence gap” observed across diverse technical domains.

It identifies clear distinctions in how women and men engage with training: female participants typically value comprehensive content coverage, structured approaches, and formal knowledge dissemination, while male participants prioritise practical applications, interactive components, and broader stakeholder engagement. These differences manifest in varied satisfaction drivers, feedback styles, and implementation intentions despite similar overall satisfaction ratings.

These findings help the PPIU adapt, ensuring PACER Plus supported capacity building activities continue to be inclusive, effective, and equitable to maximize outcomes across gender groups throughout the Pacific region:

1. Implementing structured confidence-building frameworks that bridge the knowledge-application gap.
2. Designing role-responsive training that addresses participants diverse organisational positions (mid-level vs senior/executive level).
3. Balancing methodologies to accommodate different learning preferences.
4. Developing differentiated implementation support tools (to be adapted following training).
5. Establishing longitudinal outcome tracking beyond workshop completion.

E-Commerce for Handicraft Vendors

Working with PIFS Regional E-Commerce Initiative, Vanuatu Innovation & Digital Economy Association (V-IDEA) and the Local Handicraft Connections Association Committee in Port Vila, PACER Plus expanded the PIFS Ecommerce Business Toolkits to provide a half-day training course for 25 female handicraft market vendors, raising awareness and skills on marketing and promotion of products and cross-border trade (biosecurity, packaging).



Women in Trade Webinar

To commemorate International Women's Day 2025, the PACER Plus Implementation Unit (PPIU) hosted a Women in Trade Webinar on Thursday 6 March 2025 at 12 PM (Samoa time). The event provided a platform to celebrate, highlight, and support the role of women in trade and entrepreneurship across the Pacific. The webinar aimed to foster dialogue, share lived experiences and identify pathways to enhance women's participation in trade under PACER Plus.

To watch the complete Women in Trade Webinar, scan this QR code.



Developing tourism capacity in regional areas

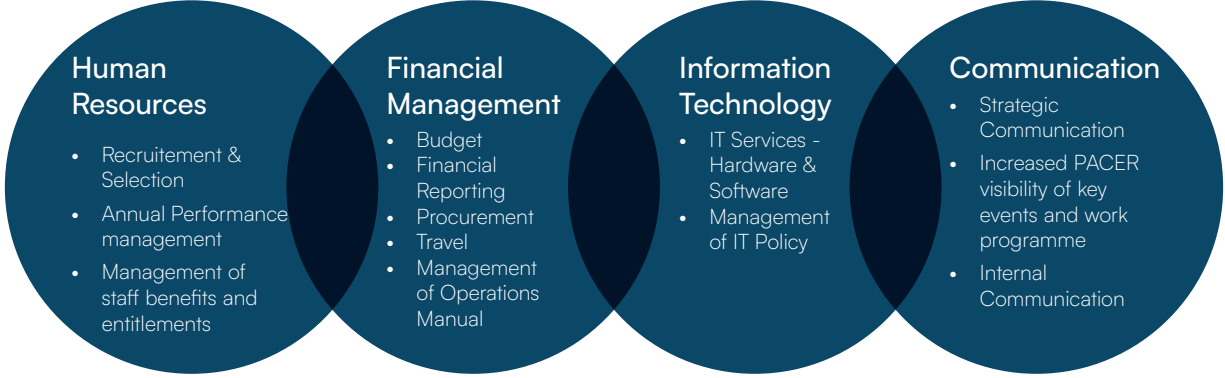
PACER Plus is providing the necessary resources to reach isolated populations, addressing the geographical challenges and barriers to rural development across our Parties. Tourism training and skills development activities held in Tonga, Solomon Islands and Kiribati over the past two years have reached.

72% participants in tourism training 2023-2025 from regional/rural areas.

PACER Plus has supported training in Abeokoro, Kiritimati Island (Kiribati) Vava'u, Ha'apai, 'Eua (Tonga), Seghe, Munda, Gizo (Solomon Islands).

Secretariat Operations

Corporate Services are responsible for the administrative management of the PPIU which includes human resources, financial management, information technology, communication and strategic support.



External Audit

The financial statement for PPIU for the year ended 30 June 2025 was audited by BDO Samoa and an unqualified audit opinion was provided on the financial statements. Since the inception of PPIU in 2021, the annual external audit has produced unqualified opinion, resulting in four consecutive years of unqualified audits.

Internal Audit

Internal Audits helps the organisation accomplish its objectives by bringing a systematic and disciplined approach when evaluating and improving the effectiveness and efficiency of risk management, control, and governance processes. It is an independent initiative undertaken to add value and improve the organisation’s operations.

An Internal Audit Assessment of the PPIU was undertaken by KPMG Advisory (Fiji) Pte Limited. It was discussed and approved by the Budget Committee and Joint Committee. The Audit provided a total of 29 recommendations, which the PPIU has provided an Action Plan for implementation of the recommendations. To date, 71% of the recommendations have been implemented, 7% in progress and 22% ongoing.

Corporate Review

The Independent Corporate Review of the PPIU was undertaken by KPMG Advisory (Fiji) Pte Limited during the Reporting Period. The objectives of the review were to assess and make recommendations on the governance structure, and operations of the PACER Plus DEC under the Agreement. The Report and its recommendation are under consideration by the Budget Committee and consequently the Joint Committee.

DFAT Independent Evaluation and Governance Review

DFAT had commissioned Sustineo to independently evaluate the PACER Plus Implementation Package (which embedded Australia’s funding package for the PPIU and the DEC Work Programme) from December 2020 to June 2025. The evaluation focused on assessing relevance, effectiveness, efficiency, sustainability, gender equality, disability and social inclusion, risk management, and monitoring, evaluation, learning, and adaptation of the programme. It has two main objectives: to ensure accountability by assessing investment performance, and to provide insights and recommendations for future PACER Plus support based on lessons learned.

Consequently, a review the governance and implementation of the PACER Plus was undertaken, and this was informed by PACER Plus members' feedback, and to support the design of the potential next phase of Australia's PACER Plus Implementation Package (PPIP). The Recommendations from the Report will be considered by the Joint Committee.

Risk Assessment

The PPIU undertook a Secretariat-wide enterprise risk assessment to review, identify, evaluate and prioritise the top strategic risks based on the strategic objectives of the PPIU. This included consideration of cross-cutting issues emerging from recommendations of previous Budget and Joint Committee meetings.

The PPIU Risk Assessment and Risk Register was updated which includes risk definitions. A full analysis of key risk drivers, a description of the controls already established by PPIU and an outline of potential risk response strategies was conducted. Following an evaluation of the effectiveness of controls in place to mitigate the risk, the level of residual risk was determined,

as the starting point for defining the appropriate treatment response.

PPIU will continue to update its Risk register, and risks reported in accordance with governance arrangements and contractual obligations on a six-monthly basis.

Ongoing Operations Improvement

Over the reporting period, the PPIU continues to work on improving its operations to ensure that the organisation remains fit for purpose. The PPIU Operations Manual was updated to incorporate short-term recommendations and findings of the internal audit and clarifying financial processes for the purposes of audit and financial reporting. The amendments are critical for providing clarity for the PPIU staff and to stakeholders on our financial processes. The PPIU is demonstrating our commitment to ongoing improvements and to enhance organisational learning by documenting and using lessons learnt from the past four years and outcomes of the various review reports to work on performance and system improvement.

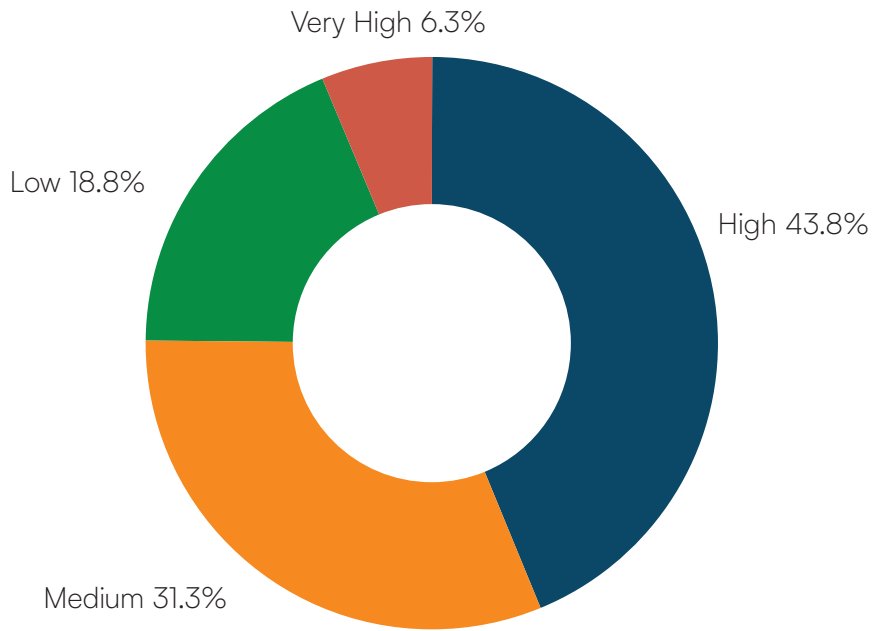


Sustineo undertook a Design Workshop with the PPIU team in May 2025 in Apia, Samoa.

Risk Level Composition

Number of Risk

16



1,609

Invoices Processed



Travel Logistics:

266 Participants

AU\$1.4million



Financial Reports:

Quarterly & Six-Monthly Financial Reports



Event Coordination:

14 Regional Workshops/ 1 in-person Joint Committee Meeting, 8 Representational Meetings, 6 National Training



Procurement:

73 Contracts & 24 Letter of Agreement



Policy Updates



PPIU Operations Manual



Asset Management Policy



Information Technology Policy

Communications

Over the 2024-2025 financial year, the PPIU communications efforts have placed stronger emphasis on national-level engagement, ensuring that the Agreement’s impact is understood. Country-specific collateral, such as brochures and posters, were developed and spoke to national contexts. In several instances, materials were produced in local languages, making information more accessible to communities and private sector stakeholders across the Pacific.

A highlight of the reporting period was the PACER Plus Women in Trade Talanoa in March 2025, which celebrated and advanced the contribution of women to Pacific trade and entrepreneurship. Moderated by Ms. Mereia Volavola, former CEO of the Pacific Islands Private Sector Organisation and current CEO of Sole Fintech, the webinar panel featured distinguished women leaders from Niue, Samoa, and Solomon Islands. The discussion explored barriers and opportunities for women in trade

under PACER Plus and generated practical ideas to strengthen participation. The session attracted 135 participants from across the Pacific and remains available for viewing through the PACER Plus YouTube channel [here](#).

Another milestone achievement was the upgrade of the PACER Plus website. To ensure improved user experience and easier access to information, the PPIU engaged a web developer during this period. The refreshed site is now live, and features streamlined navigation, updated resources, and a new design, providing stakeholders across the Pacific and beyond with a more user-friendly platform to engage with PACER Plus.

As we approach the conclusion of the five-year DEC Work Programme, communications will play an important role in demonstrating results, securing continued buy-in, and positioning PACER Plus as a valuable regional framework.



694,439 people

reached via PACER Plus official social media pages (Facebook, X, and LinkedIn).



23,867

views on PACER Plus’s YouTube page.



60%

of PACER Plus social media engagement are women.



15,223

people visited the PACER Plus website.



28 press releases and success stories produced and distributed to Pacific media.



49

Pacific media coverage stories on PACER Plus.



23

PACER Plus videos produced.



1 PACER Plus Success Story Magazine printed and distributed.

Financial Statements

PACER Plus Implementation Unit
For the year ended 30 June 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of the Joint Committee for the PACER Plus Implementation Unit Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PACER Plus Implementation Unit [Secretariat], which comprise:

- the statement of financial position as at 30 June 2025;
- the statement of income and expenditure, statement of changes in accumulated funds, and statement of cash flows for the year ended 30 June 2025; and
- notes to the financial statements, including material accounting policy information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of PACER Plus Implementation Unit as at 30 June 2025, and its financial performance and its cash flows for the year ended 30 June 2025 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of PACER Plus Implementation Unit, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 16 of the financial statements, which describes the circumstances relating to the Secretariat's ability to continue as a going concern. The current funding arrangement and budget have been approved only until December 2025. While discussions with donor partners have progressed and there is agreement in principle for renewal beyond 2025, at the date of these financial statements the formal approval and signing of the next funding cycle had not been finalised.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Secretariat's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing PACER Plus Implementation Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PACER Plus Implementation Unit or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PACER Plus Implementation Unit financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PACER Plus Implementation Unit's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PACER Plus Implementation Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BDO
Chartered Accountants

Apia,
Samoa
24th September 2025

Joint Committee Statement

PACER Plus Implementation Unit For the year ended 30 June 2025

The PACER Plus Joint Committee, established under Chapter 12 of the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) as the governing and decision-making body of the PACER Plus Implementation Unit, is pleased to present the financial statements for the year ended 30 June 2025.

In accordance with its responsibilities, the Joint Committee has reviewed and considered the financial statements and notes to the accounts.

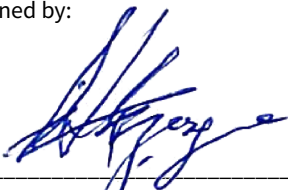
The financial statements have been prepared on a going concern basis. In forming this view, the Joint Committee has considered the future funding position of the Entity. Based on ongoing discussions with principal donors, the Joint Committee is confident that funding arrangements will be renewed beyond December 2025 and, accordingly, is satisfied that the Entity will continue as a going concern

In the opinion of the Joint Committee:

- The financial statements have been drawn up so as to present fairly the financial position of PPIU as at 30 June 2025, and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS).
- The financial statements comply with the accounting policies adopted by the Joint Committee and with the requirements of applicable funding agreements.
- Proper accounting records have been maintained, and effective internal controls and risk management practices were in operation during the reporting period.
- The resources of PPIU have been applied in accordance with the objectives of the PACER Plus Agreement and the decisions of the Joint Committee.
- There are reasonable grounds to believe that PPIU will be able to meet its obligations as and when they fall due.

The Joint Committee has authorised the accompanying financial statements for issue on the date of their signing in 2025.

Signed by:



for: **Mr. Collin David Beck**
PS - Ministry of Foreign Affairs and External Trade
Chair of PACER Plus Joint Committee

Dated

Statement of Financial Performance

PACER Plus Implementation Unit For the year ended 30 June 2025

	NOTES	2025	2024
Income			
Grant from principal donors	5	6,793,134	6,951,136
Host country support	7	8,234	8,328
Amortization income	12	4,705	7,841
Other income		2,584	46,619
Total		6,808,657	7,013,924
Other income			
Interest income		74,469	60,837
Expenditure			
Operating cost	6	5,565,447	5,759,350
Depreciation expense	11	36,510	34,451
Loss on disposal		395	-
Host country support	7	8,234	8,328
Remuneration cost	8	1,198,186	1,148,266
Total		6,808,772	6,950,394
Other expenses			
Foreign exchange loss	9	26,774	159,811
Net surplus/ (deficit) for the year		47,580	(35,444)

The accompanying notes form part of these financial statements.


Statement of Financial Position

PACER Plus Implementation Unit

As at 30 June 2025

	NOTES	2025	2024
ASSETS			
Current Assets			
Cash at bank and on hand	10	1,983,936	5,541,569
Other receivables and prepayment		14,073	48,827
Total Current Assets		1,998,009	5,590,396
Non-Current Assets			
Property and equipment	11	40,473	48,106
Total Non-Current Assets		40,473	48,106
Total assets		2,038,482	5,638,502
LIABILITIES			
Current Liabilities			
Trade payable		87,874	53,325
Deferred income liability - assets	12	350	5,056
Deferred income - donor grants	13	1,861,825	5,539,269
Total Current Liabilities		1,950,049	5,597,650
Total liabilities		1,950,049	5,597,650
Net Assets		88,433	40,853
ACCUMULATED FUNDS			
Balance at year end		88,433	40,853
Total accumulated funds		88,433	40,853

Signed by:


 for: **Mr. Collin David Beck**

**PS - Ministry of Foreign Affairs and External Trade
 Chair of PACER Plus Joint Committee**



**Mr. Hopati Roy Lagolago
 Head of the PACER Plus Implementation Unit**

Dated

Dated

The accompanying notes form part of these financial statements.

Statement of Changes in Accumulated funds

PACER Plus Implementation Unit For the year ended 30 June 2025

	2025	2024
Accumulated funds		
Opening balance of accumulated funds	40,853	76,297
Net surplus (deficit) for the year	47,580	(35,444)
Total Accumulated funds	88,433	40,853

The accompanying notes form part of these financial statements.

Statement of Cash Flows

PACER Plus Implementation Unit For the year ended 30 June 2025

	NOTES	2025	2024
Cash flows from operating activities			
Net surplus		47,580	(35,445)
Adjustments for:			
Amortization income		(4,705)	(7,841)
Changes in account payable		34,550	(36,862)
Changes in deferred income liability		(3,677,444)	1,994,094
Changes in account receivable		650	(650)
Changes in prepaid expenses		34,104	(37,121)
Depreciation of plant and equipment		36,510	34,451
Loss on fixed asset disposal		395	-
Total cash flows from operating activities		(3,528,360)	1,910,626
Cash flows to investing activities			
Acquisition of property and equipment		(29,273)	(14,133)
Total cash flows for investing activities		(29,273)	(14,133)
Net cash flows for the year			
Cash at bank and on hand at the beginning of the year	10	5,541,569	3,645,076
Net decrease/ increase in cash flows	10	(3,557,633)	1,896,493
Cash at bank and on hand at the end of the year		1,983,936	5,541,569

The accompanying notes form part of these financial statements

Notes to the Financial Statements

PACER Plus Implementation Unit For the year ended 30 June 2025

1. General

PACER Plus (i.e.: Pacific Agreement on Closer Economic Relations) was incorporated/established through Memorandum of Arrangement signed by the Parties (Australia, Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Vanuatu and Tuvalu) which came into force on 13 December 2020. The PACER Plus Implementation Unit (i.e.: PPIU) was set up in Samoa as a separate body corporate through Samoa's Diplomatic Privileges and Immunities Order date 21 July 2021 and a Memorandum with the Parties to the PACER Plus.

These financial statements are for the year ended 30 June 2025. The activities of PACER Plus prior to 1 st November 2021 were performed by DT Global, an Australian based company, who is the Contracted Service Provider. The financial activities prior to 1 November 2021 are reported separately to the Joint Committee and do not form part of these financial statements.

The place of business is based at the SIDS Manono Media Centre Tuanaimato, Apia. Its primary activity is to develop agreement that will raise living standards, create jobs and increase exports from Pacific Island countries, while also lowering barriers and providing greater certainty for businesses operating in the Pacific.

2. Statement of compliance with IFRS

New standards, interpretations and amendments that became effective during the financial year or issued and not yet effective.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

During the financial year ended 30 June 2025, there were no new standards or interpretations issued by the IASB that became effective and had a material impact on the financial statements of the PACER Plus Implementation Unit (PPIU). Furthermore, although certain new standards, interpretations and amendments have been issued but are not yet effective, management does not expect these to have a material impact on the financial statements of the PPIU.

3. Statement of significant accounting policies

The financial statements are prepared on an accrual basis and under the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liability at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

a. Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard issued by the International Accounting Standards Board. They are presented in the AUD currency.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organization's accounting policies. Areas involving a higher degree of judgement or complexity with assumptions and estimations is disclosed in note 3.

b. Functional and presentation currency

Items included in the financial statements are measured using the reporting currency and the functional currency as determined by the Joint Committee. The reporting and functional currency is the Australian dollar (i.e.: AUD) which has been determined based on currency of the funding that the PPIU receives from its donors i.e.: the contracts for grant income are denominated in Australian dollars. PPIU operates in Samoa and reports in AUD, therefore the financial statements are presented in AUD which the Implementation Unit's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the profit or loss. Monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Foreign exchange gains and losses that related to borrowings and cash equivalents are presented in profit or loss together with all other foreign exchange gains and losses and are presented in profit or loss at a net amount.

c. Accounting for contributions

Income recognition

Contributions and grants from donors, including unconditional promise for the use of the contributions, are recognized as income at the earlier of when there is reasonable assurance that the contributions will be received, or such contributions are received. Contributions, including conditional promise to support specified projects or activities mutually agreed upon by the Implementation Unit and the contributor, are fully recognized as income at the earlier of when there is reasonable assurance that the contributions will be received, or such contributions are received unless there is doubt that the Implementation Unit will not be able to use the contributions for their intended purposes, in which case the income is recognized only to the extent of the expenditures incurred during the year.

Contributions receivable

The Implementation Unit recognizes contributions receivable where there is reasonable assurance that the contributions will be received but the cash has not been received. Contribution receivables are stated at their cost net of a provision for uncollectible contributions.

Deferred contribution income

The Implementation Unit recognizes deferred contribution income where there is a doubt that the Implementation Unit will be able to use the contributions for intended purposes and any unused portion of the contribution received will need to be refunded to the contributor. The income recognition for such contributions is deferred to future periods in order to match the underlying related expenses. The income is realized in the statement of Income and Expenditure on a systematic basis in the period during which the underlying related expenses are incurred.

d. Financial instruments

Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Implementation Unit becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value, adjusted for transaction costs (where applicable). Financial assets are classified into the amortised cost category. The classification depends on the Implementation Unit's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Implementation Unit measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Income and Expenditure.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Implementation Unit's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment

The Implementation Unit assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Implementation Unit applies the simplified approach, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

Financial liabilities

Classification and measurement

The Implementation Unit's financial liabilities trade, and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in Income and Expenditure are included within finance costs or finance income.

e. Finance income and finance costs

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

f. Taxation

Under Article 7 of the Host Agreement between the Government of Samoa and PACER Plus Implementation Unit signed on 9 th September 2021, it stated that the Implementation Unit is exempt from taxes.

g. Cash balances

Cash and cash equivalents include cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed as a current liability in the statement of financial position. The cashflow from operating activities are disclosed using an indirect method in the cash flow statement.

h. Receivables and other receivables

All receivable balances are valued at their net realizable value, that is, the gross amount of receivable minus, if applicable, allowances provided for doubtful debts. Any receivable or portion of receivable judged to be uncollectable is written off. Write-offs of receivables are done via allowances for doubtful accounts after all efforts to collect have been exhausted.

i. Payables

Payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Australian Dollar using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

j. Employee benefit obligations

The Implementation Unit contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contributions. Obligations for contributions to the defined contribution plan are recognised immediately in statement of financial performance.

k. Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease liabilities are measured at amortised cost using the effective interest method.

PPIU has elected to apply the optional exemptions to not recognise right-of-use assets but to account for the office lease as an expense.

l. Accumulated funds

Accumulated funds represent the sum of the accumulated results arising from core activities during the year and are available for use based on the policies contained in the Financial Regulations for the Implementation Unit.

m. Going Concern

The going concern of the Implementation Unit is assured by the Joint Committee based on the grounds that the Implementation Unit will be able to pay its debts as and when they fall due.

n. Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line-method. The following rates are used for the depreciation of property and equipment

Computer equipment	50%
Motor vehicle	25%
Office furniture and equipment	25%

4. Critical accounting estimates and judgements

The Implementation Unit makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. As at year end the Implementation Unit has no significant critical estimates or judgments.

2025 2024

5. Grants from principal donors

Australian (DFAT) grant received	2,363,537	6,627,074
New Zealand (MFAT) grant received	752,152	2,318,156
Less Movement in Deferred income liability	3,677,445	(1,994,094)
Total grants from donor	6,793,134	6,951,136

The terms of funding agreement between the Government of Australia, Government of New Zealand also known as 'Principal Donors' and the Pacer Plus Implementation Unit commenced on the date the arrangement was signed which was on 15th October 2021. The grant funding arrangement stated that the principal donors will provide the contributions to, or towards funding the management and delivery of the Implementation Unit's work programmed and annual plans and continue until 12 December 2025.

The Government of Australia and New Zealand will provide an indicative total amount respectively as per signed agreement amount of AUD \$15,700,000 and NZD\$7,000,000. An amendment was made to the signed Agreement on the 5 October 2022 increasing the total funding by the Government of Australia to AUD \$18,017,685. Throughout this financial period ended 30 June 2025, the funds were received as instalments as per the indicative date stated in the agreement from each donor which have the total amount of AUD\$2,363,537.00 (DFAT) and NZD\$850,000.00 – equivalent to AUD \$752,152.

	2025	2024
6. Operating cost		
Bank service charges	13,462	9,792
CSP cost	-	124,126
PPIU activity cost	4,975,757	5,117,545
Operational cost	289,392	231,411
Personnel support cost	286,836	276,476
Total Operating cost	5,565,447	5,759,350

	2025	2024
7. Host country support		
Office lease cost	8,234	8,328
Income recognised as a grant by SOS	(8,234)	(8,328)
Net host country support	-	-

Under the terms of the Host Agreement between the Government of Samoa and PACER Plus Implementation Unit signed on 9th September 2021, office lease costs are to the account of the Government of Samoa. As these costs are not payable, they are recognised in the financial statements in accordance with applicable reporting requirement.

	2025	2024
8. Remuneration expenses		
Salaries of PPIU contracted personnel	1,084,885	1,048,507
PPIU local personnel - statutory costs	113,301	99,759
Total remuneration expenses	1,198,186	1,148,266

Salaries of PPIU contracted personnel are recorded as part of remuneration expenses with the Head of the Secretariat.

	2025	2024
9. Foreign currency loss		
Realized losses	229	76,001
Unrealized losses	26,545	83,810
Total foreign currency loss	26,774	159,811

	2025	2024
10. Cash at bank and on hand		
Cash at bank		
Cash at bank - foreign currency	247,460	1,476,773
Cash at bank - reporting and functional currency	1,736,470	4,061,674
Total bank balances	1,983,930	5,538,447

Cash on hand

Cash on hand	6	3,122
Total cash at bank and on hand	1,983,936	5,541,569

Cash at bank in foreign currency accounts are in New Zealand dollars (NZD) and Samoan tala (WST). The balance in NZD as at 30 June 2025 is NZD\$17,921.21 dollars and WST balance is WST\$405,772.23 tala.

	2025	2024
11. Property and equipment		
Computer equipment		
Computer equipment	41,482	34,077
Less Accumulated Depreciation on Computer equipment	(24,484)	(25,568)
Net book value	16,998	8,509
Office furniture and equipment		
Office furniture and equipment	73,466	63,313
Less Accumulated Depreciation on Office furniture and equipment	(55,653)	(40,010)
Net book value	17,813	23,303
Motor vehicle		
Motor vehicle	42,529	42,529
Less Accumulated Depreciation on Motor vehicle	(36,867)	(26,235)
Net book value	5,662	16,294
Total net book value of property and equipment	40,473	48,106
	2025	2024

Movement of property and equipment

Computer equipment		
Opening net book value	8,509	4,419
Additions	16,968	12,491
Depreciation charge	(8,130)	(8,401)
Loss on disposal	(349)	-
Closing net book value	16,998	8,509
Office furniture and equipment		
Opening net book value	23,303	37,079
Additions	12,304	1,642
Depreciation charge	(17,748)	(15,418)
Loss on disposal	(46)	-
Closing net book value	17,813	23,303
Motor vehicle		
Opening net book value	16,294	26,926
Depreciation charge	(10,632)	(10,632)
Closing net book value	5,662	16,294
Total net book value of property and equipment	40,473	48,106

	2025	2024
Depreciation expense		
Depreciation of Office Furniture and Equipment	17,748	15,418
Depreciation of Computer Equipment	8,130	8,401
Depreciation of Motor Vehicle	10,632	10,632
Total Depreciation expense	36,510	34,451
	2025	2024

12. Deferred income - assets

Cost of donated assets		
Office furniture and equipment	18,639	18,639
Computer equipment	18,160	18,160
Disposal adjustment	(8,937)	-
Total cost of donated assets	27,862	36,799
Accumulated amortization		
Opening accumulated amortization	31,742	23,901
Disposal adjustment	(8,935)	-
Amortization for the year	4,705	7,841
Closing accumulated amortization	27,512	31,742
Total deferred income - assets	350	5,056
	2025	2024

13. Deferred income - donor grants

Opening balance	5,539,269	3,545,175
Australian (DFAT) grant received	2,363,537	6,627,074
New Zealand (MFAT) grant received	752,152	2,318,156
Less Grant utilization (Grant from donors)	(6,793,133)	(6,951,136)
Total deferred income - donor grants	1,861,825	5,539,269

14. Key management remuneration

During the period ended 30 June 2025, the Head of Secretariat is identified as the key management personnel with the primary authority for planning, directing, and controlling the activities of the Implementation Unit.

	2025	2024
Key management remuneration		
Key management remuneration and benefits	175,730	174,235
Total Key management remuneration	175,730	174,235

15. Financial risk management

Risk is inherent on the Secretariat's activities, and it is managed through a process of ongoing identification, measurement, and monitoring subject to risk limit and other controls. This process of risk management is critical to the Secretariat's stability and everyone within the Secretariat is accountable for the risk exposures relating to his or her responsibilities. The Joint Committee and the Budget Committee are responsible for the management of financial risk.

The Secretariat's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk as follows:

i) Foreign exchange risk

The entity conducts certain transactions in foreign currencies, making it susceptible to foreign exchange rate fluctuations. Foreign exchange risk arises when financial assets and liabilities are denominated in a currency other than the entity's functional currency. However, the entity manages this risk internally, as it considers the impact on its financial results to be insignificant.

The carrying amount of the entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	2025	2024
Assets		
Cash and cash equivalent		
Australia dollar (AUD)	1,736,471	4,061,674
New Zealand dollar (NZD)	16,575	1,335,543
Samoan tala (WST)	230,884	141,230
Total Cash and cash equivalent	1,983,930	5,538,447
Accounts receivable		
Fijian dollar (FJD)	-	692
Total Assets	1,983,930	5,539,139
Liabilities		
Accounts payable		
Australian dollar (AUD)	56,902	4,290
Fijian dollar (FJD)	10,640	-
New Zealand dollar (NZD)	-	42,663
Samoan tala (WST)	20,332	6,111
Solomon Island dollar (SBD)	-	260
Vanuatu vatu (VUV)	-	-
Total Accounts payable	87,874	53,325
Net asset	1,896,056	5,485,814

ii) Credit risk

Receivables balances are monitored on an ongoing basis with the result that the Secretariat's exposure to bad debts is actively managed. Credit risk is managed by the Joint Committee and the Budget Committee. Credit risk arises from cash equivalents, as well as credit exposures including outstanding receivables.

iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet present obligations. Management and the Budget Committee monitors rolling forecasts of the Secretariat's liquidity reserve, comprising of cash and cash equivalents on the basis of expected cash flow.

16. Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Entity will be able to continue in operational existence for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of the going concern assumption, Management has considered all available information about the future covering at least, but not limited to, the twelve months from the reporting date. This assessment included:

- The renewal of the Implementation Arrangement and related funding agreements beyond December 2025, as noted in the Joint Committee Outcome Summary of May 2025;
- Confirmation and updates received from key development partners and donors regarding continued support for the PACER Plus Implementation Unit beyond its current funding cycle;
- Cash flow forecasts and financial resources available to the Entity; and
- Ongoing discussions with stakeholders to ensure continuity of programme activities.

Whilst the new Implementation Arrangement has not been signed by the relevant parties, the Joint Committee believes that the Entity will continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that might arise if the Entity were unable to continue in operation

17. Commitments and contingencies

There are no capital commitments or contingencies as at 30 June 2025.

18. Events after the reporting period

There are no events after the reporting that require adjustment or disclosures in these financial statements as at the time of approval of the financial statements.

19. Approval of financial statements

These financial statements were approved by the Joint committee and authorized for issue on the date the accounts were signed.



PACER Plus