PACER Plus
Budget Committee

PPBC.INT/01.26

BUDGET COMMITTEE INTERSESSIONAL DECISION: Revised Budget for PPIU Transition January — June 2026

PURPOSE

1. The purpose of this paper is to present the Revised Budget for the PACER Plus Implementation Unit (PPIU) Transition January-June 2026 to the Budget Committee (BC) for consideration and endorsement.

BACKGROUND

2. The Joint Committee in their meeting on 25-26 November 2025 in Honiara, Solomon Islands:
    i. Considered the three-month Action Plan on the PPIU Administrative Arrangement during transition to new Implementing Arrangement at an estimated cost of AUD 706k
    ii. agreed to extend the transition period to six months to cater for the implementation of the PPIU Administrative Arrangements and to utilize the underspend from Phase I to cover associated costs; and
    iii. approved to maintain the TWG to provide oversight throughout the transition and to review and update the Terms of Reference of the TWG to reflect its responsibilities during the transition period.
3. The November decision of the Joint Committee to extend the transition period from three months to six months required the budget for that period to be revised accordingly.
4. The final acquittal for PACER Plus Phase I as at 31 December 2025, has a total underspend of A$1,040,169.[1]

[1] The financial information relating to the underspent funds is currently undergoing a comprehensive review for finalization and reconciliation to the cash at bank balance. The figures presented in the financial report, including total expenditure and underspent funds, may be subject to adjustment pending completion of this review.

REVISED TRANSITION BUDGET JANUARY-JUNE 2026

5. The following principles informed the budget revision exercise:
   i. Estimation of personnel and operational costs for the period January to June 2026, including demobilisation costs for five expatriate staff in June 2026.
   ii. Development of budget forecasts for approved activities under the Action Plan to be implemented by the PPIU during the transition period.
   iii. Preparation of budget estimates based on activity design and the actual costs of comparable activities previously undertaken by the PPIU.

6. The Revised Transition Budget for January—June 2026 is presented in Annex 1. The total budget amounts to A$1.3million and of this amount, approximately A$777.3K (59%) is allocated to PPIU personnel costs, A$133.3K (10%) to operational costs, and A$415.7K (31%) to activity costs.

Table 1-Revised FY24-25 Budget (AUD)

Category	Budget (AUD)	Percent to Total
PPIU Personnel	$ 777,285	59%
Operational Cost	$ 133,250	10%
Activity Costs	$ 415,650	31%
Total (AUD)	**$ 1,326,185**	100%

7. PPIU Personnel: The predominance of personnel costs within the Budget for the six-month transition period is justified by the scope of work required to deliver the Transition Workplan, detailed in Annex 2. The Workplan comprises eight key activities and 131 associated tasks and subtasks, underscoring the resource requirements for its implementation. The personnel budget includes A$100,000 to cover demobilisation costs for 5 expatriate staff when their contracts end in June 2026, consistent with the terms outlined in their employment agreements.

8. Operational Costs: Operational costs cover the essential expenses required to keep the PPIU functioning over the six-month transition period and these include utilities, IT services, communications, professional services (such as legal and accounting), insurance, and website maintenance. The budget allocations for these items remain aligned with actual expenditure as at 31 December 2025. The additional operational costs that have been added is the forecast for recruitment costs for the IU Head and PPIU staff under Professional Services Costs (Legal, Audit Services).

9. Activity Costs: The activity costs for the transition period cover the expenditure required to implement the six-month transition workplan as agreed by the Joint Committee. A total of five activities is scheduled during this period, with their corresponding budgets detailed in Table 2

Table 2 - Activity Costs and Budget to 30 June 2026

Activity Name	Budget (AUD)	Budget Note
1. Act Tran26_01. National Coordination Support	33,450	This is cost for national coordination. Currently as requested Kiribati, Solomon Island and Vanuatu have maintained their National Coordinators for the Transition period.
2. Act Tran26_02. Finalization & Closure DEC Work Programme 2021-2025	20,000	This is expenditure for the Final Report which includes the Design of Report and Knowledge Products from the Report
3. Act Tran26_03. Finalization of 5 Year DEC Work Programme 2026-2030 & Year 1 Annual Plan	70,000	Supports STA for MELA Logframe quality assurance, as well as travel costs for national consultations as outlined in Circular 01/2026.
4. Act Tran26_04. Review of PPIU Policies	20,000	Allocated for the review and update of relevant PPIU policies, including both STA costs and design costs of final drafts.
5. Act Tran26_05. Governance Meetings	234,400	Covers costs associated with governance-related meetings throughout the transition period. Proposed in-person meeting for Subsidiary Committee in Apia in April and BC and JC Meetings in person in Tonga in May 2026
6. Act Trans26_06. Contingency	37,800	The contingency budget is 10% of Act 1-5 to allow for any unforeseen expenses or increase in travel budget due to exchange rate issues and also the recruitment of the Cook Is NC (AUD$9,100). This can be managed under the IU Heads Delegation of Authority under Clause 2.3.1 of PPIU Operations Manual.
TOTAL ACTIVITY COSTS	A$ 415,650	

10. As presented to the Joint Committee in November 2026, the transition period was expected to be funded from underspent FY2021–2025 resources. The Revised Budget reflects a negative variance of A$360,332 which is proposed to be met through the new funding allocation which the Budget Committee would need to approve as shown in Table 3.

Table 3 - Analysis of Funds Availability and Budget

Details		AUD
Cash at bank balance as 31 December 2025	$	1,056,003
Less: Accounts payable as at 31 December 2025	$	-90,149
Total Funding Available	$	965,853
Forecast Jan-June 2026	$	1,326,185
Budget Variance	$	-360,332

11. As personnel costs remain fixed due to existing contractual commitments, the following factors account for the budget variance.
    i. Proposed in-person Technical Committee meetings in April and the Budget Committee and Joint Committee in May in Tonga form the largest portion of the budget deficit . The meeting budget A$234.4 K were not included in the three-month forecast presented to the Joint Committee in November 2025.
    ii. Operational Costs $35,000 for recruitment costs (external agency) for PPIU Head and PPIU staff.
    iii. A$ 100,000 in demobilisation costs for expatriate staff, as outlined in Paragraph 7.
    iv. A$37K contingency budget for any additional costs that may arise out of the approved activities and managed under the PPIU Head Delegation of Authority.

RISK ANALYSIS AND MITIGATION

12. The principal risk to the Revised Transition Budget is the potential for delays in implementation, as many tasks are sequential in nature. The Workplan is managed through Monday.com, where overdue tasks are monitored in real time and reported to the PPIU Head. In addition, the PPIU Head has instituted fortnightly meetings to review the Workplan with staff and monitor progress. The PPIU will provide monthly reports to the Budget Committee and Joint Committee.

13. Delay due to national consultations: As national consultations form a critical component of major tasks such as the Development and Economic Cooperation Work Programme, Logical Framework, and Annual Plan, any delays in these consultations will consequently delay dependent activities. Circulars regarding the national consultations have been issued, and the PPIU will liaise with Parties to confirm country visit schedules.

14. Retention of key PPIU personnel remains critical to ensuring continuity of delivery throughout the transition to the next iteration of the DEC. The Transition Workplan includes measures for effective knowledge management and transfer of information to PPIU SharePoint. PPIU Head maintains continuous engagement with staff to ensure they remain informed of JC and TWG decisions and to proactively identify any emerging personnel-related risks.

RECOMMENDATIONS TO THE PACER PLUS BUDGET COMMITTEE

15. The Budget Committee is invited to:

    1. Consider and endorse the Revised Budget for the PPIU Transition January-June 2026;
    2. Endorse that the negative variance of A$360,322 be met from new funding allocation; and
    3. Endorse that the Revised Budget for the PPIU Transition January-June 2026 be submitted intersessionally to the Joint Committee for approval.

Budget Committee Intersessional Consideration — Revised Version

16. The PACER Plus Implementation Unit circulated this intersessional paper to Budget Committee members on 26 February 2026, inviting comments and approval of the recommendations by 6 March 2026. A virtual briefing for Budget Committee members was held on 3 March 2026 to present the paper and provide clarification on key elements of the proposal.
17. During the intersessional process, Cook Islands requested that the Revised Budget Paper reflect their plan to appoint a National Coordinator for the transition period. The estimated cost for this role for May—June 2026 is approximately A$9,100 and has been allocated under the Contingency Budget (Table 2). No further changes have been made to the Revised Budget, which remains at A$1,326,185, since its presentation on 26 February 2026.
18. No additional comments or objections were received from Budget Committee members. In line with the established procedure, the recommendations were therefore endorsed under silence procedure.
19. The Revised Budget for the PPIU Transition January-June 2026 will be submitted to the Joint Committee, out of session, for approval.

PACER Plus Implementation Unit, Apia, Samoa