

► Palau

National policy dialogue policy coherence for decent work and sustainable development

January 2026

► Context

On 18-19 December 2025, the EU-ILO Managing a Decent Future of Work Together Asia-Pacific project ("**Future of Work APAC**") organized a National Policy Dialogue ("Policy Dialogue") to promote policy coherence with the support of ILO Office for Pacific Island Countries and the Palauan Ministry of Human Resources, Culture, Tourism and Development ("**MHRCTD**").

The Policy Dialogue served as a strategic platform to assess key employment and social measures to catalyse sustainable economic development in the long run. In particular, while the **Palau Development Plan (2023–2026)** sets out a clear

and ambitious vision for economic revitalization, the full realization of Palauan's potential will require targeted actions on key labour market issues.

Throughout the two-day Policy Dialogue, key leaders from the government ministries, social partners, civil society and other stakeholders participated in a series of structured dialogues to **promote policy coherence across a range of labour market issues**, notably youth, migration, tourism and employment. A number of key policy priorities were discussed and knowledge gaps identified.

► Path to decent work and economic growth in Palau depends on an integrated strategy

Promote policy coherence and synergies across labour market and social issues

A major focus of the Policy Dialogue was identifying cross-cutting issues across four inter-related domains: **employment, youth, migration, and tourism**. Participants were guided to identify synergies and key priorities to enhance policy integration and coherence.

- **Understanding and assessing skills needs and gaps:** Improving evidence on in-demand skills to better align training and labour migration policies with economic and social priorities.

- **Aligning tourism initiatives with workforce development:** A major challenge is that the Palau Sustainable Tourism Strategy 2025-2028 was developed before the latest youth, employment, and migration policies. Consequently, efforts to reconcile tourism's labour needs with national workforce development strategies would prove beneficial.

- **Integrating employment supports with the well-being of youth:** The Palau National Youth Policy (2023-2027) highlights a cycle of vulnerability, where limited employment and training opportunities contributed to poor social and health outcomes among youths. Proactive measures would be crucial to support the employment of youth, especially in the tourism sector where labour and skill shortages persist.

Enhance demand-side measures

The Policy Dialogue also explored the feasibility to shifting **more attention toward employer-led initiatives to stimulate the economy**. Actions need to be taken to stimulate investments and create high-value, culturally sensitive and eco-friendly tourism opportunities. Focusing on demand-side interventions is a critical aspect to inclusive economic growth and will help spur much needed quality employment creation and mitigate pressures on outward migration.

Institutionalize social dialogue

Worker and employer associates remain underdeveloped in the context of Palau. While there are considerable efforts to gather input and feedback on the wide range policy measures introduced by government, the **promotion and establishment of formal and representative organizations of workers and employers** would ensure that the voices of constituents form an integral part of the policy development and program implementation process.

► Conclusion and next steps

To advance from policy planning to effective policy implementation, the Policy Dialogue identified several critical knowledge gaps that the **Future of Work APAC** could address through targeted research activities, including:



Undertake skills assessment to identify skill gaps

An ILO skills assessment could provide an evidence-based understanding of the gaps between Palau's demand and supply of skills. Such an assessment could also help to identify current and future shortages and highlight areas of skills underutilisation. Importantly, this process could also examine how to improve the alignment between Palau Community College's training offerings with local demand.



Leverage the knowledge and experience of the Palauan diaspora

Systemically identifying, mapping and analysing the skills and occupational profiles of Palauans living abroad, would serve as a critical first step towards understanding the diaspora's potential contribution to national development and addressing domestic skills gaps, including through short-term assignments, virtual knowledge exchange, mentoring programmes, investment facilitation.



Understanding barriers to labour market inclusion

To understand the barrier of labour market inclusion, it is necessary to carry out systematic collection and analysis of

disaggregated information regarding specific labour market constraints faced by women, youth, and persons with disabilities. This could provide insights on the underlying structural, legal, institutional, and socio-cultural barriers affecting access to education and skills development, labour market entry, quality employment, entrepreneurship, and career progression and would be useful in supporting employment, skills and social protection policy design.

The National Policy Dialogue reaffirmed the lesson that achieving decent work and sustainable economic growth in Palau requires a coherent, evidence-based, and integrated policy approach across employment, youth, migration, and tourism. While Palau's existing policy frameworks provide a strong foundation, persistent skills mismatches, labour shortages, outward migration pressures, and barriers to inclusion highlight the need for better alignment between supply- and demand-side measures, stronger institutional coordination, and policy alignment. Addressing the identified knowledge gaps, particularly on skills needs, diaspora engagement, and group-specific labour market barriers, will be critical to translating policy intent into tangible outcomes.

Moving forward, targeted research and technical support under the Future of Work APAC project can play a catalytic role in strengthening policy coherence, supporting informed decision-making, and advancing inclusive and resilient pathways to decent work for all in Palau.

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