



Palau Sustainable Tourism Strategy 2025–2028



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Abbreviations

BCBP	Bureau of Customs and Border Protection	MSME	micro, small, and medium-sized enterprise
BCHP	Bureau of Cultural and Historical Preservation	MSP	Marine Spatial Plan
BCI	Bureau of Curriculum and Instruction	NDBP	National Development Bank of Palau
BHR	Bureau of Human Resources	NIIP	National Infrastructure Investment Plan
BMT	Bureau of Marine Transportation	NSWMP	National Solid Waste Management Plan
BOA	Bureau of Agriculture	OCC	Office of Climate Change
BOAV	Bureau of Aviation	OLC	Office of Labor Compliance
BOC	Bureau of Communications	PAN	Protected Areas Network
BOD	Bureau of Development	PCC	Palau Community College
BOE	Bureau of Environment	PCCP	Palau Climate Change Policy
BPH	Bureau of Public Health	PCOC	Palau Chamber of Commerce
BPS	Bureau of Public Safety	PCS	Palau Conservation Society
BPW	Bureau of Public Works	PDP	Palau Development Plan
BSO	Bureau of School Operations	PEFG	Palau Entrepreneurs for Growth
DCIP	Division of Capital Improvement (in BPW)	PEWA	Palau Energy and Water Administration
DIMS	destination information management system	PIAC	Palau International Airport Corporation
DMPSC	Destination Management Partnership Steering Committee	PICRC	Palau International Coral Reef Center
EQPB	Environmental Quality Protection Board	PICs	Pacific island countries
FIB	Foreign Investment Board	PNOC	Palau National Olympic Committee
FPNMS	Friends of Palau National Marine Sanctuary	PPUC	Palau Public Utilities Corporation
KBRUDSAP	Koror–Babeldaob Island Resilient Urban Development Strategy and Action Plan	PVA	Palau Visitors Authority
KSG SWMO	Koror State Government Solid Waste Management Office	RTPF	Responsible Tourism Policy Framework
MHHS	Ministry of Health and Human Services	SBDC	Small Business Development Center
MHRCTD	Ministry of Human Resources, Culture, Tourism and Development	SHRM	Society for Human Resource Management (Palau)
MOJ	Ministry of Justice	TDSP	Tourism Development Support Program
MPPI	Ministry of Public Infrastructures and Industries	USGS	United States Graduate School
		WIOA	Workforce Innovation and Opportunities Act

Foreword

Forward & Upward: Palau Sustainable Tourism Strategy 2025–2028



Over the last few years, our administration has worked to ensure *A Kot a Rechad er Belau* — putting Palauan people first. This extends to all we do, including tourism, which has been the primary engine of our economy for decades. We’ve learned some lessons along the way, among them, that more isn’t always better. Too many visitors, especially those unaware of how deeply our environment is tied to our identity, risk damaging the very paradise they come to experience.

From ridge to reef, our island home has sustained us with food, shelter, and cultural connection. Crowded dive sites, overused beaches, and degraded ecosystems hurt both our environment and visitor experience. We need a new way forward — and this four-year roadmap provides it.

The **Palau Sustainable Tourism Strategy 2025–2028** aims to educate our guests, protect what makes Palau special, and empower our people to benefit from tourism in more meaningful ways. It includes measures to support micro, small, and medium-sized enterprises (MSMEs), helping Palauans access the tools and financing needed to launch and grow resilient tourism businesses.

This strategy is the result of deep collaboration — with national and state governments, NGOs, the private sector, and communities. It reflects a shared vision: to build a tourism industry that fosters **pride among our people**, earns **respect from our visitors**, and **inspires our neighbors** to do the same.

What helps make this strategy unique is its blend of tradition and innovation to promote sustainable tourism. In the past two years, as we’ve restored and expanded airline services to Palau, we’ve also enhanced tourist experiences. Most recently, we celebrated the opening of Ngerchebai, a rock island off Aimeliik State, offering natural beauty and sustainable recreation.

Airai State has launched new land- and culture-based tours, including hikes to historic sites and traditional performances and meals. These were based on post-COVID data showing tourists seek authentic experiences. Efforts are also underway to create an app that measures carbon footprints, educating both locals and visitors on environmental impact.

These initiatives deepen the meaning of the world-renowned Palau Pledge, which calls on all visitors to respect and protect our island home. This approach prizes environmental stewardship and our cultural value of *kede kaukerreu* — caring — over consumption.

Palau is charting a path toward a more thoughtful, more regenerative form of tourism. With this strategy, we say: *Welcome to Palau — we hope you do more than just visit, we hope you accept our invitation to be part of something greater.*

Surangel S. Whipps, Jr.

President of the Republic of Palau

Minister's Note



It is with great joy that I present the Palau Sustainable Tourism Strategy 2025–2028. This document represents a culmination of over a year of dedication, collaboration, and meticulous planning, marking a new chapter in Palau's journey toward sustainable tourism development.

The compilation of this strategy began in January 2024. Over the course of a year, it has become a comprehensive tourism strategy for our Republic. It carefully integrates the priorities of our diverse partners and stakeholders, bridging community level aspirations to national-level goals.

I wish to express my deepest appreciation to the Asian Development Bank/Pacific Private Sector Development Initiative for their valuable support in making this strategy possible. Their technical guidance, expertise, and commitment to sustainable development have been instrumental in shaping the framework of this sectoral plan.

I also extend my deepest gratitude to all those who have contributed to this endeavor—past collaborators who laid the groundwork, present partners who worked tirelessly to bring this vision to life, and future contributors who will help realize its full potential. This document is not merely a plan but a shared commitment to ensure that Palau's tourism sector remains a vital, thriving, and sustainable part of our Pristine Paradise. Palau.

With this, let us acknowledge the spirit of the Palau Pledge, and unite in a solemn vow to be stewards of our ocean, our land, our identity, and continue to safeguard and nurture our cultural heritage, ensuring its eternal legacy for generations yet to come.

Thank you.

Ngiraibelas Tmetuchi

Minister of Human Resources,
Culture, Tourism, and Development

Executive Summary

Background

In 2023, the Ministry of Human Resources, Culture, Tourism and Development (MHRCTD) embarked on developing a new sustainable tourism strategy for Palau. The Responsible Tourism Policy Framework 2017–2021 had served an important purpose, but had expired. By 2022, Palau’s tourism industry was emerging from the significant disruption of the global COVID-19 pandemic and the Palau

Blue Prosperity Plan was setting the scene for sector consideration in marine spatial planning. A new strategy for tourism was needed, giving consideration to lessons from the past and an assessment of the present to set a medium-term direction for tourism. Specifically, one that recovers and sustains the sector without compromising the well-being of Palau’s places and people.

This Sustainable Tourism Strategy 2025–2028 was developed in 2024

to fulfill this purpose. Led by the MHRCTD, with technical assistance from the Pacific Private Sector Development Initiative (PSDI),¹ the strategy was informed by several months of research and consultations involving national government agencies, state governments, the private sector, NGOs, and communities. The ‘destination management partnership’ approach adopted in the strategy’s development partnership will be central to its implementation.

The Sustainable Tourism Strategy (STS) Framework



¹ PSDI is a regional technical assistance facility cofinanced by ADB, the Government of Australia, and the Government of New Zealand.

PALAU SUSTAINABLE TOURISM STRATEGY 2025-2028

Whole-of-nation, destination management partnership approach

State governments, national government agencies, the private sector, NGOs, and community stakeholders working together

GOALS

1 ATTRACT VISITORS
AT A SUSTAINABLE
PACE & LEVEL

2 GROW THE
HIGH-SPEND,
LOW-IMPACT
TRAVELER SEGMENT

3 INCREASE TOURISM'S
ECONOMIC CONTRIBUTION
TO PALAU

4 GROW PALAUAN-OWNED
TOURISM-RELATED
BUSINESSES

5 INCREASE PALAUAN
EMPLOYMENT IN
TOURISM

6 GROW COMMUNITY
SUPPORT FOR TOURISM

VISION

PALAUANS WILL FEEL PRIDE
IN OUR PRISTINE PARADISE—
NURTURING OUR HOME AND
PRESENTING OUR ENVIRONMENTAL &
CULTURAL ATTRIBUTES TO VISITORS
WHO SHARE OUR VALUES

VISITORS WILL RESPECT
OUR PRISTINE PARADISE—
VALUING OUR ENVIRONMENT AND
CULTURE AND CONTRIBUTING TO OUR
NATION'S SUSTAINABLE FUTURE

THE INTERNATIONAL COMMUNITY
WILL BE INSPIRED BY OUR
PRISTINE PARADISE—
RECOGNIZING PALAU AS THE
WORLD'S LEADING SUSTAINABLE
TOURISM DESTINATION

GUIDING PRINCIPLES

TOURISM WILL...

BE INCLUSIVE
OF ALL PALAUANS

OCCUR AT A PACE
SELF-DETERMINED
BY PALAUANS

BUILD THE RESILIENCY
OF PEOPLE & PLACES

BE ENVIRONMENTALLY
SUSTAINABLE

BE SOCIALLY
RESPONSIBLE

HELP PRESERVE
PALAUAN CULTURE
THROUGH CULTURALLY
SENSITIVE, AUTHENTIC
EXPRESSION

BRING STATE &
NATIONAL GOVERNMENTS,
THE PRIVATE SECTOR, AND
THE COMMUNITY TOGETHER
TO PURSUE A SHARED VISION
FOR THE FUTURE

Vision

The long-term shared vision for tourism in Palau is:

Palauans will feel pride in our pristine paradise

– nurturing our home and presenting our environmental and cultural attributes to visitors who share our values.

Visitors will respect our pristine paradise

– valuing our environment and culture and contributing to our nation’s sustainable future.

The international community will be inspired by our pristine paradise

– recognizing Palau as the world’s leading sustainable tourism destination.



Guiding Principles

The long-term vision for tourism in Palau is underpinned by seven guiding principles. These principles express the conditions for tourism development in the next four years, based on the predominant values and intentions expressed by tourism stakeholders in Palau during the development of this strategy.

- 1 Tourism will be **inclusive of all Palauans**.
- 2 Tourism development will occur **at a pace to be self-determined by Palauans**.
- 3 Tourism will be **environmentally sustainable**.
- 4 Tourism will help **preserve Palauan culture** through culturally sensitive, authentic expression.
- 5 Tourism will be **socially responsible**.
- 6 Tourism will **build the resiliency** of people and places.
- 7 Tourism will bring state and national governments, the private sector, and the community together to **pursue a shared vision for the future**.



Goals

Six measurable goals for tourism are to be achieved by the end of the term of this strategy.

Goal 1

Attract visitors at a sustainable pace and level.

Goal 2

Grow the high-spend, low-impact traveler segment.

Goal 3

Increase tourism’s economic contribution to Palau.

Goal 4

Grow Palauan-owned tourism-related businesses.

Goal 5

Increase Palauan employment in tourism.

Goal 6

Grow community support for tourism.

Objectives

14 outcome-level objectives will be progressed through this strategy to achieve the goals. Representing four key themes, they have been informed by extensive research and analysis at both state and national levels.

4 Objective Themes

14 Outcome-Level Objectives



Destination Management Structures and Systems

1. **Establishing tourism governance structures and coordination mechanisms** that enable effective leadership and multi-stakeholder collaboration in sustainable destination management.
2. **Strengthening research and information management systems** that support evidence-based sustainable destination management.



Tourism Supply: Products, People, Access and Infrastructure

3. **Providing accommodation that meets the expectations** of high-value tourists and authentically represents Palau.
4. **Delivering a variety of sustainably managed, world-class marine visitor experiences** that are valued by residents and tourists alike.
5. **Growing the supply of sustainably managed terrestrial visitor experiences** based around Palau's natural and cultural attributes.
6. **Building a skilled tourism workforce** that meets industry needs and provides decent work opportunities for interested Palauans.
7. **Providing internationally competitive transport infrastructure and services** that make Palau, and its tourism-ready locations, accessible to target markets.
8. **Progressing sustainable and resilient tourism-enabling public infrastructure and services** that support both visitors and residents.



Supporting Conditions for Sustainable Tourism Sector Development

9. **Managing appropriate controls, advice, and monitoring mechanisms** that ensure tourism development in Palau is environmentally, culturally, and socially sustainable.
10. **Creating a business environment that enables micro, SME, and large private sector investment** in sustainable and resilient tourism ventures.
11. **Developing linkages between tourism and other sectors** that deliver community benefits without community burdens.
12. **Fostering a tourism-aware community** that ensures visitors feel welcome and safe, and residents feel respected and safe.



Destination Marketing and Distribution

13. **Managing a destination brand that represents Palau** and presents a compelling proposition to high-value, low-impact travelers.
14. **Undertaking evidence-based marketing activity** that serves to convert high-value, low-impact traveler interest to bookings.

These objectives will be progressed during the life of this strategy by implementing 63 defined strategic priorities and a series of associated activities. The strategic priorities will serve as outcome-level performance indicators to be evaluated at the end of the strategy, and the activities will serve as annual output-level performance indicators.

Top 10 Priorities for Year 1

While all strategic priorities and activities are important for achieving the goals and objectives, it makes sense to identify the highest priorities to mobilize the strategy in its first year. Following are the top 10 foundational strategic priorities deemed to be the most critical to focus on as the strategy commences implementation in 2025.

- 1 **Ratify a national–state whole of government commitment to tourism** as a priority sustainable economic sector for Palau.
- 2 **Form a Destination Management Partnership Steering Committee (DMPSC)**—a cross-agency, national–subnational, and public–private–community representative task force—to facilitate the multi-stakeholder coordination required to implement and monitor the STS.
- 3 **Reorganize the national institutional arrangements for tourism** (i.e., PVA and BOT) to ensure a more efficient and effective performance across contemporary destination management functions.
- 4 **Formalize a tourism development support program (TDSP)** for states to access resources in developing and mobilizing tourism plans/priorities.
- 5 **Design, develop, and maintain a system** for sourcing, storing, and utilizing destination management data.
- 6 **Identify tourism and hospitality skills gaps**, training needs, and foreign workforce needs.
- 7 **Establish a register of products and experience development priorities** for Palau’s current and prospective marine and terrestrial tourism sites.
- 8 **Define and manage carrying capacity volumes** for the most visited tourism attractions in environmentally and culturally sensitive locations.
- 9 **Design and launch a minimum standards program** for accommodation and tour operators that will ensure in the future that only those meeting minimum requirements for quality, safety, and sustainability can operate.
- 10 **Introduce a process for monitoring and measuring sustainable destination management** in Palau by drawing on various partners’ data assets.

At the end of the first year and based on progress made, a new set of highest priority activities will be determined for the following year, and each year thereafter.

1. Introduction

1.1. Background and Purpose

Our island nation has long recognized the role of tourism in developing our economy while promoting our culture, history, and natural blessings to the world. However, when the mid-2010s saw tourism arrivals grow at too fast a pace and too high a volume, we recognized the need to pause growth and reflect on what tourism in Palau should look like in the future.

The Palau Responsible Tourism Policy Framework (RTPF) 2017–2021 was developed to reset the direction. It served an important purpose at the time—curbing a trajectory toward overtourism. The RTPF led to many outcomes demonstrating Palau’s commitment to responsible tourism management, including but not limited to encouraging community-led tourism and local entrepreneurship, protecting the environment, and pursuing high-value (rather than high-volume) tourism markets.

While many RTPF objectives remain relevant today, it is timely to reflect on learned lessons from successes and challenges in its implementation, taking into account how the state of play for tourism in Palau and globally has changed over the past several years. At the time of writing, Palau is yet to recover from the near collapse of its tourism industry during the global COVID-19 pandemic, with visitor numbers at a level last seen in the early 1990s.

In this context, this Sustainable Tourism Strategy (STS) was commissioned by Palau’s Ministry of Human Resources, Culture, Tourism and Development (MHRCTD) to learn from the past and take stock of the present in setting a medium-term direction for tourism in Palau; specifically, one that recovers and sustains this economic sector without compromising the well-being of our places and people.

The STS steers tourism development in Palau toward a long-term shared vision for the sector. It does so by following a strategic framework of guiding principles, goals, objectives, priorities, and activities from 2025 to 2028. A four-year strategy is conducive to a tourism sector emerging from a disruptive decade and within the context of pandemic-recovery conditions still unfolding, notwithstanding that it will be monitored and revised as needed to reflect changing conditions. It is likely that by the end of the strategy’s

term, many directions will remain relevant while some aspects will have been adjusted. At the end of 2028, it is also likely that we can extend this strategy with updated insights informing revised priorities and activities.

The development of the STS involved extensive consultations with representatives of the national and state governments, the tourism private sector, and the broader community in Palau throughout 2024. It also involved a desk study of resources relevant to Palau and the global travel and tourism context and drew on insights from sustainable tourism development experts. Importantly, the development of the strategy was Palauan-led. It was facilitated by a project team comprising local and international consultants and staff from the Bureau of Tourism (BOT) and Palau Visitors Authority (PVA).² Information and views generously provided by Palau’s tourism leaders and industry participants have shaped the strategy’s direction.



² Consultants from the Asian Development Bank (ADB) and ADB-managed Pacific Private Sector Development Initiative.

1.2. Aligning with Palau’s National and State Planning

The development of this strategy involved identifying alignment with the following national and state plans.

The Palau Development Plan 2023–2026

The STS supports the overarching vision for the Palau Development Plan (PDP) 2023–2026: *“To substantially enhance the quality of life of current and future generations of Palauans.”* It also supports the PDP’s goal and strategies for tourism, notwithstanding the need to revise down the visitor arrivals target of 150,000 in the short term based on more recent data and analysis.

The PDP goal for tourism: *“To recover the number of value-adding tourism visitors to over 150,000 per year³ and to ensure that Palau remains a pristine paradise and is a destination that meets visitor expectations, and delivers value added to the country including delivering community benefits.”*

The PDP strategy for tourism: *“In the interest of ‘A Kot a Rechad er Belau. People’s First,’ the strategy for Palau tourism is for the government, businesses, and all Palauans to better understand the nature and the means to developing a Palau tourism industry that adds value to the country’s environment, society, culture, governance, and economy and to help steer the industry towards those aims.”⁴*

State Master Plans and Tourism/Related Plans

As the owners of Palau’s main tourism assets, the states’ plans for tourism are integral to a strategy that serves as a national framework for sustainable

destination development. During the development of this strategy, state master plans (past, draft, and current) were reviewed to identify each state’s vision and priorities—overall and for tourism where specified. The ecotourism plans prepared by four states and available conservation area management plans were also reviewed (Appendix 2).

Palau National Infrastructure Investment Plan 2021–2030

The Palau National Infrastructure Investment Plan’s (NIIP) recognition that *“further tourism growth would place a strong demand on increased public infrastructure in the form of access roads, improved airstrips and air links, and extended utilities”* is central to the analysis and priorities identified in this strategy.⁵ Specifically, the infrastructure-related situation analyses (Sections 4.4 and 4.5) cite the NIIP’s tourism issues and tourism-related priorities and plans for major investments in Palau over the next ten years (noting any that have since been updated in the PDP).

Koror–Babeldaob Island Resilient Urban Development Strategy and Action Plan 2020–2030

The STS also responds to the key issues for tourism identified in the Koror–Babeldaob Island Resilient Urban Development Strategy and Action Plan (KBRUDSAP) 2020–2030: *“(i) the sustainable development, maintenance, and marketing of tourist attractions on Babeldaob Island, (ii) most hotel and accommodation facilities are foreign-owned, and (iii) tourism employment relies significantly on international migrant labor.”* Noting the downturn in tourism at the time the KBRUDSAP was written (during the COVID-19 pandemic), it identified the need to

reassess a strategy for tourism issues with an emphasis on tapping the growth potential of Babeldaob. The STS progresses this and provides a foundation for further development across Babeldaob.

Palau Climate Change Policy

The Palau Climate Change Policy (PCCP) Revision (2025)—currently in its final stages of development by the Office of Climate Change (OCC) within the Office of the President—underscores Palau’s commitment to addressing the multifaceted impacts of climate change. Building on the foundation of the 2015 PCCP, the updated policy will continue to serve as a critical framework for fostering resilience and sustainability across various sectors, including tourism. In alignment with this national directive, the Bureau of Tourism will collaborate closely with the Office of Climate Change to integrate climate-resilient strategies for the tourism sector.

National Ministry/ Agency Strategic Plans

As tourism relies on—and impacts—other economic and social sectors, a range of national plans were reviewed to check alignment with tourism touchpoints and identify gaps to be addressed in the future (Appendix 2).

Palau Marine Spatial Plan (in development)

This strategy has been developed as part of the marine spatial planning (MSP) process initiated in 2022 under the Palau Blue Prosperity Plan to achieve the national vision to “Protect the Ocean, Provide for People.” The STS serves as the tourism sector input to the Palau Marine Spatial Plan.

³ Palau Development Plan (PDP) 2023–2026. p. 118. The figure of 150,000 was set in 2023, although a target year was not defined. Based on data available since then, visitor arrival targets have been revised for this strategy (Section 2.3).

⁴ Palau Development Plan (PDP) 2023–2026. p.120.

⁵ Palau National Infrastructure Investment Plan (NIIP) 2021–2030. p. 38.

1.3. Aligning with the Global Tourism Context

The most relevant global travel and tourism insights for Palau, as synthesized from multiple market research and commentary sources, are summarized in this Top 10 list.⁶

1. There is a growing and evolving demand for legitimate sustainable tourism destinations and experiences.

Sustainable and responsible tourism are not new concepts, but mounting calls for “more action than words” have intensified since the COVID-19 pandemic. A growing number of travelers are actively seeking destinations that uphold sustainable tourism principles, as well as travel products and services that demonstrate sustainable tourism credentials. Some travelers are willing to pay a premium for this, but many also expect evidence of sustainable practices and outcomes. Likewise, a growing number of host communities are demanding that tourism be more sustainably managed to protect their environment, culture, and economy. They are holding tourism leaders and tourists accountable for their roles in ensuring sustainable practices.

2. The aim of travel is becoming less about sightseeing and more about engaging in an experience (especially one based on nature, well-being, giving back, living like a local, or other transformational purpose).

During the pandemic, nature-based and well-being travel were dominant themes in consumer research about future travel intentions. Both themes continue to drive market demand, and while closely linked, each also has a broad profile. Nature-based travel can include a gentle

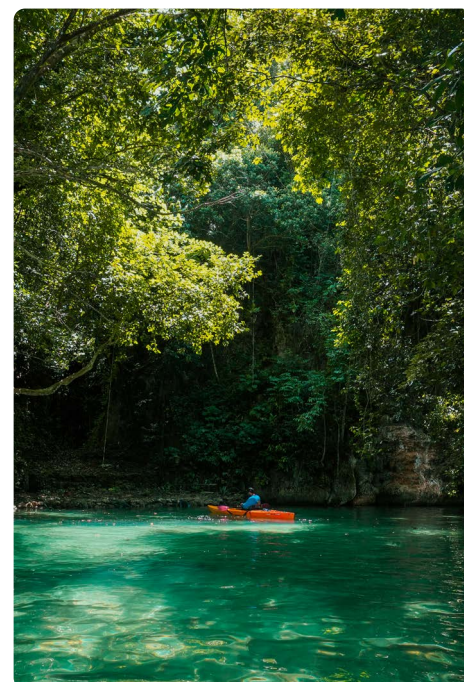
walk in nature, an immersive experience such as “forest bathing,” or an intensive activity to challenging oneself against the elements. Well-being travel can involve spending time in nature to relax and reflect, attending a yoga retreat, or visiting a spa. Other travel trends include doing purposeful activities to give back to society, such as volunteering, and long-stay trips so one can experience life as a local. This is evident in the rise of the digital nomad—travelers who work remotely. These and other personally transformational travel experiences personify contemporary tourism demand.

3. There is increasing demand from host destinations for high-value tourism and a corresponding increase in expectations from high-value tourists for destination quality, authenticity, and value for money.

While there is no universally accepted definition of “high-value tourism,” the term is commonly used in the context of targeting “high-value, low-impact” travelers. These are travelers who spend more (e.g., by staying longer and being willing to pay for more experiences) and do less harm to the destination (e.g., through behavior that shows they respect and value local places and people). As many tourism destinations are pursuing high-value tourism, competing in this market requires delivering what these travelers expect: a sufficient supply of quality, sustainable, and value-for-money travel experiences.

4. Recent global shocks and ongoing uncertainty are impacting travelers behaviors in different ways.

The pandemic led to many people becoming more cautious about booking travel in uncertain times. For some travelers, this has been reinforced by challenging economic conditions and geopolitical instability. Conversely,



others have become less susceptible to uncertainty, accepting that “the new normal” means not holding off travel plans. Adventure travelers, such as scuba divers, and young independent travelers are often cited to be less sensitive to uncertainty. Trends for such travel behaviors will become clearer with more research.

5. There is ongoing uncertainty about pandemic-recovery rates in some destinations.

Some destinations, such as Fiji, have made remarkable recoveries from the pandemic due to successful marketing combined with other favorable influences. However, other destinations have not yet recovered to their 2019 visitor arrival levels. In some cases, it is still too soon to determine recovery and growth rates, especially given the prevailing economic environment, geopolitical situation, and local circumstances. While this uncertainty makes it difficult to develop tourism plans with reliable visitor forecasts, it also highlights the importance of creating flexible plans that can be revised as new data and trends become available.

⁶ List compiled by the author based on anecdotal insights from PSDI projects as well as published research, including but not limited to: PSDI. 2021. *Looking Forward Vol 1. Evaluating the Challenges for Pacific Tourism After COVID-19*; World Bank. 2022. *The Future of Pacific Tourism*; and various market research reports shared online by travel companies (e.g., Amadeus, American Express, Booking.com, Expedia, Skift, Trip Advisor, Trip.com).

6. There are intensifying destination efforts to strengthen and formalize destination management.

During the 2010s, many destinations began adopting a more holistic approach to tourism development, taking into account the needs of residents, business owners, and visitors—both current and future. This recognition of the multiple functions and stakeholders involved in tourism spurred a new wave of governance structures. Traditional DMOs (destination *marketing* organizations) evolved into more contemporary DMOs (destination *management* organizations), extending their mandate accordingly. Additionally, new governance arrangements emerged to better engage and represent all local stakeholders, including public, private, and community interests. PSDI research has identified that Pacific island countries (PICs) seek to improve destination management by strengthening all tourism-related functions and optimizing coordination among relevant stakeholders.⁷ However, the research has also found that due to the unique nature and scale of tourism in PICs, there is no ideal, one-size-fits-all DMO model to adopt. Instead, a tailored, homegrown solution is needed to achieve optimal destination management based on the local context and available resources.

7. There is a growing representation of host communities in tourism decisions.

Tourism leaders are increasingly recognizing the role that host communities can—and should—play in informing tourism planning, making tourism development decisions, and monitoring the impacts of tourism. The introduction of community sentiment surveys, the establishment or adaptation of informal/formal bodies

and processes for engaging interested community members in tourism, and their representation in policy and planning decisions, all ensure the local population is no longer on the periphery of tourism. They are now central to destination management.

8. The increasing emphasis on resilience in tourism is matched by growing questions about what this means in practical terms.

“Tourism resilience” is a subject of considerable research and commentary. A Google search for “What is tourism resilience?” in late 2024 produced about 85 million references. While this topic is highly relevant and essential to all destinations, many tourism stakeholders often struggle with it means in practical terms. Beyond the broad understanding that tourism resilience involves preparing for the impacts of climate change, natural hazards, external shocks (e.g., economic, geopolitical, health), or internal crises (e.g., economic, political, civil instability), PSDI consultations have found that many tourism business owners, host communities, and sector leaders seek practical ways to build resilience into tourism planning.

9. Digital technology has a rapidly expanding role in tourism.

Digital technology impacts multiple aspects of tourism, and its influence is rapidly evolving. Travelers are increasingly using smartphones, the internet, booking platforms, and mobile apps to plan and book their trips. As a result, tourism destinations and suppliers must keep pace with technological advancements to provide real-time data and undertake digital marketing and sales. To remain competitive, many are investing in technology that allows them to (i) apply artificial intelligence tools to customize content for clients, (ii) maintain live information systems to manage supply,

demand, and monitoring data, (iii) use virtual reality (VR)/augmented reality (AR) to market or deliver visitor experiences, and (iv) use other innovative applications.

10. There is growing interest in regenerative tourism but a mixed understanding of what that means.

In simple terms, a regenerative approach to tourism places the living system in which tourism operates—its places and people—at the center of decision-making about tourism and related activities. This concept reflects principles embedded in many indigenous cultures. Regenerative tourism is often described as leaving the environment, culture, and economy better than before—going beyond the sustainable tourism goal to “sustain” them. However, there is considerable debate about what it means and how to demonstrate a legitimate regenerative approach. While many destinations aspire to this tourism model, they are advised to avoid adopting the term solely for marketing purposes. Instead, they should understand the principles behind it and commit to engaging host communities in determining a pathway for tourism, allowing those communities to determine the manner and pace of development.



⁷ PSDI defines five broad destination management functions: planning, development, marketing, delivery, and monitoring.

1.4. Adopting a ‘Destination Management Partnership’ Approach

This strategy recognizes that for tourism to be sustainable in economic, environmental, and social terms, it requires effective destination management. This requires all tourism stakeholders to work together as destination management partners.

Box 1. Destination Management in Contemporary Tourism

“Destination management” is not a new term, but it is increasingly being used in contemporary tourism dialogue to shift focus from tourists and tourism business owners to include the destination’s places and people.

The description of ‘responsible and sustainable destination management’ by the World Tourism Organization reflects this: *“(It) should entail a process that effectively and harmoniously addresses the interactions between the visitors, the industry that serves them, the community that hosts them and the environment in a broad sense (natural and cultural resources)...Destination management takes a strategic approach to link-up the sometimes very isolated and occasionally diverging elements for the better planning and management of the destination; calling for a coalition of many organizations and interests working towards a common goal.”**

The ADB’s Pacific Private Sector Development Initiative (PSDI) has developed a model for destination management systems relevant to Pacific island nations’ contexts.[†]

The system comprises:

- **Five key destination management functions:**

1. Destination planning
2. Destination development
3. Destination marketing
4. Destination delivery
5. Destination monitoring

- **Multiple destination management partners.**

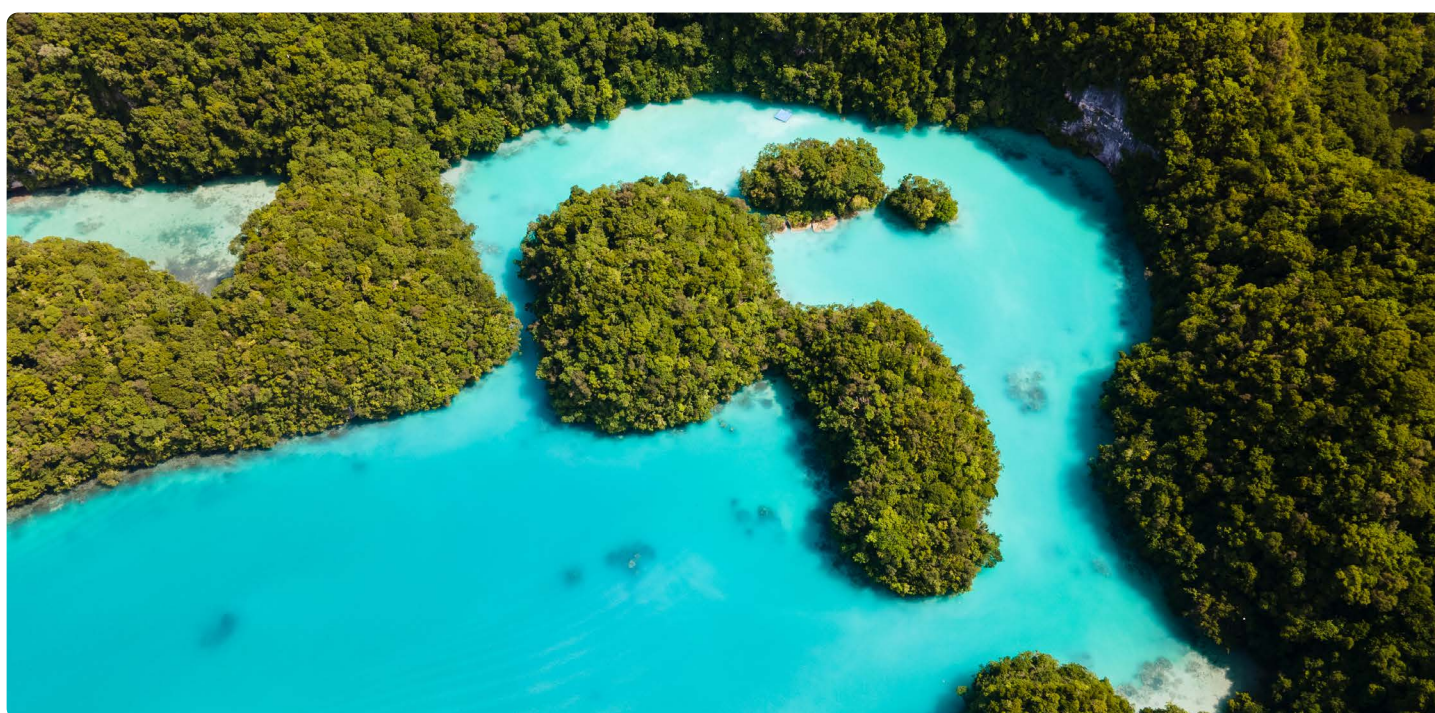
These are the leaders and/or supporters of the above functions, which include national tourism offices, other national and subnational government offices that have touchpoints with tourism, the private sector, NGOs, host communities, distribution partners, donors, and visitors.

- **Destination management architecture.**

This includes the institutional arrangements, governance mandates, and coordination mechanisms that influence how partners engage across these functions.

* World Tourism Organization. 2019. *UNWTO Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs) – Preparing DMOs for New Challenges*. Madrid: UNWTO. p. 10.

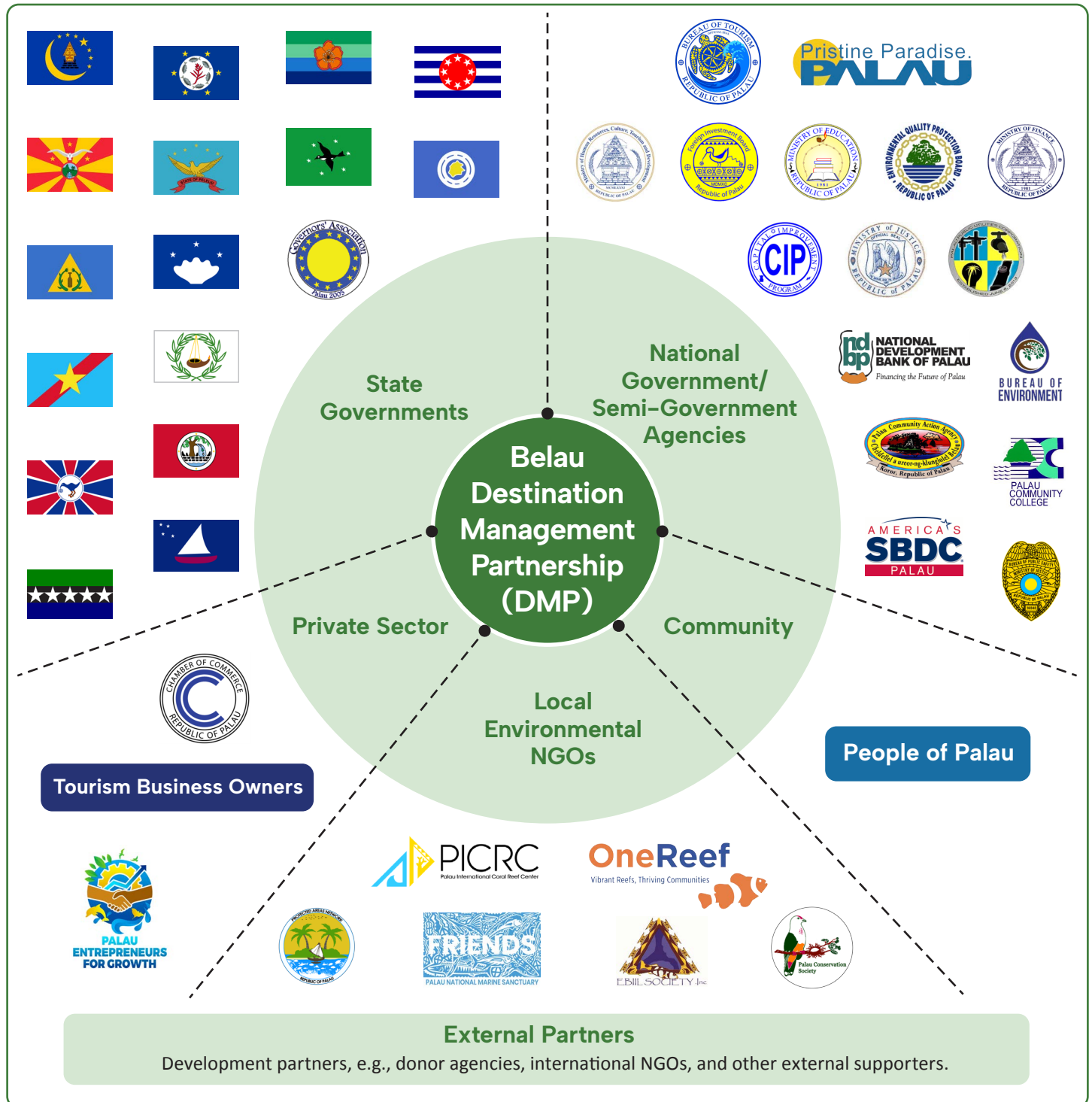
† PSDI Draft Working Paper. December 2024.



1. Introduction

The development of this strategy considered a holistic “destination management system” model (Box 1), focusing on the partners that should be involved in decision-making regarding the future of tourism in Palau. Building and maintaining partnerships across Palau’s public sector (national and state), private sector, NGOs, and community stakeholders was central to developing this strategy and will be critical in its implementation. This is represented by the Belau Destination Management Partnership model (Figure 1). This approach recognizes that while the MHRCTD and its designated tourism agencies—the Bureau of Tourism and Palau Visitors Authority—have lead roles for many tourism development functions in the implementation of this strategy, they also have a role in (i) convening other stakeholders best suited to deliver specific priorities, and (ii) supporting other stakeholders who have the mandate to lead functions that enable tourism.

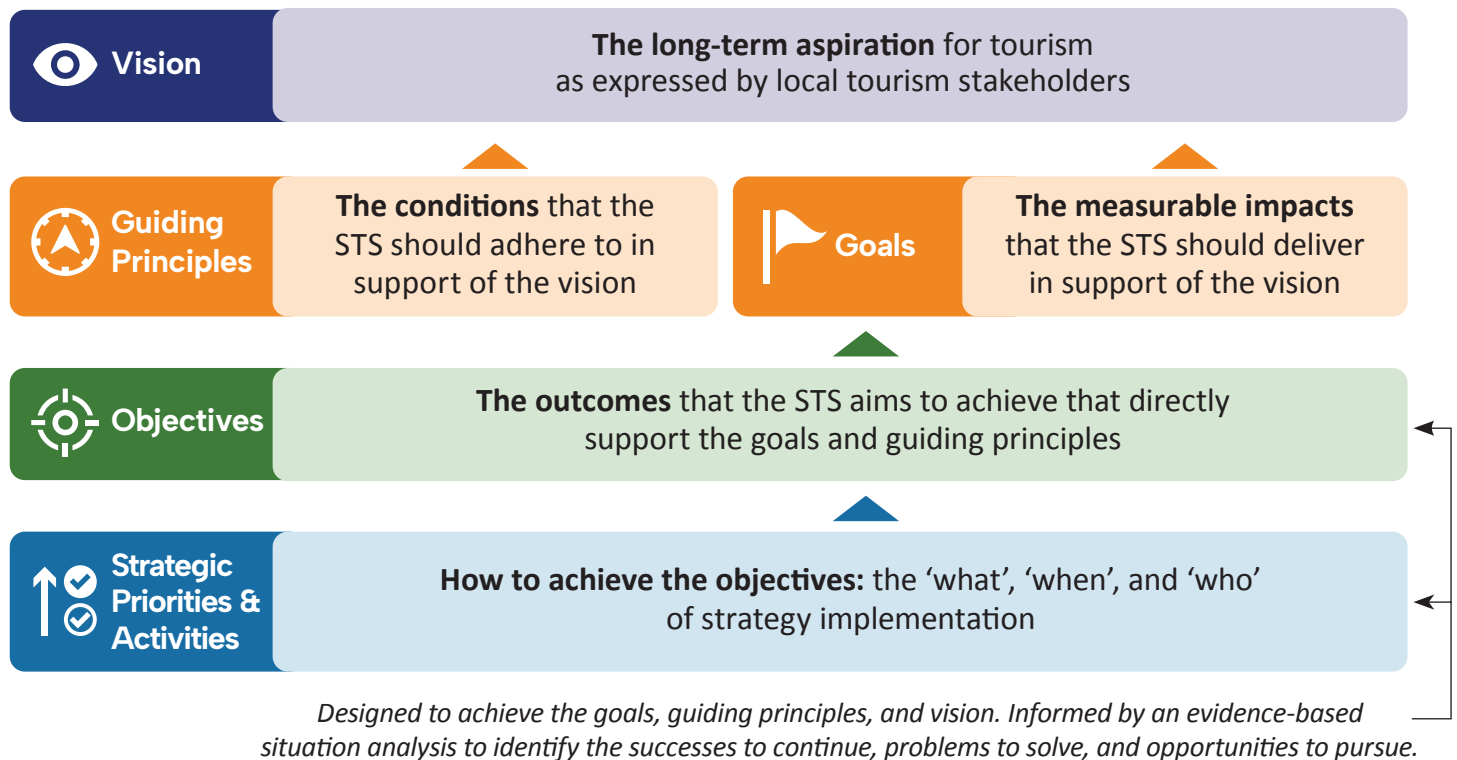
Figure 1. The Belau Destination Management Partnership



2. Sustainable Tourism Strategy Framework

The Sustainable Tourism Strategy begins with a long-term vision for tourism in Palau, shaped by the insights gathered from the tourism industry and community stakeholders in 2024. The strategy is built within a hierarchical framework of guiding principles and goals, supported by objectives, strategic priorities, and activities (Figure 2).

Figure 2. STS Framework



2.1. Tourism Vision for Palau



2.2. Sustainable Tourism Strategy Guiding Principles

 Guiding Principles

The long-term vision for tourism in Palau is underpinned by seven guiding principles. These principles express the conditions for tourism development in the next four years, based on the predominant values and intentions expressed by tourism stakeholders in Palau during the development of this strategy.

- 1 Tourism will be **inclusive of all Palauans**.
- 2 Tourism development will occur **at a pace to be self-determined by Palauans**.
- 3 Tourism will be **environmentally sustainable**.
- 4 Tourism will help **preserve Palauan culture** through culturally sensitive, authentic expression.
- 5 Tourism will be **socially responsible**.
- 6 Tourism will **build the resiliency** of people and places.
- 7 Tourism will bring state and national governments, the private sector, and the community together to **pursue a shared vision for the future**.

2.3. Sustainable Tourism Strategy Goals

 Goals

Six measurable goals for tourism are to be achieved by the end of the term of this strategy.

- Goal 1**
Attract visitors at a sustainable pace and level.⁸
- Goal 2**
Grow the high-spend, low-impact traveler segment.
- Goal 3**
Increase tourism’s economic contribution to Palau.
- Goal 4**
Grow Palauan-owned tourism-related businesses.
- Goal 5**
Increase Palauan employment in tourism.
- Goal 6**
Grow community support for tourism.

Setting targets for goals and measuring results

These goals have been adopted because stakeholders believe they are important indicators of the strategy’s success. However, setting targets and measuring results is easier for some goals than for others. Table 1 presents a simple monitoring and evaluation matrix for the goals. This includes monitoring measures, baseline data (where available), targets (which should be revised annually), and sources of verification (allowing for new ways to measure).

Table 1. Monitoring and Evaluation Matrix for STS Goals

Goal Number and Monitoring Measure	Baseline	Targets Subject to annual review	Source of Verification
1. International visitor arrivals (total #)	CY2019 (pre-COVID): 93,700 CY2024 (in recovery): 56,200	CY2025: 69,000 CY2026: 84,000 CY2027: 99,000 CY2028: 114,000	Immigration data; PVA reports
2. Visitors meeting the “high-value, low-impact” visitor profile (% share)	No baseline available	Increase year-on-year from 2025 to 2028	International Visitor Survey (IVS) questions and results filters.
3. Value of international visitor receipts (\$ per arrival)	FY2019: ⁹ \$982 per arrival	FY2028: \$1,400 per arrival	USGS and MOF economic modeling and IVS
4. Palauan-owned tourism businesses (total #) ¹⁰	No reliable baseline available	Increase year-on-year once the baseline is established ¹¹	Various sources to be determined ¹²
5. Palauan workers in tourism (total #)	FY2019 (pre-COVID): 570 FY2023 (in recovery): 380	Increase year-on-year from 2025 to 2028	USGS and/or MOF economic modeling
6. Community members who indicate support for tourism (% share)	No baseline available	Increase year-on-year from 2025 to 2028	Tourism Sentiment Survey

The vision, guiding principles, and goals set the first part of the STS Framework. Achieving these requires supporting objectives, priorities, and activities—all of which must be based on robust evidence and analysis to ensure their legitimacy. Sections 3 and 4 provide this analysis, while Section 5 presents the remaining components of the STS Framework.

8 A “sustainable pace and level” is one evidenced to be possible from a market perspective, as well as preferred and possible from the destination perspective (Section 4.1).
9 United States Graduate School (USGS) financial year (FY) estimates. Although FY figures have been estimated up to FY2023, due to anomalies related to the pandemic period, FY2019 is considered the most reliable baseline.
10 To differentiate joint ventures from 100% Palauan-owned.
11 Baseline will be established after completing the current government exercise to distinguish front businesses from legitimate locally owned businesses.
12 BOT registry for tour operators; other government business registration sources.

3. State-Based Destination Analysis

3.1. State Destination Profiles

The Palau Sustainable Tourism Strategy prioritizes the nation’s 16 states, recognizing that:

- Many of Palau’s tourism sites of natural, cultural, and historic value fall under state ownership.
- States determine the direction for tourism or other sector development, as outlined in their master plans, land-use zoning, ecotourism plans, and other state planning mechanisms.
- Tourism development at public, private, and clan-owned sites is subject to state laws.

- The states have a critical role in representing the interests of their residents on development matters.
- National tourism plans must reflect the states’ ambitions, needs, and plans.

Extensive research and consultations have been conducted to understand each state’s (a) current tourism offering, (b) vision for tourism, (c) planning and governance context, and (d) tourism development priorities. The findings are summarized in this section, presented as a one-page destination profile for each state. Each profile also features an assigned indication of the stage of destination development and an assessment of tourism development prospects. This informs the objectives and strategic priorities for the national tourism strategy, outlined in Section 5.

Defining “Destination Development Stage”

Categorizing states based on their current stage of tourism development—in terms of the nature and scale of market-ready supply¹³ as well as levels of demand¹⁴—allows for a clearer understanding of their status relative to other states. This helps in providing destination development support according to the specific needs at each stage. Figure 3 outlines the criteria used to categorize each of Palau’s states.

Assessing Tourism Development Prospects

Each state profile also features a brief assessment of tourism development prospects. This conclusion is based on observations from consultations and research, taking into account the tourism development readiness indicators presented in Figure 4.

Figure 3. Destination Development Stage Criteria

	 ESTABLISHED	 EXPANDING	 EMERGING	 ENTRY-STAGE	 YET TO ENGAGE
Tourism Supply	The state has an extensive supply of tourism products and experiences that are market-ready.	The state has some tourism products and experiences that are market-ready and is working on strengthening and expanding supply.	The state has a few tourism products and experiences that are market-ready and intends to strengthen and/or grow that supply.	The state is working on developing market-ready tourism products and experiences based on its tourism sites/ attributes.	The state has little intention at this time to develop market-ready tourism products and experiences.
Tourism Demand	All/most international visitors actively engage with tourism activity in the state.	Many international visitors actively engage with tourism activity in the state.	Some international visitors actively engage with tourism activity, and the numbers are growing.	Few international visitors actively engage with tourism activity in the state.	Few international visitors actively engage with tourism activity in the state.
Mapping states to their current stage of destination development	Koror	Airai Melekeok Peleliu	Ngaraard Ngarchelong Ngardmau	Aimeliik Ngatpang Angaur Ngchesar Hatohobei Ngial Kayangel Sonsorol	Ngeremlengui

13 “Market-ready” refers to a site/attraction meeting the needs of tourists within suitable site management conditions. Market readiness benchmarks differ by the type, location, popularity, and size of a site/attraction. It can be demonstrated through (i) the quality of onsite facilities (e.g., clean, functioning restrooms; comfortable, shaded rest stops; safe walking pathways; appealing presentation; and sufficient parking/access), and (ii) the quality of services (e.g., interpretive signage and/or expert guiding; regular and reliable opening hours; ease of booking; clear fee structure; good customer service; and sustainable practices).

14 Demand is measured by the level of “active engagement” by visitors as defined by participating in activities versus just passing through.

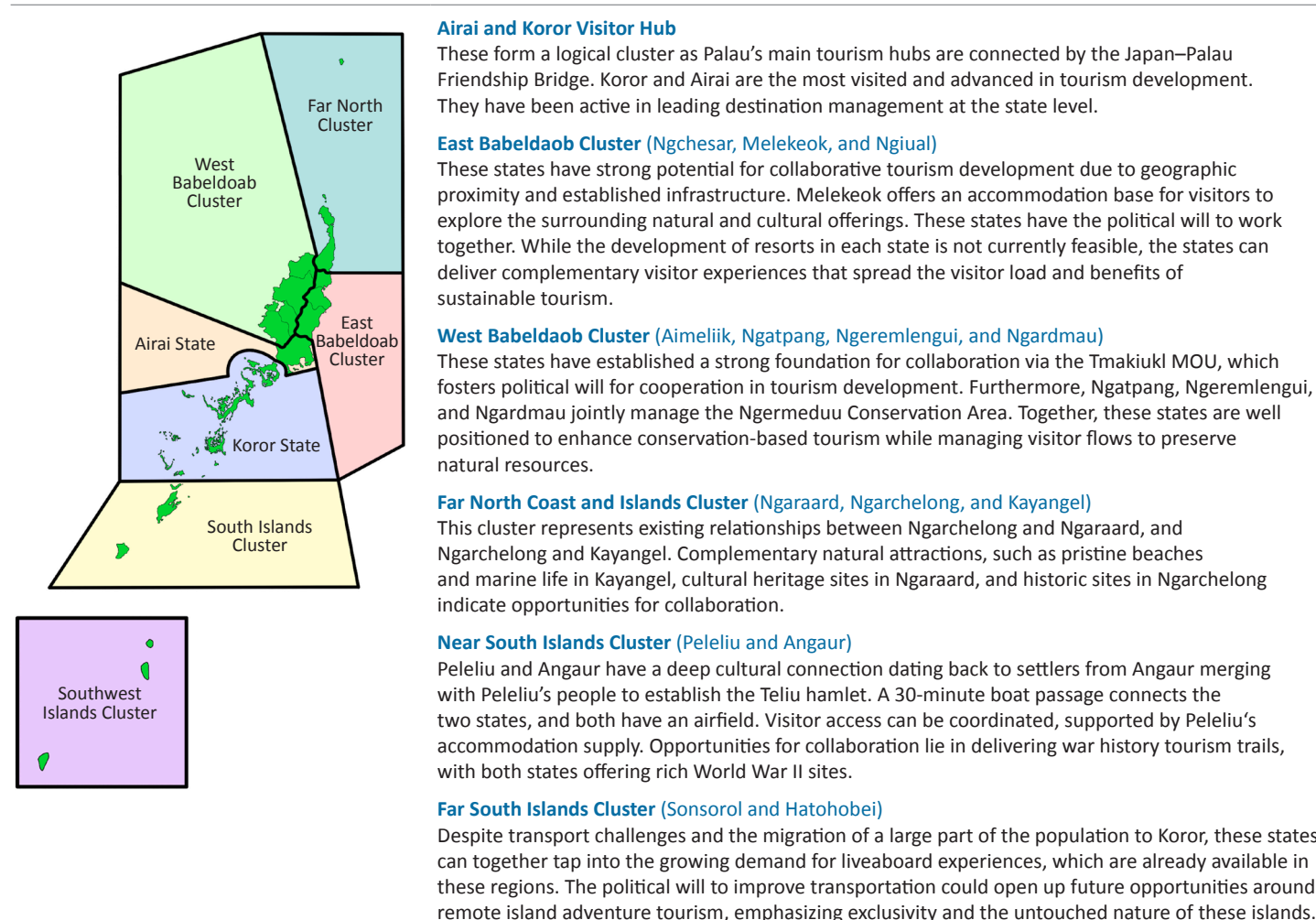
Figure 4. State Tourism Development Readiness Indicators

A. State Commitment to Tourism	B. State Tourism Supply	C. Other Readiness Factors
i. Tourism is a priority economic sector (as stated in a vision/plan/other).	i. The state has sites/experiences based on nature, culture, or history that are market-ready tourism products—or have the potential to be.	i. There is strong community sentiment in support of tourism.
ii. The state has a documented plan for tourism.	ii. The state has a unique, compelling experience(s) that cannot be found in another state.	ii. Controls are in place to ensure tourism development is done in a sustainable manner.
iii. The state allocates an adequate budget for tourism development.	iii. The state has tourist accommodations within the state or within 90 minutes of travel.	iii. There are identified investment-ready site(s) suitable for tourism and with secure land title(s).
iv. The state has a Tourism Officer.	iv. The state has transport infrastructure and services that make it easily accessible.	iv. There are enough workers with the right skills to meet needs.

Determining Spatial Destination Clusters

The state destination profiles that follow are grouped into spatial destination clusters. This approach clusters neighboring states with complementary tourism attributes that can be easily connected by road or water, and whose leaders are willing to collaborate on tourism initiatives. It supports the development of tourism trails that (i) enhance the visitor experience, (ii) distribute visitor volumes to help mitigate the risk of overtourism at sites, and (iii) spread the economic benefits. It also encourages states to pool their resources and directs national resources toward achieving better outcomes in destination development. In line with these principles, the following clusters have been agreed by the states.¹⁵

Figure 5. Palau's Geographic Tourism Clusters



¹⁵ This should not discourage states from collaborating with other partners where shared opportunities are identified.

Koror and Airai Visitor Hub Cluster

Airai State



Population: 2,529 (2020)

Land mass: 55 km²

Current Destination Stage:



EXPANDING

Visitor Attractions

Terrestrial attractions

Historic/Cultural sites:

- Bai ra Rengarairrai
- Ancient stone pathways
- Chades ra Mechorei (traditional causeway)
- Kesebekuu (war canoe)

Future opportunities

- Airai Rock Islands for marine activities and ecotourism
- Airai hiking trails

Overview: Airai State, located adjacent to Koror, is attracting a growing number of tourists, with 500 to 700 visitors reported in recent years. As the first state in the Republic of Palau to endorse its products as part of the Alii Pass program, Airai has established a sustainable, community-based tourism initiative that offers visitors an authentic cultural experience while promoting Palauan traditions and practices. The state showcases traditional activities such as weaving, carving, food preparation, grass skirt demos, and taro farming, along with traditional dances in the Alii Pass tour. Future plans include expanding marine activities with rock island excursions and introducing eco-friendly huts.

Vision for tourism: “In 10 years, Airai State has a robust Tourism Program and the State’s tourism industry has expanded to provide revenues for the State, job opportunities for residents of Airai who are increasingly involved in the industry, and it contributes to cultural and social preservation by balancing modern convenience with cultural living.”

Tourism management: Tourism in Airai is managed by the state’s official tour guide, with tours booked in advance through PVA or the Airai Tourism Department.

State planning: Development has been guided by the Airai State Master Plan of 2010; however, an updated Airai State Master Plan 2023–2033 has been drafted and is awaiting finalization and legislature approval. Planning has also been guided by the Zoning Code of 2013, which designates resort and visitor zones.

Conservation areas: Airai has one conservation area—Medal Ngediull Conservation Area.

Registered historic sites: Airai has 23 registered historic sites, comprising various historic remains, caves, and landmarks. It also includes the Yapese Stone Money Quarry Sites, which is on the UNESCO World Heritage tentative list.

Accommodation supply: Airai has two operational resorts with 91 rooms and two accommodations under construction. There are reportedly a few sites with potential for new project development.

Tour operators/guides: There are six licensed tour operators based in Airai.

Assessment of tourism development prospects: Airai has promising development prospects for tourism. The state’s focus on high-quality, low-impact tourism and prioritization of local ownership in accommodations lays a strong foundation for sustainable tourism. It would benefit from having a tourism department, strengthening local expertise and capacity, modernizing fee collection, expanding accommodations and visitor services, and strengthening branding and marketing efforts. The successful realization of the state’s tourism vision will hinge on addressing these needs.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Destination management governance.** Establishing a tourism department for tourism planning and management, including improving fee collection systems.
- **Skills development.** Building capacity for tourism through training.
- **Visitor experience and product development.** Expanding accommodations and visitor services and developing new cultural and nature-based products.

Koror and Airai Visitor Hub Cluster

Koror State



Population: 11,119 (2020)

Land mass: 58 km²

Current Destination Stage:



ESTABLISHED

Visitor Attractions

Marine attractions

- RISL sites, including Milky Way, Jellyfish Lake, the Arch, and several well-known dive sites.

Terrestrial attractions

Historic/cultural sites:

- 23 sites in the Palau National Register of Historic Places, including natural, traditional, colonial, and war history sites such as caves, terraces, stone monoliths/platforms, traditional villages, a lighthouse, and a WWII bunker.

Built attractions:

- Belau National Museum
- Belau Eco Glass (glass crafting center)
- Art Museum
- Multiple restaurants
- Shopping options

Future opportunities

- Potential to develop several new land-based, cultural visitor experiences (tangible and intangible).

Overview: Since Koror pioneered tourism for Palau in the 1980s, the state has established itself as the nation's principal tourism destination. Blessed with the Rock Islands Southern Lagoon (RISL)—the nation's only UNESCO World Heritage Site—Koror offers sustainable tourism experiences that draw visitors from all over the world. International tourists in Palau typically participate in activities in Koror, such as scuba diving, snorkeling, swimming, or sightseeing boat/land tours. Furthermore, an estimated 95% of tourists stay in Koror-based accommodation. Koror's pioneering tour guide training and certification serves as a model for Palau.

Vision for tourism: Currently, there is no documented state-specific vision for tourism; however, state representatives have indicated their intention for tourism to remain an important sector without becoming overdeveloped or unsustainable.

Tourism management: Koror has a tourism information office and a full-time tourism officer, and is considering establishing a tourism department.

State planning: The Koror State Master Plan dates to 1976; however, its zoning laws provide spatial parameters for new developments. Koror does not have a state tourism plan but intends to prepare one in the near future. The RISL Management Plan 2022–2027 directs sustainable management of the site.

Conservation areas: Koror has seven conservation areas, two of which are in the Protected Areas Network (PAN). Only four sites can be visited, with strict conditions imposed.

Registered historic sites: Koror has 25 registered historic sites.

Accommodation supply: Koror currently has 68 land-based properties, offering 1,750 rooms. This represents 85% of Palau's total room inventory, which includes resorts, hotels, motels, bed and breakfast accommodations, and apartments. Koror is also the base for Palau's eight liveaboards (70 rooms). An additional four land-based properties (230 rooms) are scheduled to open by the end of 2025. There are a few sites earmarked for future accommodation projects.

Tour operators/guides: Koror has around 100 registered tour operators.

Assessment of tourism development prospects: Koror already has intensive tourism activity at its marine sites, as well as tourism developments on land. Tourism expansion is limited by the carrying capacities at RISL, although those limits have yet to be defined and can be offset by developing more visitor experiences to share the load. The expansion of accommodation supply is limited by investment barriers such as low occupancy rates for existing facilities and a lack of suitable land, although there are reportedly a few investment-ready sites. Residents have also expressed concerns about tourism expansion, particularly due to the limited capacity of supporting infrastructure such as sewage systems. Therefore, Koror's short- and medium-term prospects for serving high-value tourism lie in (i) strengthening the quality and environmental controls for marine experiences, (ii) improving the quality of existing accommodations, (iii) investing in supporting infrastructure, and (iv) developing more land-based tourism activities. Koror is well placed to achieve this with the state's commitment to sustainable tourism, but it would also benefit from having a tourism department and tourism plan to shape the future.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Infrastructure development (large- and small-scale).** Ensuring sewage and waste management meet current and future needs; pedestrian infrastructure (e.g., sidewalks, crossings, streetlights) to improve access, aesthetics, and safety.
- **Sustainable destination planning and monitoring.** Determining the carrying capacities at sites in RISL.
- **Visitor experience and product development.** Developing new cultural tours and activities.
- **Improving accommodation (reinvestment).** Improving the quality of existing accommodation supply.

East Babeldaob Cluster (Ngchesar, Melekeok, Ngial)

Ngchesar State



Population: 319 (2015)

Land mass: 41 km²

Current Destination Stage:



ENTRY-STAGE

Visitor Attractions

Marine attractions

- Ngelukes Conservation Area

Terrestrial attractions

Historic/cultural sites:

- Beluu er a Ngeruikl (traditional village)
- Iliud er a Mesial (stone platform)
- Kabekel (war canoe)

Nature-based sites:

- Mesekelat River/Waterfall
- Century Tree

Built attractions:

- Karmaliang Dock
- Tabrengesang Park

Future opportunities

- Ngersuul traditional village cultural tour
- Water activities e.g. kayak, Jet Ski, snorkeling

Overview: Ngchesar State, nestled on the eastern side of Babeldaob, is in the early stages of developing its tourism industry. It offers a tranquil and unspoiled environment with limited but meaningful visitor experiences. The state currently attracts a modest number of travelers seeking to explore its natural beauty, such as the Mesekelat River/Waterfall and the Ngelukes Conservation Area, alongside its cultural treasures, which include the oldest traditional war canoe in Palau.

Vision for tourism: “In 10 years, Ngchesar has at least one thriving eco-cultural tour offered as a Signature Product, with enabling mechanisms that support low-impact, high-end tourism development that minimizes environmental and social impacts.” (Ngchesar State Master Plan 2024–2034)

Tourism management: N/A

State planning: While the Ngchesar State Master Plan 2024–2034 has been prepared, it has not yet been adopted by the Ngchesar State Council. The plan includes the criteria for designated areas for tourism activities.

Conservation areas: Ngchesar has two conservation areas—Ngelukes Conservation Area and Mesekelat Conservation Area, both PAN sites. While these areas already have policies and guidelines, there are many practices that need to be subjected to more policies and/or regulations in the near future to help conserve and protect the natural, historic, cultural, and tourism sites.

Registered historic sites: Ngchesar has 10 historic sites, which include traditional villages, stone features, terraces, and historic remains.

Accommodation supply: None at this time.

Tour operators/guides: The state has one licensed tour operator.

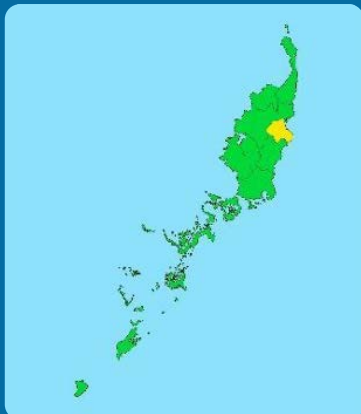
Assessment of tourism development prospects: Ngchesar State’s readiness for future tourism prospects is promising, with notable natural and cultural assets. However, expanding tourism in line with the vision for low-impact, high-end, eco-cultural tourism will require (i) regulating tourism practices to ensure environmental protection, (ii) investing in infrastructure to connect trails and improve access to key sites, (iii) ensuring a sufficient number of certified tour guides, (iv) engaging the community, (v) establishing effective tourism governance and planning, and (vi) developing tourism products and linkages.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Destination planning.** Developing a state eco-cultural tour product for low-impact, high-end tourism.
- **Visitor experience and product development.** Expanding marine activities to include kayaking and snorkeling.
- **Tourism linkages.** Increasing the visibility of handicrafts and package tours with locally prepared meals.
- **Skills and workforce development.** Implementing a state tour guide certification program to enhance service quality.
- **Community engagement.** Establishing a cultural tour of Ngersuul traditional village to engage visitors.
- **Infrastructure development.** Building trail bridges connecting key natural attractions like the Century Tree, Mesekelat River/Waterfall, and Jungle River.

East Babeldaob Cluster (Ngchesar, Melekeok, Ngaiul)

Melekeok State



Population: 318 (2020)

Land mass: 25 km²

Current Destination Stage:



EXPANDING

Visitor Attractions

Marine attractions

- Ngermedellim Marine Sanctuary (for snorkeling and diving)

Terrestrial attractions

Historic/cultural sites:

- Did el Bad er a Beriber and Odalmelech (stone features)
- Meteu el Klechem (dock)
- Bai Melekeong (traditional men's meeting house)
- Korean Memorial Park
- Bukl ra Techobei Hilltop

Nature-based sites:

- Ngardok Nature Reserve

Built attractions:

- Capitol Building
- Bailechesau Community Center

Future opportunities

- Btelulachang ra Such Park

Overview: Melekeok State has an expanding range of tourism offerings. Its marine lakes, significant cultural and historical sites, and the Capitol Building attract international visitors. The “Kingdom of the Northern Sky” tour exemplifies community-led tourism, offering visitors a journey from ancient villages to the modern Capitol Building. In 2024, Melekeok became the first state in upper Babeldaob to establish a premium resort. This positions Melekeok—and its neighboring states—to unlock new opportunities for local communities to develop tourism products to serve more international visitors. The state is committed to growing the tourism sector while protecting its natural assets through conservation management plans.

Vision for tourism: “Maximize the contribution of tourism to Melekeok’s economic development and self-sufficiency, through the appropriate balance of the conservation of Melekeok’s natural and cultural resources with their development for economic purposes.” (Melekeok State Master Plan 2023–2032 (Draft))

Tourism management: Melekeok has no tourism officer but plans to develop a tourism framework within the next 1–2 years to cover fees, maintenance plans, scheduling, training, customer service, and an overall tourism management plan.

State planning: Development has been guided by the Melekeok State Master Plan and Land Use Plan (2012). An updated Melekeok State Master Plan 2023–2032 has been drafted. The plan includes the criteria for designated areas for tourism activities, which will need to consider the risk of rising sea levels. Melekeok also has plans for conservation areas (see below).

Conservation areas: Melekeok has two conservation areas—Ngardok Lake Reserve and Ngermedellim Marine Sanctuary. The Ngardok Nature Reserve has a management plan and is supported by a US National Parks initiative to develop a sustainable tourism plan. There are similar plans for the Ngermedellim Marine Sanctuary. Melekeok also enforces the Historical and Cultural Preservation Overlay and the Ngermedellim Marine Sanctuary Act.

Registered historic sites: Melekeok has six registered historic sites, which are mainly land-based and consist of stone features and terraces.

Accommodation supply: The newly built, high-end Sunrise Sea View Landison Retreat is the only accommodation offered in Melekeok, with a capacity of 75 rooms. Together with Palau Beach Bungalows, the total accommodation supply in Melekeok is 79 rooms.

Tour operators/guides: There are no tour businesses currently registered in Melekeok.

Assessment of tourism development prospects: Melekeok is well positioned for medium-scale tourism growth in the short to medium term, especially with the recent opening of a new international resort, which will boost accommodation capacity and create opportunities for local product development. However, there are challenges that need to be addressed, including limited infrastructure, capacity for sustainable destination management, land use planning to account for rising sea levels, and workforce constraints. Melekeok can boost its appeal by partnering with neighboring states like Ngaiul and Ngchesar for packaged tours and diversified attractions. By making strategic investments, Melekeok can capitalize on ecotourism and cultural tourism opportunities.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

→ **Sustainable destination management.** Building capacity for the community in sustainable tourism operations; implementing sustainable management practices in conservation areas; land use planning for climate-resilient tourism.

→ **Infrastructure development.** Investing in infrastructure and services that support the state’s plan for eco-friendly tourism development, including roads, visitor facilities, visitor information center, and water and waste management.

East Babeldaob Cluster (Ngchesar, Melekeok, Ngial)

Ngial State



Population: 312 (2015)

Land mass: 17 km²

Current Destination Stage:



ENTRY-STAGE

Visitor Attractions

Marine attractions

- Ngemai Bay Conservation Area (for kayaking)
- Ngibtal Sunken Village (for snorkeling and diving)

Terrestrial attractions

Historic/cultural sites:

- Ngellau and Oregodel er a Bai
- Ngirngemelas Tomb
- Lukel a Tutau (Nest of the Morning Bird)
- Suallel a Iluochel (stone feature)

Nature-based sites:

- Orsoulkesol Waterfall
- Ngerbekuu Nature Reserve
- Livestock/upland farming

Built attractions:

- Ngirngemelas Square
- Imekang Dock

Future opportunities

- Community-based tourism experiences

Overview: Located on the east coast of Babeldaob, a 45-minute drive from Koror, Ngial is in the early stages of tourism development. It is part of the Alii Pass Program and offers a tranquil escape with its natural beauty and rich cultural heritage. This includes eco-tourism experiences such as kayaking through the peaceful Ngemai Conservation Area and hiking to the scenic Orsoulkesol Waterfall. Ngirngemelas Square statue tells the story of the sunken village and the legendary warrior Ngirngemelas, adding cultural depth to the state's offerings.

Vision for tourism: "Providing positive experiences for visitors of Ngial's natural and cultural heritage." (Ngial State Sustainable Ecotourism Management Plan 2023–2029)

Tourism management: Ngial does not currently have a designated tourism office or officer. Tourism sites' management is minimal, but there are plans to have a tourism department in the future.

State planning: The Ngial State Master Plan 2023–2033 is still in draft. Its land use plan provides a criteria for areas for developments of resorts, but the sites need to be identified. Other plans include the Ngial State Sustainable Ecotourism Management Plan 2023–2029 and the draft Mangrove Ecotourism in Ngial State Implementation Plan 2023.

Conservation areas: Ngial has two conservation areas—Ngemai Conservation Area and Ngerbekuu Nature Reserve, both ecotourism sites. The Ngemai Conservation Area protects the mangrove ecosystem, while the Ngerbekuu Nature Reserve is crucial for maintaining the freshwater ecosystem and includes the Orsoulkesol Waterfall.

Registered historic sites: Ngial has seven registered historic sites. The Ngebedech Terraces, or Ouballang ra Ngebedech, is on the UNESCO World Heritage tentative list for cultural attributes.

Accommodation supply: There is one accommodation provider, offering three rooms.

Tour operators/guides: Ngial has one tour operator.

Assessment of tourism development prospects: Ngial can benefit from collaborating with neighboring state Melekeok to provide visitor experiences that serve hotel guests staying nearby—specifically, products centered around balancing environmental conservation with economic opportunities. To develop small-scale tourism in the short to medium term, it will need to strengthen its tourism management body to oversee all tourism activities for the state. It will also need to invest in and maintain infrastructure, such as the Ngirngemelas Square and Imekang Dock, as well as new facilities. Furthermore, it should foster community involvement, linking local industries such as agriculture and crafts with tourism, while building capacity through skills development and training.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Destination governance.** Establishing a tourism management body to oversee operations, promote sustainable practices, and enhance infrastructure at key attractions.
- **Destination management.** Implementing the Ngial State Sustainable Ecotourism Management Plan 2023–2029 to guide development and conservation efforts.
- **Skills and workforce development.** Training and capacity building for the local tourism workforce.
- **Community engagement.** Engaging communities in tourism and linking local industries with tourism.
- **Destination marketing.** Strengthening marketing efforts to align with national tourism strategies.

West Babeldaob Cluster (Aimeliik, Ngatpang, Ngeremlengui, Ngardmau)

Aimeliik State



Population: 363 (2020)

Land mass: 38.7 km²

Current Destination Stage:



ENTRY-STAGE

Visitor Attractions

Terrestrial attractions

Historic/cultural sites:

- Bai Rekeai (traditional men's meeting house)
- Malsol's Tomb
- Ouballang er Ngermeliik (terrace)
- Stone feature—story of Ngerbung
- Remiang er a Medorm (sacred tree)
- Elderrir a Ruchub (stone feature)

Nature-based sites:

- Ngerderar Watershed Trail
- Continental feature (natural water pools)

Built attractions:

- Kamosang Dock
- Ngerderar Market

Future opportunities

- Ngerchebal Island
- Palau golf course
- Bai er a Lmuut, Bairebech
- Ngoterbekang traditional square pool
- Ngaremeduu Conservation Area

Overview: Aimeliik attracts a growing number of tourists exploring the southwest of Babeldaob by road who are interested in seeing its land-based cultural and historical sites. Ngatpang, Ngeremlengui, and Ngardmau are at different levels of market readiness. Through the Alii Pass program, Aimeliik offers a compelling visitor experience showcasing its culture and history. Aimeliik is also developing additional attractions, such as water activities at Ngerchebal Island (e.g., snorkeling and diving) and an ecotour for the Ngerderar Conservation Area.

Vision for tourism: “In 10 years, tourism revenues increase from land and marine activities operating under capacity caps that maintain environmental values, with the development of at least two additional sites.” (Aimeliik State Master Plan (Draft))

Tourism management: Aimeliik State has a tourism officer and a state visitors' office.

State planning: The Aimeliik State Master Plan draft is being finalized. The Aimeliik State Tourism Plan, which includes the Ameliik System of Conservation Areas Ecotourism Management Plan, is being drafted.

Conservation areas: Aimeliik has six conservation areas (terrestrial and marine)—Ngaremeduu Conservation Area (shared with Ngatpang and Ngeremlengui states), Ngerchebal Island, Badelchedib Conservation Area, Imul Mangrove Conservation Area, Aimeliik Marine Reef Sanctuary (PAN site), and Ngerderar Watershed (PAN site). The Ngerderar Watershed is the only terrestrial conservation area in the state. The Ngaremeduu Conservation Area, a UNESCO Biosphere Reserve, is currently the focus of a sustainable tourism planning initiative supported by the US National Park Service.

Registered historic sites: Aimeliik has 15 registered historic sites, which include stone features, traditional villages, terraces, and sacred sites.

Accommodation supply: None at this time.

Tour operators/guides: None at this time.

Assessment of tourism development prospects: Tourism is a priority sector in Aimeliik, with budget allocations in place for its development. Existing attractions, such as the Ngerderar trail, would benefit from enhancements that improve their market readiness. There are also opportunities to develop visitor experiences, such as water activities at Ngerchebal. The absence of a state tourism plan has been a barrier to development; however, a tourism officer is currently leading the effort to draft a state tourism plan. This will position Aimeliik well for the sustainable development of small-scale tourism in the medium term. The plan will identify the specific needs of each site and inform the following steps to develop them into market-ready products. Collaboration with other member states of Dmakeiukl will support a clustered approach to tourism development whereby states can work together to share tourism resources and benefits and sustainably manage visitor flows as numbers grow.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- ➔ **Destination planning.** Conducting a destination audit to assess market readiness and identify priorities for tourism infrastructure and services; developing a state tourism plan.
- ➔ **Skills development for tourism.** Building capacity for a skilled tourism workforce.
- ➔ **Visitor experience and product development.** Developing new cultural tours and experiences at sites with identified potential.

West Babeldaob Cluster (Aimeliik, Ngatpang, Ngeremlengui, Ngardmau)

Ngatpang State



Population: 289 (2015)

Land mass: 40 km²

Current Destination Stage:



ENTRY-STAGE

Visitor Attractions

Terrestrial attractions

Historic/cultural sites:

- Ngerdubech Trail
- Sidang Sireib and Wakui (historic remains)
- Beluu er a Ngimis (traditional village)
- Ngerebadelmangel (stone feature)
- Ngersois (bathing pool)

Nature-based sites:

- Tabecheding Waterfall

Built attractions:

- Kokusai Park

Future opportunities

- Kamosang Dock as a base for ecotourism experiences, fishing farm attraction, and sea cucumber rejuvenation
- Telikeu (for agri-tourism)
- Traditional villages
- Stone platforms
- Historic remains
- Palaun cultural center

Overview: Ngatpang State in central Babeldaob offers a blend of cultural and natural attractions, including the Tabecheding Waterfall and the Ngerdubech Trail. Kokusai Park, a hub for cultural events, community gatherings, and visitor engagement, also plays a pivotal role in the state's cultural and tourism landscape. Several attractions are open to visitors, but many sites are still being planned or developed and have limited visitor facilities. The state has about 20 to 30 visitors annually.

Vision for tourism: "In 10 years, Ngatpang is making use of our assets (cultural, historical, and natural sites) to substantially increase revenue from tourism through ecotourism in multiple sites (including new ones like community parks), prioritizing local labor, and supporting the development of homestays, bungalows, and restaurants, so that sites are preserved and help the future generation to know more about their history and culture." (Ngatpang State Master Plan 2024–2029 (Draft))

Tourism management: Ngatpang does not currently have a tourism office.

State planning: The Ngatpang Protected Areas Network Plan (2024) and the Ngatpang Historical and Cultural Preservation Plan are in place. The draft Ngatpang State Master Plan 2024–2029 is expected to be enacted by the end of 2024. Ngatpang also has plans for conservation areas (see below).

Conservation areas: Ngatpang has four conservation areas—Oruaul Ibuchel Conservation Area, Iuul Conservation Area, Olterukl Conservation Area, and Ngaremeduu Conservation Area (shared with Ngeremlengui and Aimeliik states). The Ngaremeduu Conservation Area, a UNESCO Biosphere Reserve, is currently the focus of a sustainable tourism planning initiative supported by the US National Park Service.

Registered historic sites: The 14 registered historic sites include cultural and historical features, such as stone features, WWII remains, and traditional villages.

Accommodation supply: None at this time.

Tour operators/guides: Ngatpang has one licensed tour operator.

Assessment of tourism development prospects: Ngatpang is strengthening its foundations for tourism by investing in large-scale projects, such as improvements to Kamesang Dock and road paving, and smaller initiatives, such as enhancing the Sidang Sireib Loop Trail and improving access to key attractions. These efforts, together with the state's natural and cultural assets, and its commitment to prioritize sustainable growth through environmental and cultural preservation, position Ngatpang as an emerging ecotourism destination. This can be realized in the short to medium term with more investments in supporting small-scale infrastructure at sites and the development of a state tourism management plan. Collaborating with neighboring states of the West Babeldaob Dmakeiukl cluster will support this.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- ➔ **Visitor experience and product development.** Enhancing the Ngerdubech Trail and other cultural sites; establishing a cultural center to promote Palauan traditions and ecotourism.
- ➔ **Sustainable destination management.** Strengthening conservation efforts through the PAN and local engagement.
- ➔ **Infrastructure development.** Investing in infrastructure such as a visitor center and site enhancements to support ecotourism and expand local businesses.

West Babeldaob Cluster (Aimeliik, Ngatpang, Ngeremlengui, Ngardmau)

Ngeremlengui



Population: 349 (2020)

Land mass: 68 km²

Current Destination Stage:



YET-TO-ENGAGE

Visitor Attractions

Terrestrial attractions

Historic/cultural sites:

- Beluu er a Ngerutechei (traditional village)

Nature-based sites:

- Ngermeskang Bird Sanctuary

Built attractions:

- Palau Community College
- Hatchery

Future opportunities

- Ngeruach Mountain
- Chetireuir Mountain

Overview: Ngeremlengui, in the west-central part of Babeldaob, is the largest state in Palau by land area. While its economy relies heavily on subsistence agriculture and fishing, the state is gradually opening up to tourism. It has some attractions: Beluu er a Ngerutechei (a traditional village) and Ngermeskang Bird Sanctuary, a Protected Area Network (PAN) site. On the nearshore reef are marine protected areas that are ideal snorkel sites while it is the only state on the west Babeldaob (and Melekeok on the East) which has seasonal upwelling waves for the surfing enthusiast. However, the lack of infrastructure and limited market readiness means it does not attract many visitors outside of locals and visiting friends of locals from the region.

Vision for tourism: “Strengthen partnerships to use historical sites in Imeong, Ngerutechei, Ngeremetengel, Ngchemsed, and Ngereklongong hamlets as tourist sites are in place and in 10+ years, these sites are restored and created for use as a tourism sites and cultural learning centers.” (Ngeremlengui State Master Plan (2025))

Tourism management: Ngeremlengui does not have a dedicated tourism office or officer.

State planning: The Ngeremlengui State Development Master Plan is inclusive of a land use plan and zoning. Ngeremlengui also has plans for conservations areas (see below).

Conservation areas: Ngeremlengui has three major conservation areas—Ngaremeduu Conservation Area (shared with Ngatpang and Aimeliik states), Ngermeskang Bird Sanctuary, and Ngeremeskang Conservation Area. The Ngaremeduu Conservation Area, a UNESCO Biosphere Reserve, is currently the focus of a sustainable tourism planning initiative supported by the US National Park Service. The Ngermeskang Bird Sanctuary Management Plan 2024–2028 guides the management of this PAN site established in 2013. There are marine protected areas as well.

Registered historic sites: Ngeremlengui has 16 registered historic sites, which include stone features, traditional villages, caves, and WWII remains.

Accommodation supply: None at this time.

Tour operators/guides: State rangers provide guided tours at Ngeremeskang Bird Sanctuary upon request. Historic site tours can be arranged through the State Office. Local boats can be hired for snorkeling and fishing.

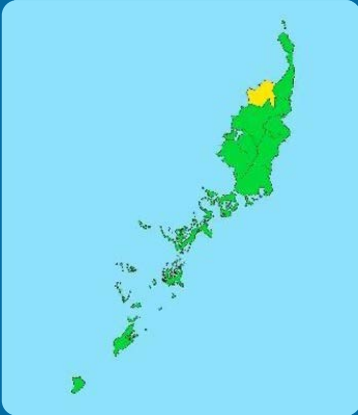
Assessment of tourism development prospects: Ngeremlengui has extensive natural and cultural assets with prospects for small-scale sustainable tourism. The state supports aquaculture with 25 giant clam farms, has revitalized collective farming with upland taro and tapioca gardens, and developed MSMEs through tourism initiatives. To grow as an ecotourism destination—linked to neighboring Dmakeiukl states in the west Babeldaob cluster—Ngeremlengui must strengthen tourism-enabling beginning with increasing human resource residency and capacity as well as building necessary infrastructure and visitor facilities. With careful management and investment, the state has the potential to attract visitors seeking eco-friendly and culturally immersive experiences while preserving its environment and traditions.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Destination planning.** Improving tourism readiness with sustainability by preparing a tourism plan.
- **Destination management governance.** Improving tourism readiness by establishing a tourism office.
- **Visitor experience and product development.** Improving and promoting existing sites; recording state-specific cultural and traditional stories and practices as intangible cultural assets.
- **Skills development for tourism.** Introducing tour guide training and capacity building programs, incorporating the above cultural knowledge.
- **MSME development.** Supporting the growth of tourism-related businesses (accommodation and specialty services).

West Babeldaob Cluster (Aimeliik, Ngatpang, Ngeremlengui, Ngardmau)

Ngardmau State



Population: 238 (2020)

Land mass: 30 km²

Current Destination Stage:



EMERGING

Visitor Attractions

Marine attractions

- Ileakl beluu Marine Conservation Area (for diving)

Terrestrial attractions

Historic/cultural sites:

- Japanese Jinja Shrine
- Urdmang and Beluu er a Ngerutoi (traditional villages)

Nature-based sites:

- Medal a lechad and Ongimii (waterfalls)
- Chemutii Wildland

Built attractions:

- Bdelulachang State Park
- Mt. Ngerhelchuus Park

Future opportunities

- Tours of historic Japanese bauxite mining site
- Mesei and bong taro field tour
- Coastal kayak tours
- War relics tour

Overview: Ngardmau is home to one of Palau's most visited attractions—the Ngardmau (or Medal a lechad) waterfall, which is the highest in Palau. Since first attracting visitors in the 1980s, the state has developed the site to include better walkways, a customer service office, a parking lot, and regular maintenance. It currently attracts around 20,000 visitors each year. In recent years, the state has identified additional attractions such as the Japanese Jinja Shrine and bauxite mining sites. As an emerging destination, Ngardmau provides a few market-ready attractions and experiences for visitors, but it is currently working on more experiences.

Vision for tourism: “To develop a locally-grown ecotourism industry, focused on sustainability and preserving cultural heritage. The vision includes strengthening community participation and ownership in the tourism sector to ensure intergenerational benefits.” (Ngardmau State Sustainable Ecotourism Management Plan 2023–2029 (Draft))

Tourism management: Ngardmau State has an established tourism management system led by the state's Department of Tourism. The department is responsible for marketing tours, collecting fees, training and certifying tour guides and operators, and ensuring compliance with tourism regulations.

State planning: Ngardmau is guided by the Ngardmau State Master Plan 2023–2028, which was enacted in April 2024. The state is currently drafting its Sustainable Ecotourism Management Plan 2023–2029, which aims to address priority developments on identified tourism sites.

Conservation areas: Ngardmau has four conservation areas—Ngermasech Marine Conservation Area, Ileakl beluu Marine Conservation Area, Ngerchelchuus Conservation Area, and the “Taki” Conservation Area for the Ngardmau (or Medal a lechad) Waterfall.

Registered historic sites: The state has 15 registered historic sites, which include WWII Japanese remains, traditional villages, water wells, caves, and terraces.

Accommodation supply: None at this time.

Tour operators/guides: There are two registered tour operators.

Assessment of tourism development prospects: Ngardmau State has the potential to grow tourism by focusing on (i) developing well-managed tourism packages such as the mesei and bong taro field tour and the Japanese bauxite mining tour, (ii) introducing new experiences such as kayak tours and war relics tour, (iii) improving infrastructure such as roads and visitor facilities, and (iv) building a skilled local workforce through training programs. Collaboration with member states of the Dmakeiukl cluster of West Babeldaob states could be valuable for managing higher numbers of visitors, allowing members to share resources and coordinate tourist flows with neighboring states.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

→ **Destination management.** Implementing the Ngardmau State Sustainable Ecotourism Management Plan 2023–2029.

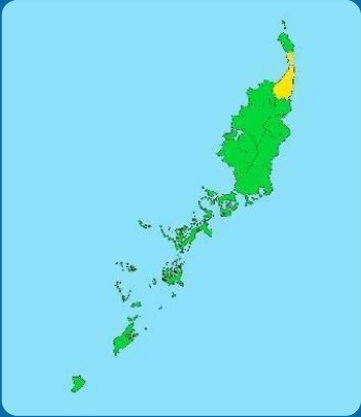
→ **Visitor experience and product development.** Enhancing existing sites and introducing new experiences.

→ **Infrastructure development.** Improving roads, visitor facilities, and access to key sites.

→ **Skills and workforce development.** Investing in training and certification programs for the local workforce.

Far North Coast and Islands Cluster (Ngaraard, Ngarchelong, Kayangel)

Ngaraard State



Population: 396 (2020)
Land mass: 28 km²
Current Destination Stage:
 EMERGING

Visitor Attractions

Marine attractions

- Brt Mangrove Tour (traditional raft tour)

Terrestrial attractions

Historic/cultural sites:

- Ngerchokl Fountain of Youth
- Olebakelderau—Love Story of Tulei and Surech (petroglyph)
- Prince Takamatsu Monument
- Ngaraard mesei tours and demok demo (agri-tours)
- Bai er a Ngaruau (traditional village)
- Burial of Surech’s Head
- Kuabes State Park
- Beriber (ancient structure)
- Monument of Maderangebuked

Built attractions:

- Coral regeneration activity

- Overview:** Ngaraard is about a 30-minute drive north of Palau International Airport. It offers several tourism sites, including both land and marine attractions. Since joining the Alii Pass program in 2022, Ngaraard has worked with agencies such as the Sasakawa Peace Foundation for capacity-building training and tour packages. The state promotes its tour theme “Discover Ngaraard, Trails of Legends and Lore,” which invites visitors to experience landmarks such as the Ngerchokl Fountain of Youth and the Olebakelderau (Love Story of Tulei and Surech) petroglyph, among other attractions. This has contributed to the increasing number of visitors, currently around 30 to 40 people per month.
- Vision for tourism:** “We the people of Ngaraard want to enjoy our marine and terrestrial resources for a long period of time to come while we also want to generate income through eco-friendly tourism for people to see and appreciate our heritage.” (As shared during stakeholder consultations in 2024).
- Tourism management:** The state recently established a tourism office with a Chief of the Division of Community, Cultural and Tourism under the Office of the Governor.
- State planning:** The Ngaraard State Master Plan (June 2023) is being reviewed by the legislature for approval. It includes land use plans with identified zones for resorts and visitor activity. Ngaraard also has plans for conservation areas (see below).
- Conservation areas:** Ngaraard has seven conservation areas—Ongiil Conservation Area, Ngerkall Lake Conservation Area, Metmellasech Watershed Conservation Area, Diong ra Ngerchokl Conservation Area, Ungellel Conservation Area, West Coast Conservation Area, and East Coast Conservation Area. The state’s Kerradel Conservation Network Management Plan (2018–2023) focuses on managing these PAN sites.
- Registered historic sites:** Ngaraard has 13 registered historic sites, which include various stone features and traditional villages, a petroglyph, traditional bathing pools, the landmark Tangelbad, and an underwater fortress.
- Accommodation supply:** Five accommodations operate in the state, totaling 14 rooms.
- Tour operators/guides:** None at this time.
- Assessment of tourism development prospects:** Ngaraard State offers exciting opportunities for sustainable tourism growth, with its rich natural and cultural heritage ready to be explored. However, several areas need attention for development. The first steps include establishing a tourism office, securing a budget, and improving tourism planning. Personnel also need to be recruited to maintain all sites, especially non-conservation areas, as only conservation sites are currently covered. There is also a need to enhance transport infrastructure and accommodations to improve visitor accessibility and experience. Additionally, more robust community engagement and the development of more market-ready products are essential. While existing facilities are sufficient for visitors, partnering with neighboring states can help optimize resources and ensure tourism growth while minimizing environmental and cultural impacts.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- ➔ **Destination management governance.** Establishing a tourism department with a dedicated budget to coordinate and implement the state’s tourism operations.
- ➔ **Infrastructure development.** Improving resting areas and visitor facilities to support the growing number of tourists.
- ➔ **Skills development.** Building local workforce capacity for site management and tourism department operations.
- ➔ **Community engagement.** Involving local communities and linking tourism with local industries for sustainable benefits.

Sources: Ngaraard State representatives (interview, September 2024); Ngaraard State Master Plan, June 2023 (Draft); Kerradel Conservation Network Management Plan (2018–2023); and PVA data and printed/online information resources.

Far North Coast and Islands Cluster (Ngaraard, Ngarchelong, Kayangel)

Ngarchelong



Population: 384 (2015)

Land mass: 10 km²

Current Destination Stage:



EMERGING

Visitor Attractions

Marine attractions

- Ebiil Conservation Area (for educational tours)

Terrestrial attractions

Historic/cultural sites:

- Toluk el Bad, Tet el Bad, and Kukau el Bad (stone features)
- Euatel er a Ngerbau (fortress)
- Todai (Japanese lighthouse)
- Badrulchau (stone monoliths)
- Diong er a Teluat and Diong er a Oteloi (traditional bathing pools)
- Ngerkeklau Island
- Ngerbau Boardwalk

Built attractions:

- Two popular restaurants

Future opportunities

- Accommodation development and guided terrestrial tours
- Visitor experiences at traditional villages (Ngermetong and Ngeiungel)

Overview: Ngarchelong, located at the northern tip of Babeldaob, about 50 miles from Palau International Airport, is an emerging destination that aims to harmonize tourism growth with conservation. The state plans to enhance infrastructure that supports tourism while preserving its natural and cultural heritage. The state's three main attractions (Todai Lighthouse, Badrulchau stone monoliths, and Ebiil Conservation Area) are partially market-ready, with basic visitor facilities, consistent operating hours, and an entry fee of USD5 per site.

Vision for tourism: *"In the next decade, Ngarchelong envisions a sustainably developed tourism industry that harmonizes growth with conservation, welcoming more visitors while protecting the state's cultural and environmental integrity."* (Ngarchelong State Master Plan 2024–2034)

Tourism management: Ngarchelong is working to establish a dedicated tourism office with an officer within the next four years.

State planning: The Ngarchelong State Master Plan 2024–2034 highlights the state's commitment to enhancing tourism infrastructure and promoting cultural and natural tourism experiences. Key focus areas include finalizing a comprehensive tourism plan, upgrading access and facilities at crucial heritage and conservation sites, and expanding tour services. Close collaboration with partnering agencies focused on nature conservation, preserving cultural heritage, and supporting rural communities ensures a focus on sustainable tourism development.

Conservation areas: Ngarchelong has four conservation areas—Ebiil Conservation Area, Ermang Mangrove Area, Ngarkeklau Island, and Northern Reefs (Ngerael) for catch and release activities.

Registered historic sites: Ngarchelong has 16 registered historic sites. These include traditional sites such as fortresses and stone features, historical sites such as the WWII Japanese Lighthouse remains and terraces, and other cultural sites. The Tet el Bad stone coffin is on the UNESCO World Heritage tentative list for cultural attributes.

Accommodation supply: None at this time, but there are plans to encourage the development of small low-impact accommodations that reflect the standards of eco-based tourism.

Tour operators/guides: Ngarchelong has one tour agency on-site and other freelance guides for private tours.

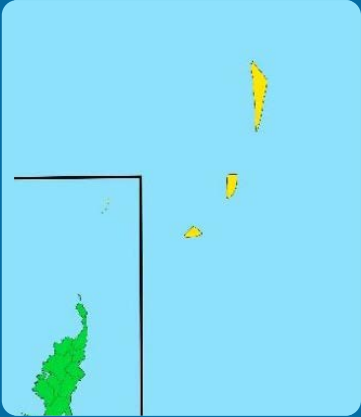
Assessment of tourism development prospects: Ngarchelong is positioned to progress small-scale tourism development in the short to medium term, with ongoing projects to enhance dock facilities, water supply, and visitor amenities setting the stage for growth. Plans to develop accommodations and formal tour services to capitalize on culture and nature-based assets (marine and terrestrial) can be achieved in the medium to long term. Central to this vision is the plan to develop community-centered tourism that engage the community closely for full ownership and management of products and services. Achieving this vision will require education and training, securing investments, fostering community and governmental support, and upgrading visitor-friendly infrastructures. By integrating these efforts with neighboring states such as Ngaraard and Kayangel, Ngarchelong can build a competitive sustainable tourism offering.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Destination planning.** Developing a comprehensive tourism management plan.
- **Infrastructure development.** Developing accommodation, infrastructure, and accessibility at key sites.
- **Skills and workforce development.** Establishing a tour guide certification program.
- **Sustainable destination management.** Promoting sustainable tourism practices in collaboration with various national government incentives and initiatives.

Far North Coast and Islands Cluster (Ngaraard, Ngarchelong, Kayangel)

Kayangel State



Population: 41 (2015)
Land mass: 1.78 km²
Current Destination Stage:

 ENTRY-STAGE

Visitor Attractions

Marine attractions

- Ngeruangel Marine Reserve (for diving, snorkeling, and catch and release fishing)

Terrestrial attractions

Historic/cultural sites:

- Meduu el Bai, Bai er a Ngerurou, and Bai er a Ngerbesang (traditional meeting houses/stone platforms)
- Diong er a Olekang, Diong er a Dokou, Diong er a Orukei, and Diong er a Chermang (traditional bathing areas)

Nature-based sites:

- Ngeriungs Bird Sanctuary
- Ngkesol Conservation Area (for diving and fishing)
- Sori Beach

Future opportunities

- Boutique accommodation development with seaplane access

- Overview:** This picturesque atoll’s four islands, pristine lagoon, sandy beaches, and coconut palms attract a handful of visitors annually. Located 25 miles north of Babeldaob, access to Kayangel can be challenging, and boat trips must be arranged in advance. The main attractions are diving, snorkeling, and catch and release fishing in Ngeruangel Marine Reserve, along with visits to the Ngeriungs Bird Sanctuary and cultural sites like traditional meeting houses and bathing areas. While not considered “market-ready,” the state aims to grow its tourism offerings sustainably.
- Vision for tourism:** “In 10 years, Kayangel’s tourism industry has doubled to include more sites, more visitors, and more people working in the industry, leading to more income for the State and families, while minimizing negative consequences.” (Kayangel State Master Plan 2024–2034 (Draft))
- Tourism management:** Kayangel does not currently have a state tourism office or officer; however, it intends to establish a tourism office within four years.
- State planning:** The draft Kayangel State Master Plan 2024–2034 will be finalized in 2024. It identifies tourism priorities, including an intention to prepare a tourism plan within two years. The Kayangel PAN Management Plan 2020–2025 also serves its six PAN sites.
- Conservation areas:** Kayangel has five conservation areas—Ngeruangel Marine Reserve, Ngkesol Barrier Reef, Chermall Forest Preserve, Ngeriungs Bird Sanctuary, and Ngerusebek Forest Preserve, which are all PAN sites.
- Registered historic sites:** Kayangel has nine registered historic sites, including traditional bathing pools that are unique to the state and have high tourism potential.
- Accommodation supply:** One property (with two rooms) is currently licensed, while two other accommodations are available. The state plans to increase accommodation supply within eight years. Two sites have been identified for development.
- Tour operators/guides:** The state has no licensed guides, but a transfer service is available to visitors.
- Assessment of tourism development prospects:** Kayangel has the potential, in the medium term, to attract a growing but small number of tourists wanting to explore beyond Koror and Babeldaob. This requires planning, investment in access and enabling infrastructure, and training to develop the state’s marine and terrestrial assets into market-ready, sustainable tourism products. However, such development will need to remain small-scale due to the state’s remoteness, size, environmental fragility, small population, and infrastructure constraints. Small-scale development will also help maintain the state’s “untouched” appeal.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- ➔ **Destination planning.** Improving tourism readiness by preparing a tourism plan, establishing a tourism office, and introducing tour guide training and capacity building programs.
- ➔ **Visitor experience and product development.** Developing tourism products (medium term); increasing accommodation supply (longer term).
- ➔ **Infrastructure development.** Strengthening local infrastructure and services (water quality, waste management) and fostering produce linkages with tourism.
- ➔ **Sustainable destination management.** Maintaining cultural sites, managing terrestrial resources, and developing produce linkages with tourism.

Sources: Kayangel State representatives (interview, May 2024); Kayangel State Master Plan 2024–2034 (Draft); Kayangel State user fees; Kayangel boat fare rate; and PVA data and printed/online information resources.

Near South Islands Cluster (Peleliu, Angaur)

Peleliu State



Population: 470 (2015)

Land mass: 19 km²

Current Destination Stage:



EXPANDING

Visitor Attractions

Marine attractions

- Orange Beach, White Beach, Scarlet Beach, and Honeymoon Beach
- Ngarmelt Swimming Hole

Terrestrial attractions

Historic/cultural sites:

- Peleliu Battlefield landmark
- 1,000 Man Cave
- Bloody Nose Ridge
- WWII remains

Nature-based sites:

- Lekes Bird Sanctuary
- Forest of Hope

Built attractions:

- Monuments
- Peleliu Peace Memorial Park
- Peleliu World War II Museum

Future opportunities

- Various cultural, historic, and nature-based visitor experiences

Overview: Peleliu has a rich World War II history that appeals to a niche travel segment. Notable sites include the famous Bloody Nose Ridge, the WWII Museum (currently under renovation), and several Japanese memorials and bunkers. Peleliu also boasts marine activities and natural attractions. The Lekes Bird Sanctuary and the proposed conservation area, Forest of Hope, enhance the state's ecotourism potential. Peleliu attracts around 50 tourists per month during the low season and up to 300 tourists per month in the high season. Its small airport is serviced by Smile Air Inc. and Pacific Mission Aviation through chartered flights, and boat services operate from Koror four times a week. One-day tours are also available from tour companies based in Koror, which is a 1.5-hour boat ride away. While many of its attractions are not fully developed, Peleliu is actively working toward improving its tourism offerings through infrastructure improvements, conservation efforts, and sustainable tourism management.

Vision for tourism: "Eco-friendly tourism that is sustainable, smarter through innovation and digital transformation, promoting local Peleliu businesses and entrepreneurship, create more jobs for locals and better training."

Tourism management: Peleliu has a tourism office with 20 employees (a mix of state office employees and state rangers) managing state attractions and visitor experiences. Plans are being made to establish a dedicated tourism department to improve the coordination of tourism activities and infrastructure management.

State planning: The Peleliu State Master Plan is in draft, and the land use plan has yet to be completed.

Conservation areas: Peleliu has one conservation area—Teluleu Conservation Area.

Registered historic sites: The state has six registered historic sites, which include traditional villages, the Iler a Irur cave, the Taoch er a Ngebungel dock, the Peleliu Shell Midden, and the famous Peleliu Battlefield landmark.

Accommodation supply: There are 10 operating accommodations, totaling 64 rooms. There are a few sites with reported potential for future accommodation projects.

Tour operators/guides: Peleliu has two licensed tour operators.

Assessment of tourism development prospects: Peleliu has strong potential as a historical and ecotourism destination. In the short term, this requires (i) investing in small-scale infrastructure at key visitor sites (e.g., renewing old floating docks, adding bathroom facilities), (ii) training local guides to lead tours, with foreign guides as translators, (iii) establishing a tourism department to enhance these efforts, (iv) preserving historic sites (e.g., the WWII Museum with professional expertise), (v) improving signage, (vi) improving online marketing (via a state website), (vii) improving communication with private companies to manage walk-in and reserved tours, and (viii) training programs in customer service and tourism operations. This will help professionalize the industry and ensure the supply is market-ready. Furthermore, planned improvements to the airstrip will support the future prospects for tourism.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- ➔ **Destination management governance.** Establishing a tourism department and improving communication with private companies to streamline tour coordination.
- ➔ **Visitor experience and product development.** Enhancing visitor facilities with bathrooms and better signages at sites.
- ➔ **Destination marketing.** Creating a state website.
- ➔ **Skills development and community engagement.** Providing training for locals in tour guiding, as well as training for customer service and tourism business management to professionalize the industry and encourage local involvement.

Near South Islands Cluster (Peleliu, Angaur)

Angaur State



Population: 141 (2020)

Land mass: 8 km²

Current Destination Stage:



ENTRY-STAGE

Visitor Attractions

Marine attractions

- Kerker and Lukes sites (for guided diving and snorkeling)

Terrestrial attractions

Historic/cultural sites:

- Home of Uab (giant)
- Melech WWII monument
- Olsechall er a Ruchel (stone platform; restricted area)
- Diong ra Ngedloch (bathing pool)
- Phosphate drying plant (Blailebakl)
- Locomotive (German first car)
- Olekull cemetery
- German grave

Built attractions:

- Shrine of Santa Maria

Future opportunities

- Wellness center
- Bike competitions
- Camping and other niche accommodation

Overview: Angaur State, known as the birthplace of the legendary giant Uab, holds a special place in Palauan tradition as the origin of Palau itself, where Uab's fall gave birth to the islands. Lukes, a marine visitor attraction for diving, is the place where Latmikaik gave birth to Uab. Today, Angaur offers seclusion and tranquility, attracting a small number of long-stay visitors seeking a peaceful environment for reflection and creativity (e.g., writers). Angaur has long protected its environment and local way of life, safeguarding coral species and managing resources independently from the PAN. Angaur is accessible via a two-hour boat ride from Koror and a 30-minute boat ride from Peleliu, but scheduled services are unreliable, making access a barrier to tourism. However, visitors can arrange their own transport. With minimal tourism infrastructure and a focus on preserving its natural and cultural heritage, Angaur is gradually developing a niche for low-impact tourism, balancing visitor experiences with the protection of its unique environment and local way of life.

Vision for tourism: Tourism will be the cornerstone of Angaur's economic development, where the community supports long-term stays for professionals seeking seclusion to focus on projects like writing or research. Visitors will be drawn to the peaceful, nature-filled environment, perfect for wellness activities such as swimming, biking, and jogging in serene solitude, and the state has been marketed as a long-stay destination.

Tourism management: None due to limited funding.

State planning: The Angaur State Master Plan has been finalized.

Conservation areas: Angaur has one conservation area—Angaur Permanent Conservation Area.

Registered historic sites: The state has eight registered historic sites, which include traditional villages, historic remains, and stone platforms.

Accommodation supply: A few homestays and camping are available. There is interest in expanding this.

Tour operators/guides: These are available upon request through the state office.

Assessment of tourism development prospects: The state aims to attract more long-term visitors, such as those seeking seclusion for activities like research or writing. To achieve this, it plans to expand niche accommodation, such as private home rentals, bungalows, tiny homes, and luxury tents. However, this may be limited by access and other infrastructure in the short to medium term. Pursuing low-impact tourism while preserving the environment and culture will require finalizing the state's tourism master plan, which will define the steps to achieve this vision. This plan should include training in hospitality and sustainable practices for the local community, as well as securing partnerships to fund accommodation development. Enhanced marketing efforts and local capacity building will further support the state's growth as a unique long-stay destination.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

→ **Destination planning.** Conducting a destination audit to assess market readiness and identify priorities for tourism infrastructure and services; developing a state tourism plan.

→ **Skills and workforce development.** Building capacity for a skilled tourism workforce.

→ **Visitor experience and product development.** Developing accommodations focused on long-stay services.

Far South Islands Cluster (Sonsorol, Hatohobei)

Sonsorol State



Population: 53 (2015)

Land mass: 3 km²

Current Destination Stage:



ENTRY-STAGE

Visitor Attractions

Marine attractions

- Sonsorol Reef (for diving)
- Pulo Anna (diving spot)

Terrestrial attractions

Historic/cultural sites:

- Faremau (traditional community hut)
- Japanese World War II remains

Nature-based sites:

- Fanna Island

Future opportunities

- Servicing liveaboards

Overview: Sonsorol's isolation has preserved the four islands' natural beauty and rich cultural heritage. The state's collaboration with liveaboards brings in a small number of visitors who contribute to tourism revenues. Apart from dive liveboard visitors, the Ryoma Liveboard offers tourists the chance to visit on one of four trips per year; however, the trip takes five days and is expensive. The infrequent transportation and a lack of infrastructure like accommodations and tourist facilities limit broader tourism growth. Additionally, the absence of formal tourism management keeps Sonsorol's tourism sector in its infancy.

Vision for tourism: "Within 10 years, Sonsorol State is capitalizing on existing tourism to a greater extent, has a detailed Tourism Plan in place, is building a foundation for future tourism, and an increasing number of community members promote Sonsorol's islands and cultures by showcasing and selling their local and unique products and crafts to tourists and local consumers." (Sonsorol State Master Plan 2024–2034 (Draft))

Tourism management: Sonsorol currently has no tourism officers.

State planning: The Sonsorol Master Plan 2024–2034 is still in draft. The plan emphasizes sustainable development, cultural preservation, and local industry enhancement. Zoning regulations to protect natural resources are also in draft.

Conservation areas: Sonsorol has one conservation area—Merir Conservation Area.

Registered historic sites: The state has three registered historic sites—Ringal (a traditional village), a Japanese defensive complex, and a Japanese defense fortification.

Accommodation supply: None at this time.

Tour operators/guides: None at this time.

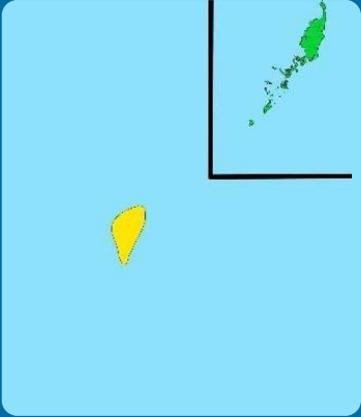
Assessment of tourism development prospects: Sonsorol's remote location and limited infrastructure are not conducive to large-scale tourism development currently. However, this also ensures that the islands remain an untouched paradise with opportunities for small-scale niche tourism. Sonsorol has the potential to position itself as a unique destination for ecotourism and cultural tourism, which will require strategic investments in infrastructure, human capacity building, and sustainable practices. It will also need to be supported by better collaboration with the private sector (liveaboards) and stronger ties with the national government.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- **Destination planning.** Developing a tourism plan that aligns with cultural and environmental goals.
- **Skills and workforce development.** Building local capacity to manage and sustain tourism operations.
- **Infrastructure development.** Implementing small-scale infrastructure projects that support sustainable tourism, such as eco-friendly accommodations and transportation solutions.
- **Destination marketing.** Promoting Sonsorol's cultural and natural heritage as key attractions for niche tourism markets.

Far South Islands Cluster (Sonsorol, Hatohobei)

Hatohobei State



Population: 39 (2020)
Land mass: 0.63 km²
Current Destination Stage:
ENTRY-STAGE

Visitor Attractions

Marine attractions

- Helen Reef (for diving)

Terrestrial attractions

Historic/cultural sites:

- Iporu (traditional village)
- Matahong (WWII Japanese radio station remains)
- Bonuyong (WWII Japanese living quarters)

Future opportunities

- Mihari Japanese Lookout remains

- Overview:** Hatohobei, the most remote state in Palau, is known for its primary tourism asset—the Helen Reef. This biodiverse haven for scuba divers has over 530 species of reef fish, 282 species of hard coral, and endangered sea turtles and seabirds. Although its remoteness, limited infrastructure, and small population restrict tourism, Helen Reef attracts a few dive boats annually. The state aims to offer more land-based activities to enhance visitor experiences by developing small-scale tourism products.
- Vision for tourism:** “In 10 years, Hatohobei offers new tourism products and local residents will be employed in the tourism industry.” (Hatohobei State Master Plan FY2024–2034 (Draft))
- Tourism management:** Hatohobei currently does not have a tourism office or officer.
- State planning:** The Hatohobei State Master Plan FY2024–2034 is in draft. The plan identifies areas for resort and facilities. A PAN Helen Reef Management Plan 2011–2016 continues to guide the protection of the area.
- Conservation areas:** Hatohobei has one conservation area—Helen Reef Conservation Area, which is a PAN site.
- Registered historic sites:** Hatohobei has five registered historic sites, consisting of two cultural and three historical sites. This includes WWII remains, a traditional burial site, and a traditional canoe house.
- Accommodation supply:** None at this time.
- Tour operators/guides:** None at this time, but the state intends to have one in the near future.
- Assessment of tourism development prospects:** While Hatohobei is not positioned for large-scale tourism development due to its remoteness, limited infrastructure, and small population, the state can generate some tourism income in the short term by developing market-ready sites for dive liveaboard visitors. This will require investment in amenities at noted sites and the development of guided tours by the local community. Prospects for modest tourism development in the medium to longer term will require improving destination development readiness through improving transportation, building local capacity, and establishing a tourism management structure.

State Tourism Priorities to Be Recognized in the Palau Sustainable Tourism Strategy

- ➔ **Destination management governance.** Appointing a tourism officer to oversee operations, promote sustainable practices, and enhance infrastructure at key attractions.
- ➔ **Visitor experience and product development.** Collaborating with liveaboards to create land-based cultural tourism products for visitors (e.g., traditional dance and foods).
- ➔ **Small-scale accommodation.** Developing small-scale accommodations (e.g., bungalows).
- ➔ **Skills and workforce development.** Building local capacity and attracting returning residents for tourism jobs.
- ➔ **Transport infrastructure.** Investing in stable and consistent transportation means.

Sources: Hatohobei State representatives (interviews, April 2024); Hatohobei State Master Plan FY2024–2034 (Draft); Helen Reef Management Plan 2011–2016; and PVA data and printed/online information resources.

4. Country-Level Tourism Situation Analysis

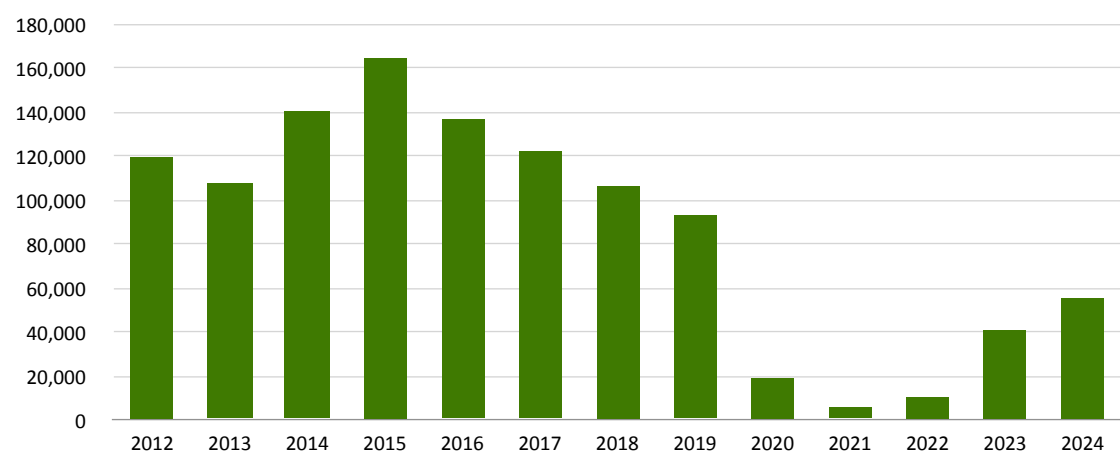
This section draws on state-specific information and data together with anecdotal findings from consultations across national government agencies, the private sector, NGOs, and the wider community to inform a tourism situation analysis for Palau. It summarizes the current context across key tourism topics, referring to the historical context where applicable and noting relevance for the future. This situation analysis is critical to informing evidence-based objectives and priorities for the STS.

4.1. Tourism Demand

International Visitor Arrival Patterns Since 2010

Palau experienced minor fluctuations in international visitor arrival numbers before 2010, but the period after has been marked by more unstable arrival patterns and a significant decline in numbers (Figure 6).¹⁶

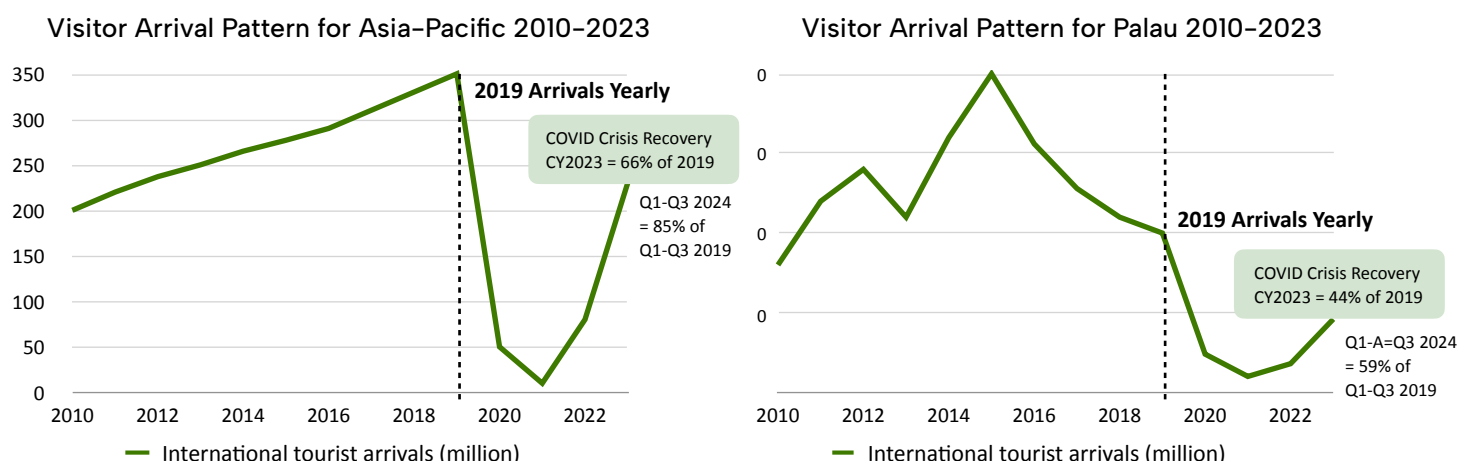
Figure 6. International Annual Visitor Arrivals to Palau (CY2010 to CY2024)



Source: Palau Immigration data analyzed by calendar year (CY).

After 2012, Palau's international visitor arrival patterns diverged from global and regional trends (Figure 7). While visitor arrivals in the Asia-Pacific region grew year-on-year until the global pandemic hit in 2020, Palau saw a drop in 2013. This was followed by a strong but brief rebound, peaking in 2015, after which a sustained decline continued into the pandemic.

Figure 7. Comparing Visitor Arrival Patterns in the Asia-Pacific Region with Palau (CY2010 to CY2023)



Source: UN Tourism Dashboard

¹⁶ Before 2010, there were a few disruptions to growth in visitor arrivals, e.g., in the late 2000s due to the global financial crisis.

4. Country-Level Tourism Situation Analysis

As the impacts of COVID-19 on global travel subsided in 2022, visitor arrivals to most destinations, including Palau, began to rebound. However, as shown in Figure 7, the recovery rate for Palau has been much slower. In 2023, Palau had recovered just 44% of visitor arrivals from the pre-COVID baseline year of 2019, compared with the Asia-Pacific regional average of 66%. The most recent UN Tourism data shows that although Palau’s recovery was improving in the July to September quarter (at 59% of Q1 2019 arrivals), it was still lagging behind the regional average for the same period (85%).¹⁷

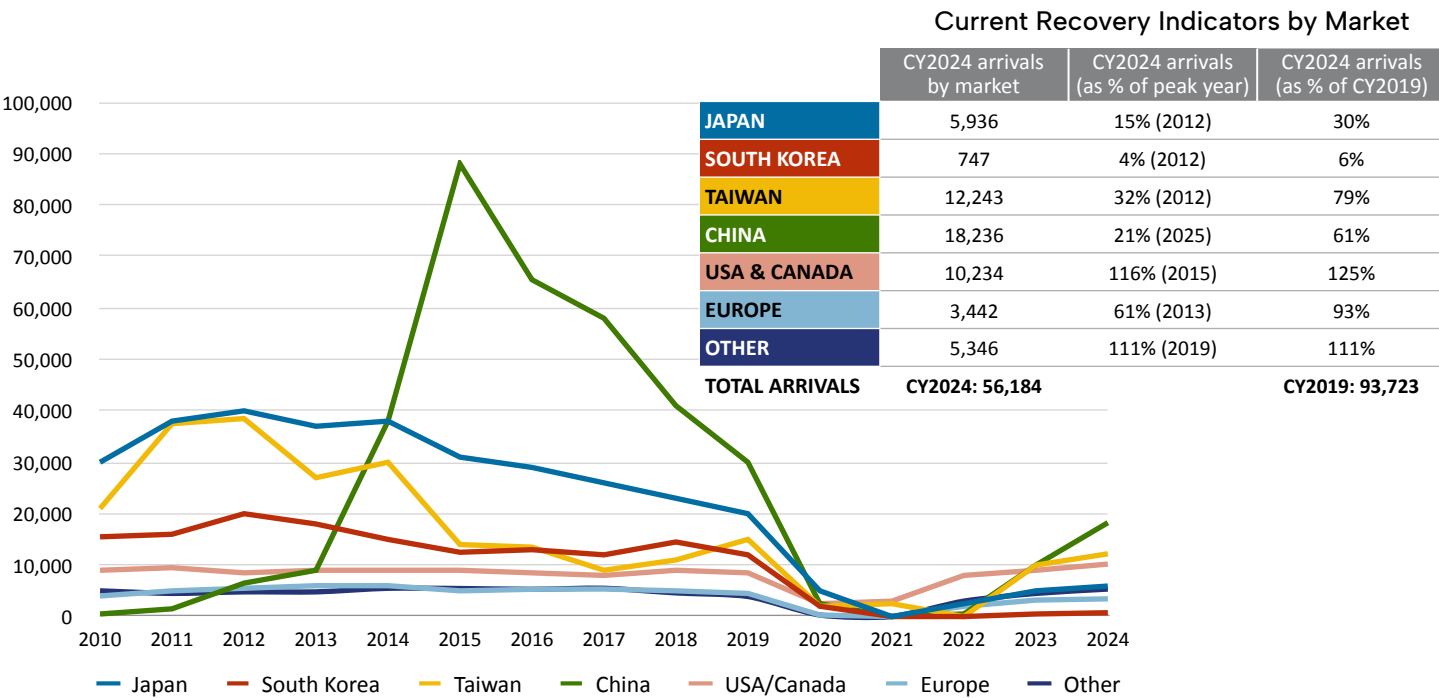
International Visitor Arrival Patterns by Geographic Source Markets

The volatile arrival patterns since 2010 represent uneven shifts across different geographic markets. Figure 8 charts the peaks and falls by market before COVID-19 and tables the relative recovery rates since.

The following snapshot of arrivals by market pre-COVID summarizes the historical context dating back to 2010:

- Fifteen years ago, Palau’s top three source tourism markets were Japan, Taiwan, and South Korea. In their peak year of 2012, almost 40,000 visitor arrivals were recorded for Japan and Taiwan, respectively, and almost 20,000 for South Korea. However, there was a decline in all three markets thereafter. This has been attributed to the rapid growth in tour groups from China displacing or deterring these markets, alongside a reduction in respective air services and the closure of Palau’s main attraction, Jellyfish Lake, in 2015 and 2016.
- For China, visitor numbers grew swiftly after 2012 due to an increase in charter flights from Hong Kong and Macau that catered to travelers from mainland China. However, after reaching a peak of almost 90,000 arrivals in 2015, the numbers started to decline due to the Government of Palau’s decision to curb uncontrolled growth by reducing the number of charter flights from China. It also coincided with the Chinese Government’s tightening of restrictions on organized tours to Palau due to it not having an approved destination status.
- For the remaining markets with lower visitor volumes, fluctuations occurred but were less intense. Arrivals from the USA and Canada were approximately 8,000 in 2010, peaked mid-decade at around 8,800, and then decreased to about 8,200 in 2019. Meanwhile, the European markets recorded around 3,900 visitors in 2010, followed by uneven growth to a peak of about 5,600 in 2013 and then an uneven decline to about 3,700 in 2019. Finally, arrivals from the other markets combined were about 4,700 in 2010 and, after experiencing fluctuations, reached an all-time high of around 4,800 in 2019.

Figure 8. Visitor Arrivals to Palau by Geographic Source Markets Since CY2010, Including Recovery Indicators



Source: Palau Immigration data and UN Tourism Dashboard

17 While comparisons to Guam and Saipan suggest Palau is recovering relatively well, this regional analysis is more telling.

By 2019, before the pandemic caused a significant drop in demand across all markets, visitor arrivals to Palau from most markets were already relatively low. As shown in Figure 8, although travel has resumed from all markets, by the end of 2024, every market—except for North America—still falls short of their 2019 arrivals benchmark and is significantly below their peak years.

- Japan.** Arrivals to Palau have been slow to recover since the pandemic, with 5,936 recorded for 2024 (70% below 2019 benchmarks). According to a market research report by the Chung-Hua Institution for Economic Research (CIER), Japanese outbound travel has been affected by the weak yen and a rise in domestic and regional tourism preferences.¹⁸ However, this market's interest in nature-based travel, combined with Palau's efforts to increase air access (Section 4.4) and associated marketing activities, is expected to help recovery from Japan as economic conditions improve.
- South Korea.** For Palau, this market is experiencing the weakest recovery levels, with just 747 arrivals recorded in 2024 (down from 940 in 2023)—a recovery rate of just 6% compared to 2019. CIER research indicates price sensitivity, a focus on value for money, and post-pandemic caution about travel have constrained outbound travel from South Korea.¹⁹ Slow recovery for Palau is expected to continue with such consumer sentiment, with no airline plans to resume direct air services in the short term and a limited supply of dive operators in Palau that cater to this market.
- Taiwan.** Arrivals to Palau are showing positive signs of recovery after COVID-19. In 2024, there were 12,243 visitors recorded (79% of 2019 levels). This improvement is a result of a targeted marketing initiative and an increase in flights. Looking ahead, 2025 seems promising as market insights suggest that Taiwan is poised for a strong rebound. According to CIER, this resurgence is driven by a growing interest in ecotourism and positive traveler sentiment toward Palau.²⁰
- China.** Signs of recovery of arrivals from China are evident, with 18,236 visitors recorded in 2024 (61% of 2019 levels). This increase has occurred despite the absence of PVA marketing activity in the market, and mainly due to the resumption of charter flights (Section 4.4). With more incoming flights from Hong Kong at the time of writing, and considering the size of this market, arrivals from China are expected to rebound strongly in 2025. Anecdotal accounts suggest that the China market for Palau is shifting toward a higher-spend, free independent traveler profile; however, this has yet to be evidenced with data.
- USA and Canada.** North America is the only market that has exceeded 2019 levels, with 10,234 visitors recorded in 2024 (125% of 2019). This increase is primarily due to a surge in US military arrivals. Market insights suggest that despite Palau being considered a high-cost destination for leisure travelers from the USA and Canada, there is growing interest from high-value segments.
- Europe.** Arrivals from Europe, primarily from Germany, have almost recovered post-COVID, with 3,442 arrivals recorded in 2024 (93% of 2019). This high-value market, in particular the diving segment, continues to be a priority for PVA's targeted low-cost marketing activity. However, a conservative outlook is being taken due to the current geopolitical situation, air access challenges, and consumer sentiment about Palau being a high-cost destination.
- Other markets.** Although small in number, arrivals from the other markets combined exceeded 2019 levels in 2024 by 11%, with 5,346 visitors. This recovery is expected to be further driven by Australia (due to new flights; Section 4.4) and the Pacific region (driven by the Pacific Mini Games in 2025 and the meetings and events market).



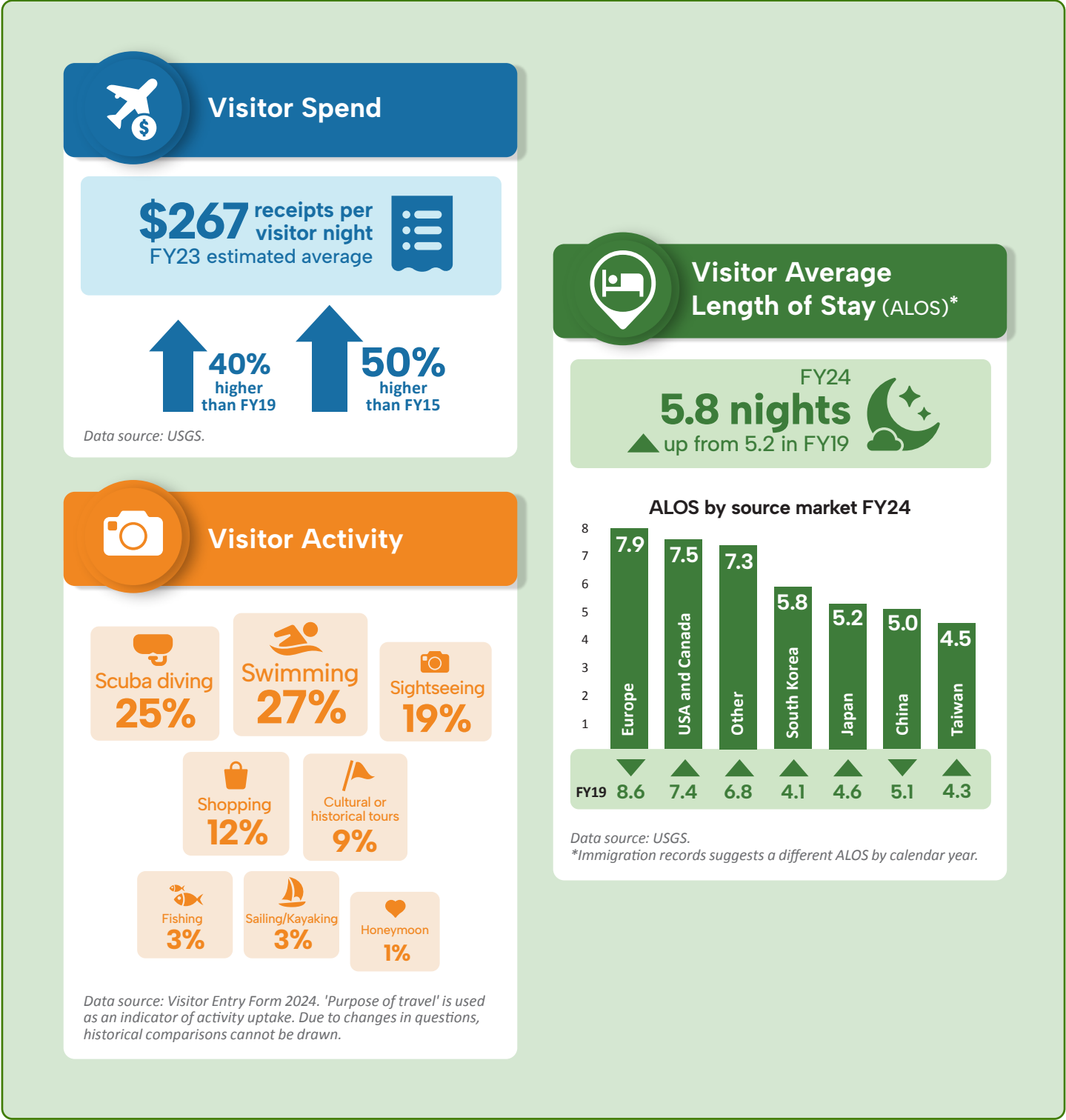
18 Chung-Hua Institution for Economic Research (CIER). 2024. *Post Pandemic Recovery and Diversification* [presentation to Government of Palau in October 2024]. p. 18.

19 Footnote 18, p. 20.

20 Footnote 18, p. 30.

International Visitor Profile

Palau currently has limited data on the traits and behaviors of its international visitors, making it difficult to determine profiles and trends. However, this situation is expected to improve soon, as PVA and MOF plan to conduct an international visitor survey (IVS) regularly.²¹ In the meantime, the following insights are available on visitor length of stay, per-person receipts, and visitor activity.



Palau's Current Challenge in Forecasting Tourism Demand

Modeling reliable demand forecasts for a small island destination relies on several key factors: (i) historical arrival data that show clear trends by market, (ii) data on anticipated airline/other access capacities, (iii) plans for marketing, and (iv) growth assumptions based on these factors and any other known external factors. For Palau, however, this is limited by

- i) the pre-COVID decline in visitor arrivals, with uncertainty about the extent to which this trend would have continued or reversed had the pandemic not occurred;
- ii) signs of a slow rebound from the pandemic, although it is too soon to form conclusions about recovery trends; and
- iii) current uncertainty regarding the availability of air services and capacities over the next few years.

Therefore, a cautious approach to forecasting demand is taken for this strategy. It poses potential upper and lower limits for recovery and growth scenarios leading up to 2028, based on the information available at the time of writing (Figure 9). These scenarios should be updated regularly, taking into

account all of the following variables, which will evolve in the coming months/years:

- i) the recovery patterns of arrivals to Palau by market;
- ii) air services and seat capacities;
- iii) market-specific travel prospects (e.g., traveler sentiment about travel in general and/or travel to Palau); and
- iv) interventions led by Palau, including efforts to drive visitation (e.g., PVA marketing) or control visitation levels (e.g., policies to manage growth).

Palau's Current Challenge in Setting Visitor Arrival Targets

Demand growth scenarios is one of two essential inputs for setting visitor arrival targets for a destination; they indicate what is *possible* for a destination from the market perspective. The second essential input is agreement among tourism stakeholders about optimal visitor numbers and growth rates. This indicates what is *preferred and possible* from the destination perspective.

Palau faces constraints with both of these inputs, making it difficult to set visitor arrival targets. Further to the above noted challenges with forecasting demand, determining optimal visitor numbers is limited by

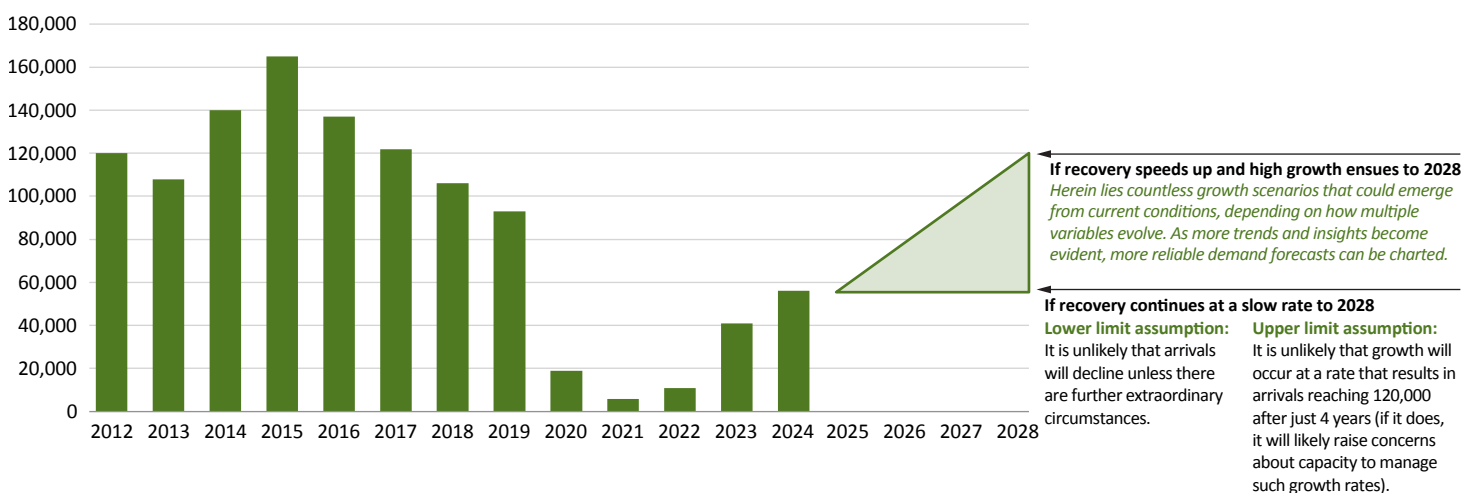
- (i) vastly conflicting views among Palau's tourism stakeholders about what visitor numbers are preferred now and in the future, and (ii) a lack of evidence about what tourism carrying capacities are *possible* now and in the future.

Palauans rightly assert that their country should be able to limit the number of visitor arrivals if necessary. This was evident in 2015 when it was determined that the rapid increase in tourists needed to be curbed for three reasons:

- i) The high number of visitors was placing pressure on the environment and society;²²
- ii) The growth was driven by high-volume, vertically integrated charter package tours, which generated relatively low tourism revenues for Palau; and
- iii) The growth was dominated by a single source market, which displaced and deterred other markets.

While most stakeholders seem to agree that this measure was necessary at that time, others believe it was an overcorrection that resulted in the sustained decline that followed. Recent consultations revealed that stakeholders' views on the optimal number of visitors to be pursued through the STS varied significantly.

Figure 9. Mapping the Bounds for Recovery and Growth Scenarios for International Visitor Arrivals (CY2025–2028)



²² Reported negative environmental impacts included damage to sites due to too many people at popular sites and the effects of too much sunscreen in the water. Negative social impacts included the increasing costs of food for residents.

4. Country-Level Tourism Situation Analysis

On the lower end, some proposed an optimal number of around 40,000 visitors, considering environmental and social sustainability. However, this would compromise the economic sustainability of the sector, given that many tourism businesses are still struggling to recover after a difficult period.

On the higher end, an optimal number of 200,000 plus visitors was proposed. However, based on current market evidence, achieving this in the next few years seems unlikely without significant interventions. Moreover, at this time—and for the next few years—200,000 visitors are likely to be (i) more than what Palau’s attractions can handle without risking environmental damage, (ii) more than what the available workforce can support, and (iii) more than what the community can tolerate without experiencing negative social impacts.

While there were wide-ranging views about the optimal number of visitor arrivals to target in the new strategy, most stakeholders believed that aiming for 80,000 to 110,000 visitors over the next few years would be reasonable.

Further to this, stakeholders shared the following common sentiments:

- Annual targets can increase over time, provided the growth rates consider the following six factors:

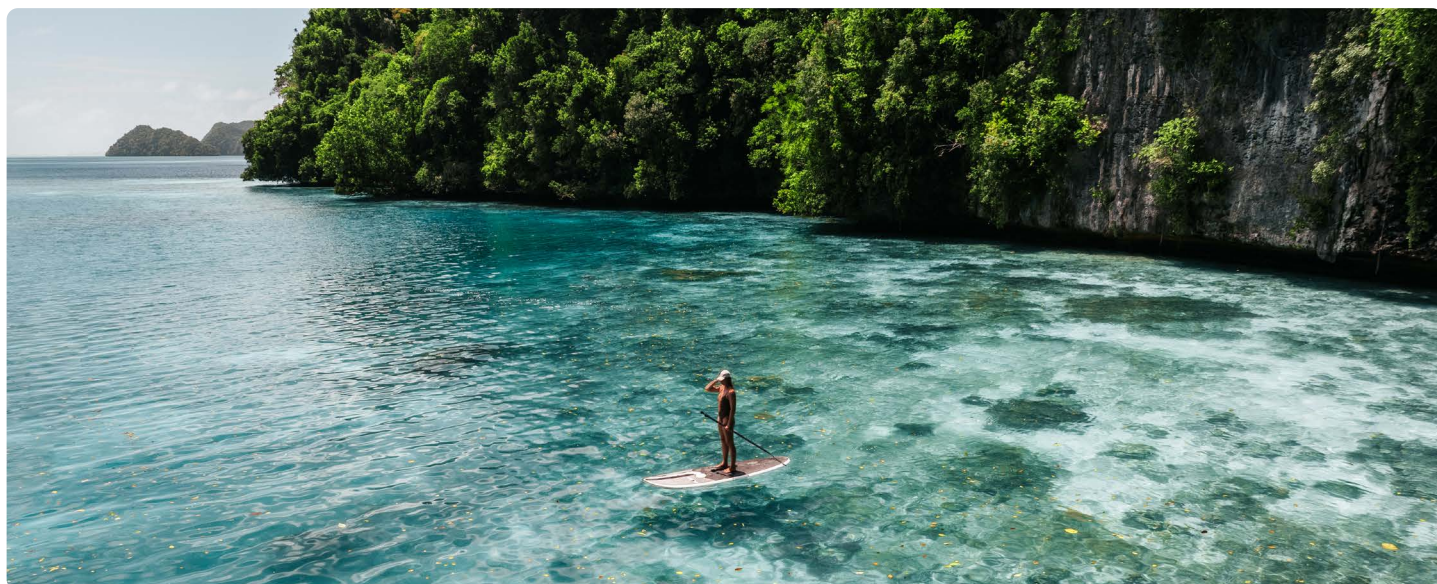
1. **Carrying capacity limits for tourism sites**—which have yet to be determined in Palau. Sustainable tourism arrival targets cannot reliably be defined until evidence-based carrying capacities are determined to prevent environmental damage to sites (e.g., in Rock Islands Southern Lagoon).
2. **Evidence of the environmental and social effects of increasing tourism numbers on places and people**—which have yet to be monitored and measured. This is necessary on an ongoing basis to identify emerging risks and respond with remediation measures or by revising carrying capacities and growth targets.
3. **Availability of accommodation and tourism products to meet the specific expectations of high-value target segments.** This includes assessing accommodation occupancy rates and attraction visitation levels alongside the suitability of both to attract high-value tourists, which have yet to be assessed.

4. **Implications of tourism growth on the workforce, food supply, and public infrastructure.** This requires improved collaboration among tourism leaders and the agencies responsible for these factors to share data, develop and implement compatible plans, and define limits if necessary.

5. **Evidence of the economic impacts of increases and decreases in tourism numbers by markets/segments.** While some valuable economic modeling on this has been undertaken by USGS, the implications of different arrival numbers for the economy are not well understood by most tourism stakeholders.

6. **Market demand evidence and prospects.** As discussed in the previous subsection, updated visitor arrivals scenarios with new market and access data will identify credible trends to inform target setting.

- Targets should have limits imposed or be revised down if any of the above data indicates this is necessary.





Defining Visitor-Related Goals and Interim Targets for the STS

Despite Palau's challenges in setting visitor arrival targets, and despite global debate about whether visitor arrival numbers should be a measure of success, this strategy defines a goal for visitor arrivals along with interim targets. Without defined targets, we cannot effectively plan for sustainable destination development, increasing the risk of uncontrolled development. This strategy is also based on the view that we must be intentional but flexible. Our targets can—and should—be revised over the life of the strategy and beyond in response to evolving conditions (refer to the six factors noted above).

Therefore, based on extensive consultation and research, the following volume-based arrivals goal and interim targets are defined for the STS:

Goal

Attract visitors at a sustainable pace and level, i.e., one that

- i) is possible from a market perspective (based on available demand data); and
- ii) is preferred and possible from the destination perspective, taking into account
 - a) what can be supported with targeted marketing, airline route development, and other relevant interventions;
 - b) growth rates that are not too fast nor too large to risk negative impacts on Palau's environment or society; and
 - c) growth that supports the financial sustainability of tourism businesses and the economic sustainability of the sector.

Interim Annual Targets

- **CY2025:** 69,000
- **CY2026:** 84,000
- **CY2027:** 99,000
- **CY2028:** 114,000

(All interim targets are subject to annual review based on evolving data.)

These targets are lower than the FY2027 target of 150,000 identified in the Palau Development Plan 2023–2026, which was set when recovery scenarios were expected to be more optimistic than what has evolved. The above CY2026 target—about double the arrivals for 2023 and representing 89% recovery of 2019 volumes, is slightly higher than the Pacific Asia Travel Association's (PATA) "severe" recovery scenario of 87% for the Asia-Pacific region.

In addition to the volume-based arrivals goal and targets, two additional demand-related goals and targets have been determined for this strategy. As detailed in Section 2, these are the economic contribution of visitors (dollar value) and visitor profiles (percentage growth in high-value visitors).

4.2. Tourism Supply – Accommodation

As of late 2024, Palau has 94 licensed accommodation providers, operating ~2,000 rooms—the highest number recorded to date. This represents a 50% growth in room supply since 2011, notwithstanding fluctuations during that period. Prior to the COVID-19 pandemic, a significant increase in room stock (~4,000 rooms) was expected for the years to follow.²³

However, the pandemic led to most development plans being paused, and many existing accommodations went into hibernation for an extended period. Three properties also closed permanently during this time. Since the pandemic, 11 new providers (~150 rooms) have launched. Table 2 summarizes the current supply by type.²⁴ An additional nine properties (~575 rooms) are expected to open within the next year.²⁵ These include hotels and resorts ranging in size from 8 to 220 rooms, as well as one smaller bungalow property.

Table 2. Current Operating Accommodation Supply in Palau by Type (Dec 2024)

Accommodation by Type		# Providers	# Rooms	Average Size by Type (# Rooms)
Land-Based	Hotels	38	1,309	34
	Resorts	7	288	41
	Apartments	21	197	9
	Motels	11	130	11
	B&B/Homestay	11	44	4
	Bungalows	3	13	4
	Hostels	3	18	6
	Liveaboards	8	75	9
TOTAL (Dec 2024)		94	2,074	

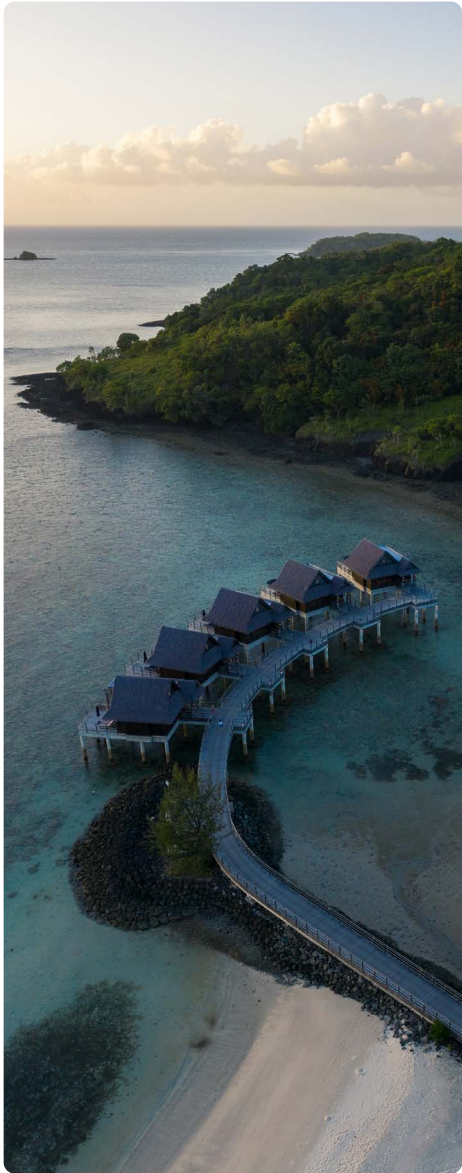


Figure 10. Room Distribution (% share) by Accommodation Type (Dec 2024)

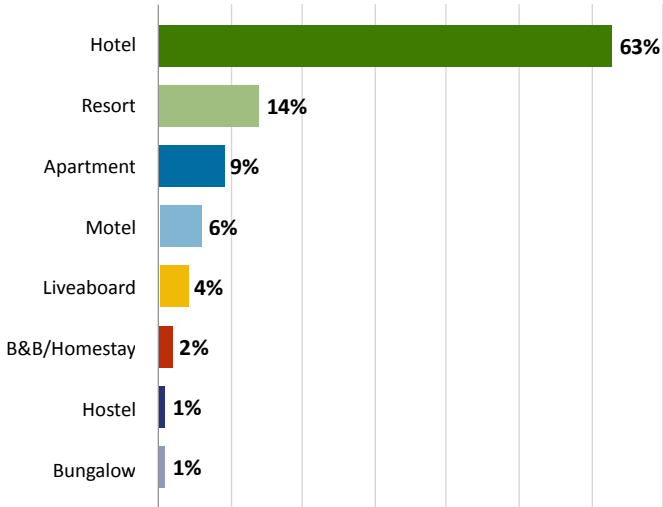
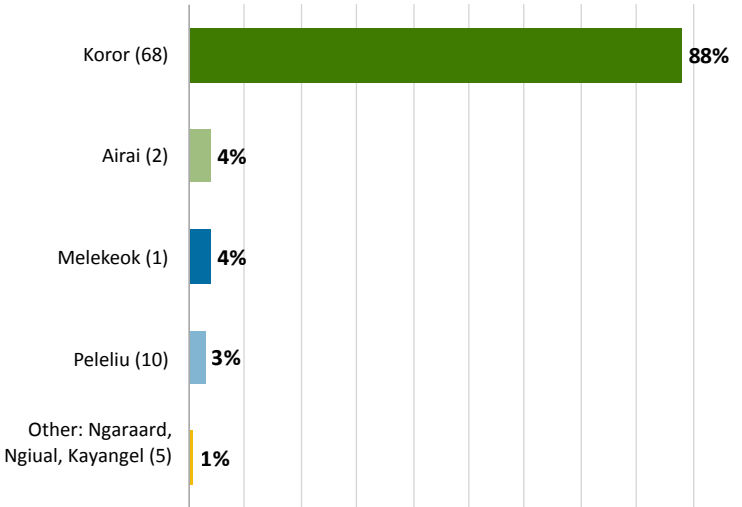


Figure 11. Number of Land-Based Properties and % Share of Rooms by State (Dec 2024)



23 Based on EQPB data for 2018 and as referenced in: *Island Times*. 2018. Construction Boom in Palau to Yield 4K Rooms in Coming Years. 10 October.
24 Based on official PVA records. There may be other properties.
25 Based on EQPB approvals. Does not include unapproved applications to FIB and EQPB.

Key Accommodation Insights

- Hotels and resorts dominate the room supply in Palau, accounting for 77% of the total. The supply of short-term rentals (e.g., apartments) has reportedly grown in recent years due to the increasing popularity of Airbnb among global travelers.
- Accommodation supply is concentrated in Koror, which has ~1,750 rooms, representing 85% of Palau's current total room inventory. This number is expected to grow by an additional 230 rooms over the next year, with the opening of four new properties.
- Melekeok, Airai, and Peleliu are slowly increasing their share of the accommodation supply. The opening of Melekeok's first hotel in 2024 added 75 rooms to Palau's inventory. Airai has four properties scheduled to open within a year, increasing its room count from 91 to 430. Meanwhile, Peleliu's offering of several smaller-scale properties will increase by one property (4 rooms) in 2025.
- In the remaining states, three (Kayangel, Ngaraard, and Ngial) have small-scale accommodations, while nine have none. Most of these smaller accommodations are considered adequate for the type of international travelers currently visiting (e.g., explorers and researchers); however, improvements to the quality of services and facilities would be beneficial.
- Currently, three properties—two under construction and one planned—carry international brand names.

- Unofficial sources indicate that several sites have been identified for future accommodation developments, but no public list is currently available.
- An estimated 76% of accommodation businesses in Palau are locally owned,²⁶ with the remainder operating as joint ventures with foreign investors on state/private land lease arrangements.
- Market analysis of Palau's accommodation supply is currently limited. However, this gap will be addressed by the introduction of the IVS and its subsequent report. Traveler reviews on third-party websites and anecdotal insights indicate a need to improve the quality of some accommodations in Palau to align with the price point benchmarks of comparable destinations and the expectations of high-value tourists.

A Snapshot of Accommodation Performance Indicators

Accommodation performance indicators are difficult to track, but the USGS in Palau conducts a useful analysis of economic data to estimate the growth of land-based accommodation supply, average occupancy rates, and average room rates. The annual figures for these indicators from FY2010 to FY2023 are shown in Figures 12, 13, and 14.²⁷

A growing inventory of rooms in the last decade, combined with changes in visitor arrival numbers, account for the peaks and falls in annual occupancy levels before bottoming out during COVID-19. FY2012 (the peak year for arrivals from South Korea, Japan and Taiwan) and FY2015 (the peak year for arrivals from China) generated satisfactory average occupancy levels (70%–80%).

However, the average occupancy levels for other years, and the downward trajectory in arrivals after FY2015, indicate an oversupply of rooms and account for corresponding fluctuations and decline in average room rates prior to COVID-19.

Figure 12. Room Supply (FY10–FY23)

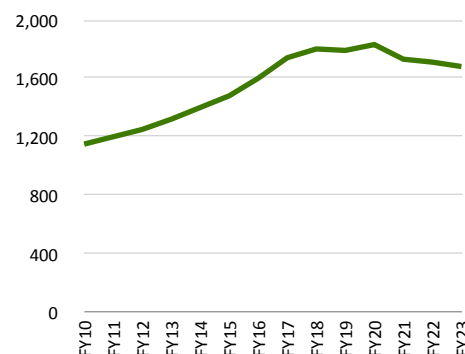


Figure 13. Average Occupancy Rates (FY10–FY23)

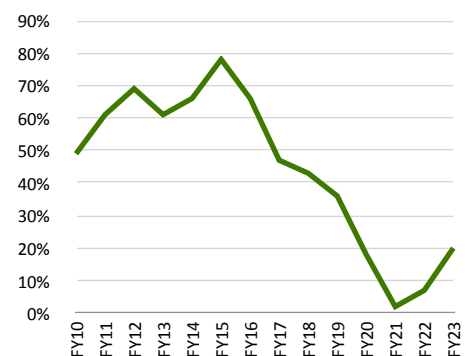
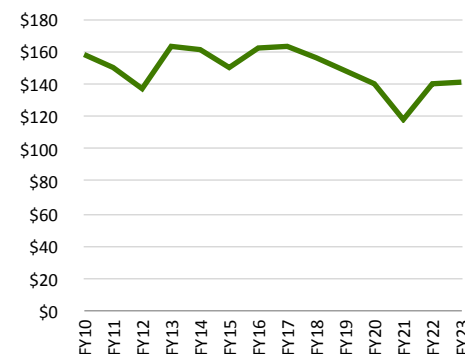


Figure 14. Average Room Rates (FY10–FY23)



²⁶ This figure may be lower due to the unknown number of “front business” arrangements.

²⁷ USGS analysis is undertaken on a financial year basis based on tax data provided by the government. FY2023 is the most recent data available.

4. Country-Level Tourism Situation Analysis

For most accommodation providers, the pandemic intensified pre-existing concerns about low occupancy levels and unstable room rates. According to USGS estimates for FY2023, average accommodation occupancies for land-based accommodation was just 20%, with mid-range accommodation faring the worst.²⁸ Although occupancy rates reportedly showed some improvement in 2024, they still fall short of what most business owners need to be financially sustainable. Compounding this concern, USGS analysis indicates that average room rates are relatively low—back to levels seen more than a decade ago—despite rising operating costs. This appears to be affecting higher-end properties the most.

The low rates can be attributed to two main factors: (i) some providers have chosen to discount their rates as a business recovery tactic, and/or (ii) some providers need to discount their rates due to a decline in quality (and their inability to invest in necessary improvements). Both situations pose a risk to Palau's intention to target high-value tourists. Firstly, it is difficult to recover rates after giving the impression of a discount destination. Secondly, it is difficult to restore a reputation after questions about quality have been raised in markets.

New high-end properties opening in 2025 will play an important role in resetting price points and quality standards, helping to refresh Palau's image as a value-based, rather than price-based, destination. However, this effort must be supported by improved air access and marketing to ensure that the existing supply can regain the occupancy and revenue levels needed to undertake necessary reinvestment and remain financially viable.

Conclusion on Accommodation Supply and Priorities

Palau has a good mix of accommodation types, including small-scale local establishments that offer a quintessential Palauan experience, convenient apartments, and larger hotels and resorts that provide the critical mass of rooms typically required for destinations to attract air services. These include a few high-end international brands, which help Palau gain marketing exposure to global target audiences.

In the short term, new accommodation developments should be pursued with caution due to several factors, including (i) a protracted period of low occupancy rates combined with falling room rates, (ii) about 575 new rooms becoming available in the next year, (iii) concerns about the capacity of local wastewater infrastructure in some locations (Section 4.5), (iv) a current shortage of workers, and (v) uncertainty about demand recovery. Therefore, the immediate focus for accommodation in Palau should be on

- i) improving the quality of existing supply (e.g., by introducing minimum standards and programs to support accommodation enhancement); and
- ii) launching new properties (those recently opened and under construction) to enhance Palau's profile and appeal to high-value tourism markets.



Recognizing that accommodation supply requires long-term planning, it will also be important during the life of this strategy to

- i) determine the future supply mix (in terms of size, type, and international brands) to attract high-value tourism segments in the long term based on recovery trends and future prospects;
- ii) identify investment-ready sites in new high-potential locations for future accommodation development;
- iii) scope the needs and opportunities for joint ventures where foreign capital is needed; and
- iv) monitor the short-term/apartment accommodation market to understand its impact on residential housing stock and any potential regulatory implications.

²⁸ In the absence of an accommodation rating scheme in Palau, USGS consulted with industry experts to develop an informal approach to grading properties for indicative analysis purposes. Grade A applies to those considered to be "high-end." Grades B, C, and D reflect a scale down through mid-range to budget, while a "remote accommodation" category is applied separately.

4.3. Tourism Supply – Products and Visitor Experiences

The Rock Islands Southern Lagoon (RISL) has long been the basis of Palau's commercial tourism products. In recent years, however, tourism leaders and site custodians have been developing and promoting a growing number of land-based visitor experiences, showcasing Palau's nature-based, historic, and cultural assets. In addition to the marine and terrestrial visitor experiences detailed in the state profiles, this section provides an overall analysis of Palau's supply of tourism products and visitor experiences by type, giving consideration to future needs and opportunities.

Tour Operators and Guides

There are currently 52 licensed local tour operators and an estimated 235 guides delivering tours to Palau's marine and terrestrial sites. Among these operators, 31 specialize in scuba diving, and the majority are based in Koror. Most tour operators in Palau serve clients from a single source market, focusing on established business relationships and catering to specific cultural and language requirements.

Consultations indicate that while there are enough tour operators to meet the current market demand, the supply limits growth for some markets (e.g., South Korea) due to a shortage of operators. Additionally, there are reports of an insufficient number of tour guides with the necessary skills and attitudes to serve the needs of tour operators.

Palau places great importance on the quality of service provided by tour operators to visitors. In recent years, many efforts have been made to ensure that tour operators do the following:

- **Deliver informative and culturally authentic information.** The upcoming national tour guide training and certification program—based on a program pioneered by Koror—will ensure that information about places is presented by authorized people in an accurate and respectful way. This initiative is supported by regulations that require all tours to be hosted by a Palauan tour guide.²⁹
- **Adhere to safety measures.** The safety of tour operator clients and staff is ensured through several measures under the National Tourism Regulations governing tour operators. While regulations covering tour guides are still being finalized, they will also include safety requirements. Additionally, safety topics will be included in the tour guide training and certification.
- **Follow environmentally sustainable practices.** The National Tourism Regulations governing tour operators and tour guide training also cover sustainable tourism practices. In addition, Palau's adoption of the global Green Fins program in 2017 provides dive operator training and certification in best practices for sustainable marine tourism. In 2020, a terrestrial equivalent (known as Green Boots) was created to deliver similar guidance for land-based tours. Although both programs are currently inactive due to resource limitations, plans are underway to revive them (Section 4.8).

The next era of tourism development in Palau depends on the continuation and strengthening of these efforts to ensure that tour operators and guides uphold Palau's reputation for authenticity, safety, and sustainability. Efforts must also focus on developing tour operator/guide entrepreneurship and employment opportunities for Palauans.

Boat Operators

Palau currently has 66 boat owners registered with the Boat Owners Association for Tourism—a group established under the National Tourism Regulations in 2018 to ensure safety and quality in serving tour operators and visitors alike. Although their current supply of boats (210) is considered sufficient, reports suggest it is often difficult for tour operators to find an operator/driver. While there is a requirement for all boat operators to be Palauan, exceptions can be granted for a fee if a driver is unavailable. In terms of safety, while all tour boat operators are required to take a test and have six months experience, they will soon be required to undertake a boat handling practical exam, and those operating vessels 50 foot and above will need to do a Basic Sea Safety training course.



29 Notwithstanding the importance of this factor, it also presents challenges to some tour operators in the current context of a shortage of willing and skilled workers (4.6).

Marine Visitor Experiences

Palau is renowned for its marine visitor experiences, which include swimming in Jellyfish Lake, sightseeing boat trips in RISL, and scuba diving or snorkeling in Koror and Peleliu. Many scuba divers also venture further to other popular sites.

Other water-based activities have been expanding to sites beyond hotels. For example, several organized kayaking and paddleboarding tours are available to see mangroves and other coastal areas, and catch and release fishing tours are readily available.

Anecdotal market feedback highlights Palau's marine experiences as world-class, but there is a need to manage visitor numbers at some dive sites. Feedback also highlights the potential for expanding marine experiences into new locations. For privately owned shorelines, this presents opportunities for landowners to develop commercial activities. However, since most of the prospective sites for marine activities are state-owned, state authorities will need to lead most of this type of product development.

Terrestrial Visitor Experiences

Palau has many land-based tourism attractions. Nature-based sites include waterfalls and picturesque landscapes. Cultural/historic sites include traditional village meeting houses (*bai*), ancient stone monoliths, colonial heritage, and World War II sites and artifacts. Built attractions include the Capitol building, museums, and the aquarium.

An increasing number of sites are being developed for tourism, with investments in site infrastructure and personnel, such as guides and attendants. These developments are enhancing Palau's tourism appeal and helping to disperse visitors across

different locations, thereby reducing pressure on popular sites (e.g., RISL). Additionally, it is generating new income opportunities in different places. However, the level of market readiness of these sites varies greatly, and concerns about potential damage remain, highlighting the need for ongoing support to custodians in addressing these challenges.

The growth in new attractions is being complemented by the development of intangible visitor experiences, such as attending or joining a local dance performance, enjoying local cuisine, and participating in other cultural activities. The Alii Pass program, launched in 2019, has been instrumental in leading land-based product development for a package of tangible and intangible visitor experiences. This initiative is a partnership between national and state governments and local communities. To date, MOUs for the Alii Pass have been formed with nine states, but they are at various stages of delivery.³⁰ Expanding the supply of land-based commercial products and experiences will require

- i) identifying more public, private, or community sites and opportunities for unique experiences;
- ii) monitoring visitor feedback on satisfaction levels and adapting experiences accordingly, ensuring environmental and cultural integrity are maintained; and
- iii) investing in sustained product development support to strengthen market readiness and sustainability.

Other Visitor Services

Koror and Peleliu have a good supply of restaurants that meet the expectations of international visitors. Additionally, there are a few restaurants located elsewhere on Babeldaob that attract day-trippers and highlight the potential for further development in the future.

Box 2. Tourism in Conservation Areas and Historic Places

Palau has 38 marine-based conservation areas, of which 30 are currently open to visitors, with conditions in place (e.g., catch and release for fishing and other “no-take” rules).

Palau has 184 terrestrial conservation areas, of which 140 are currently open to visitors.

Palau has 198 registered historic sites, of which 95 are currently open to visitors.

Stakeholder consultations indicate support for keeping these sites open for tourism and for the establishment of new sites, provided that

- i) sustainable tourism practices prevent any damage; and
- ii) revenue goes to custodians and conservation efforts.

Palau has a good supply of shops selling souvenirs, but market feedback indicates an opportunity to offer more locally produced quality souvenirs.

Koror has a walk-in Visitor Information Center run by PVA. Establishing an additional information center in Babeldaob would benefit visitors, as would digital applications providing real-time information for visitors.

30 Airai, Aimeliik, Angaur, Melekeok, Ngaraard, Ngarchelong, Ngatpang, Ngchesar, Ngial, and Peleliu.

4.4. Air Access and Infrastructure

Transport Infrastructure Policy and Planning

The NIIP and PDP strategies for air transport support tourism through the intention: *“to plan for and build air service facilities, and certification of airport personnel to maintain the safety and regulatory environment as the demand for air services increases.”*³¹ Both plans recognize the need for air services in Palau to develop alongside the increasing demand from tourism.

The opening of the new Palau International Airport terminal in 2022 was a significant step for the NIIP—providing high-quality facilities with a capacity for 400,000 passenger movements annually.³² In the next few years, other NIIP and PDP programs prioritized for delivery include safety measures, climate change mitigation measures, technology investments, and resealing runways and taxiways at the Roman Tmetuchl International Airport (ROR), as well as similar works for the airfields in Peleliu and Angaur.

Air Access: Key Findings

The following key findings about tourism-related air access have been concluded from available historical and current data on air services to Palau and qualitative insights from stakeholders.

1. As of late 2024, the number of flights to Palau is 60% lower than it was before COVID-19. In 2019, Palau received 1,150 flights. Although seat capacity is not known, it is also assumed to be considerably lower. As shown in Figure 15, flights from some markets have returned to pre-COVID levels, while others have either resumed less frequently or not at all. The overall capacity constraints are impacting tourism recovery.
2. While Palau is working hard to increase air services, efforts are limited by an uncoordinated approach to route development. Air service agreements with other governments are coordinated by the Bureau of Aviation (BOAV) under the Ministry of Public Infrastructure and Industries (MPII), in collaboration with the Palau International Airport Corporation (PIAC). Meanwhile, business development discussions

with airlines are conducted through different channels, including high-level discussions with the President, the Minister for PII and/or the Minister for HRCTD, PIAC, and sometimes PVA. As there is no clear mandate for route development, these efforts are not happening in a strategic and coordinated way.

3. Palau has made considerable improvements in air services data management in the past two years. The establishment of the Coordinated Border Management Working Group in 2022 has led to better tracking of aviation/airline data. However, there is a need to further strengthen aviation data analysis, reporting, and application across aviation and tourism partners for effective planning and monitoring.
4. In 2023, charter flights represented almost one-quarter of all flights to Palau, down from half in 2015. According to USGS analysis of immigration data, the share of charter flights from all air arrivals peaked at 48% in FY2015 but fell to 29% by FY2019. As of late 2024, charter flights represented a 32% share of all arrivals, which is expected to increase in 2025. While charter flights are not an issue per se and can play an important role in opening up new markets, it is important to understand the market segments they serve due to their historical connection with low-spend tourism in Palau.

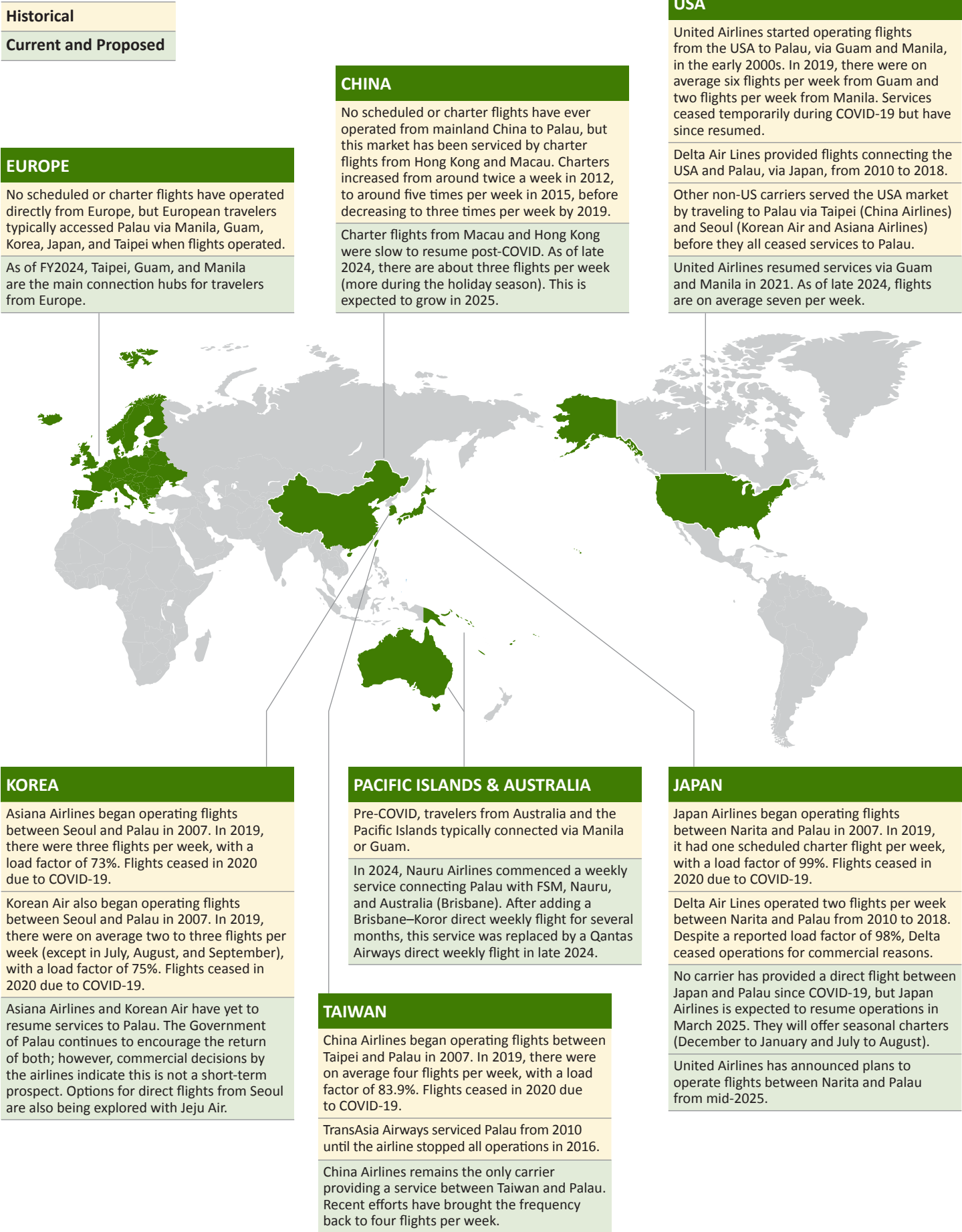


It is not within the scope of this strategy to determine international air access solutions. However, it is recognized that such solutions should be developed collaboratively, leveraging the core competencies of the BOAV, PIAC, and PVA in aviation route development efforts.

31 PDP 2023–2026, p. 123. (Reflecting minor revisions to that appearing in the NIIP 2021–2030, p. 40.)

32 400,000 movements account for entry and exit of 200,000 people – local and visitors.

Figure 15. Air Access by Source Market
Summary of Historical, Current, and Proposed Air Services



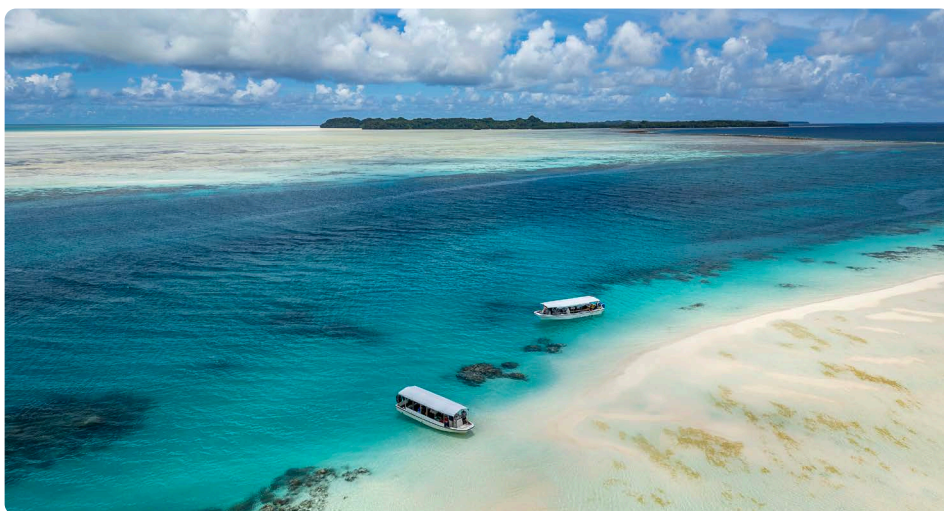
4.5. Local Public Infrastructure and Services

The National Infrastructure Investment Plan 2021–2030 (NIIP) recognizes that further tourism growth would place increasing demands on all public infrastructure.³³ This sub-section presents a high-level assessment of the current state of various types of public infrastructure and services that the tourism industry relies on, excluding aviation, which is addressed in Section 4.4.

The following thematic summaries reference the goals and strategies outlined in the NIIP, as well as those recently reiterated or updated in the Palau Development Plan (PDP) 2023–2026, recognizing their relevance to tourism. Relevant sector policies and plans are also referenced, along with a brief commentary about the extent to which current supply meets tourism needs based on findings from state assessments and industry consultations. It concludes by highlighting the needs that tourism and infrastructure partners must address in the future. These insights help inform transport and other tourism-enabling infrastructure strategic priorities in this strategy (Objective 8).

Land Transport Infrastructure and Services

Road infrastructure development has been a national priority since 2002. The construction of intra-state roads to connect the social and economic hubs across Babeldaob's 10 states and Koror is 80% complete. While progress has been gradual, the existing roads and bridges are serving the tourism market relatively well.



Tourism will continue to be supported by the NIIP and PDP strategy for land transport *“to slowly build up the roads, causeways and bridges network and associated safety and regulatory environment as the demand for land transport increases.”*³⁴ Key priorities such as climate proofing roads, upgrading dirt roads to paved surfaces, rehabilitating/replacing the Malakal Bridge, and improving pedestrian walkways will directly support tourism.

Palau's public transport system is still in its infancy. The government piloted an eco-friendly public bus service between Koror and Airai in 2024, which has had strong uptake by both locals and visitors, signaling the potential for a private sector entrant to scale up services in the future. This is important as Palau's supply of private taxis has fallen to four, which does not meet current demand levels.

Tourism development needs are considered in land transport planning through ad hoc meetings with appropriate partners. However, there is a need to strengthen coordination among the agencies responsible for tourism and road transport infrastructure and services, including the Bureau of Public Works (BPW).

Marine Transport Infrastructure and Services

The NIIP strategy *“to slowly build up the sea transport network and associated safety and regulatory environment as the demand for sea transport increases”*³⁵ is supported by a detailed strategy in the PDP, with updated plans for upgrading the Malakal Commercial Port (which has struggled with limited capacity, congestion, and a lack of storage for hazardous cargo) and constructing a new commercial seaport in Babeldaob, which will help alleviate pressure on Malakal. The plan also proposes a new government-owned passenger and cargo vessel to provide more consistent and less costly services to remote states, as well as plans to upgrade smaller jetties and wharves and install new navigation aids.³⁶ The public policy and investments to be delivered under these plans will support tourism in general terms, but do not specify tourism-specific marine infrastructure needs relating to:

- **Cruise vessels.** The small cruise ships that make infrequent visits to Palau³⁷ and the locally based Four Seasons Explorer cruising resort anchor at sea and rely on tenders/lifeboats to transfer passengers

³³ NIIP 2021–2030. p. 38.

³⁴ NIIP 2021–2030 p. 41; and PDP 2023–2026. p. 125.

³⁵ NIIP 2021–2030. p. 43.

³⁶ PDP 2023–2026. p. 130.

³⁷ Before COVID-19, there were about four small cruise ships per year (capacity: 100–700 passengers). There was one cruise ship visit in 2024. This is expected to increase to three in 2025 (capacity: 85–550 passengers).

4. Country-Level Tourism Situation Analysis

due to the unsuitability of the port. Furthermore, the current port infrastructure does not adequately support the landing and unloading of cruise passengers from tenders/lifeboats for local tours or transportation, negatively impacting visitor experience and safety, especially in poor weather conditions. Although Palau intends to develop the small/expedition cruise ship segment, which typically has less impact on a destination than the large cruise ship segment, this effort is currently limited by the lack of infrastructure for berthing such vessels, handling tenders/lifeboats, and processing passengers (customs and immigration).

- **Visiting yachts.** In 2024, Palau received around 24 sailing yachts and 18 motor yachts.³⁸ This is a growing and typically a high-value market, especially for the superyacht category, which can bring up to 100 crew and passengers on one vessel. Improving the availability of specialty provisioning supplies can support this segment.
- **Local liveaboards and tour boats.** These typically use private docking facilities.

Palau's ambitions to sustainably expand the high-end, small-scale expedition cruise segment and the sailing and superyachts markets will require

- i) strengthening coordination between the government agencies responsible for tourism and ports and the private sector already servicing these markets;
- ii) improving research and data analysis of current cruise and yacht visits as well as market development prospects; and

- iii) determining an evidence-based strategy for these markets, with targets, market development priorities, infrastructure and services investments priorities, regulatory priorities, and funding sources.

Water and Sanitation Infrastructure and Services

The PDP 2023–2026 reiterates the NIIP's goal for water and sanitation infrastructure and services in Palau *"to provide, protect and maintain water and sanitation infrastructure/ services on an efficient and equitable basis to improve access, standards, reliability, and value for money."*³⁹

These plans summarize the current status and key issues for these sectors and share the following strategy: *"The government seeks to further amend legislation and regulations in support of improved water management. The government is investing in new plants and gradually raising tariffs to reduce subsidies, adopting new, more appropriate ownership, and has taken action to strengthen water and sewer management and to otherwise seek to improve operational efficiencies and effectiveness. The government seeks to provide a climate-resilient, potable water supply that meets new sources of demand."*

These strategies and the detailed priorities that follow in the documents will serve Palau's residents and all economic sectors, including tourism.

A tourism-specific situation analysis of Palau's water supply identified key findings that should be considered in water and sanitation planning:

- Palau's tourism sector is in a relatively fortunate position regarding water supply. Tourism businesses in Koror and Airai have

access to the Palau Public Utilities Corporation's (PPUC) supply of Environmental Quality Protection Board (EQPB)-rated "safe to drink" water, while those in Babeldaob have access to the PPUC's supply of EQPB-rated "safe to wash" water. Water tanks are used for the 5% of Palau's population not served by PPUC. On-site water treatment is offered in 14 states, but EQPB-rated "safe to drink" or "safe to wash" water is not yet available in the outer islands. This is a typical challenge for remote tourism businesses in any destination, as they must manage their own supply and treatment.

- It is recognized that tourism activity places additional demands on Palau's water resources. This pressure on supply is especially concerning during droughts, as seen in 1997/1998. Additionally, there are concerns that new large-scale tourism developments could *"strain existing water infrastructure and exacerbate environmental pressures on watersheds."*⁴⁰ Therefore, there is a need to consider the destination carrying capacities for visitors based on the availability of water and drought scenarios. This requires multi-stakeholder collaboration among BOT, PVA, PPUC, EQPB, and the states to (i) consider tourism growth scenarios in setting visitor targets that account for water supply limitations, (ii) ensure that tourism is factored into future government investments in water supply infrastructure and services, and (iii) identify ways to support the private sector in remote areas in investing in water capture, treatment, and conservation solutions.

A tourism-specific situation analysis of wastewater management in Palau identified key findings that should

38 Bureau of Marine Transportation

39 PDP 2023–2026. p. 132; and NIIP 2021–2030. p. 45.

40 Palau Draft Water Policy 2024. p. 12.

be considered in water and sanitation planning:

- Stakeholders expressed concern about the current and future capacity to manage the volume of sewage generated by hotels in Koror and liveaboards. The draft Water Policy acknowledges that *“Palau’s existing sewer facilities are regularly overwhelmed, especially during periods of heavy rainfall, leading to overflow and untreated discharges.”*⁴¹ At least two hotel properties have reportedly experienced sewage overflow due to insufficient holding systems and pumps, which can be resolved with more investment. Additionally, some liveaboard operators are reportedly not properly disposing of wastewater due to a lack of supply of pumps. With new accommodations being developed, there is a need to improve holding systems. This issue is being addressed by the hotel project currently under development in Malakal, which aims to connect the hotel’s holding systems to existing lines and expand those lines to increase capacity.
- Effective wastewater management requires multi-stakeholder collaboration among BOT, PVA, PEWA, PPUC, EQPB, and the states to (i) align tourism growth scenarios with the limitations of sanitation infrastructure and services, ensuring that realistic and sustainable visitor targets are set, (ii) ensure that tourism is factored into future government investments in sewage management, (iii) strengthen regulations and compliance mechanisms for wastewater management, and (iv) identify ways to support the private sector in investing in more sustainable wastewater management plant and processes.

Solid Waste Management Infrastructure and Services

The NIIP and PDP shared strategy for solid waste management states that *“the government will gradually introduce state of the art facilities and best practices to dispose of solid wastes and thereby promote improved health and preserve the natural environment.”*⁴²

This initiative is supported by the implementation of the Palau National Solid Waste Management Strategy 2017–2026. Significant progress has already been made, including the opening of a national landfill in Aimeliik in 2021 and the waste segregation programs piloted by the Friends of Palau National Marine Sanctuary (FPNMS) and the Koror State Government Solid Waste Management Office (KSG SWMO).

Future priorities include closing and rehabilitating the now-disused dumps, as well as exploring waste-to-energy technology solutions.⁴³

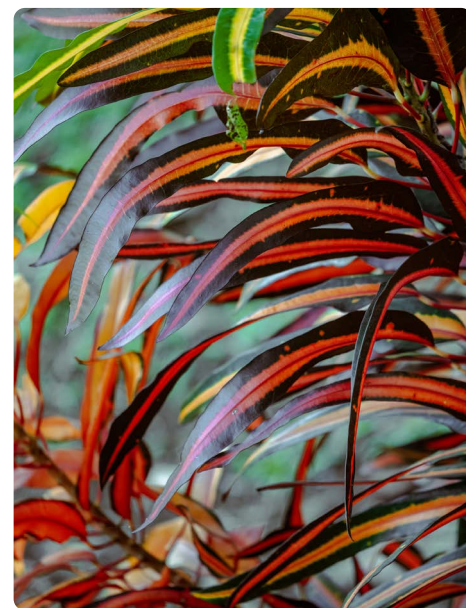
Compared to many other destinations in Asia and the Pacific, Palau appears to be a clean island nation that manages solid waste well. It is reported that business owners typically “do the right thing” when disposing of rubbish generated by tours and at hotels, supported by the availability of trash cans at key sites and reliable waste collection services in all states.

However, some unsustainable and/or illegal practices are reportedly still occurring at certain sites and public areas. This is a cause of concern for Palau’s sustainable tourism credentials and its “Pristine Paradise” brand promise. The growing volume of marine debris is also a concern. While the source of this debris cannot be controlled in Palau, there is a need to manage this issue, which has been

supported through annual coastal cleanups organized by various tour operators, NGOs, and community groups. Finally, many Palauans worry that future growth in visitor arrivals could overwhelm the current solid waste infrastructure.

These concerns are intensified by the growth in low-value, high-impact market segments, which have previously been associated with an increase in unmanaged trash. Like other areas of infrastructure, it is important to identify the carrying capacities of tourist destinations, taking into account the limitations of solid waste management in designated tourism locations. Furthermore, targets for visitor arrivals should be established in coordination with waste management planning milestones.

Achieving this requires collaboration among multiple stakeholders, which is recognized in the Palau National Solid Waste Management Strategy 2017–2026. Such an approach needs to be strengthened across BPW, PPUC, EQPB, the states, BOT, PVA, and NGOs through effective planning, investments, and program design, including raising awareness within the industry and community awareness.



41 Palau Draft Water Policy 2024. p.23.

42 NIIP 2021–2030. p. 8; and PDP 2023–2026. p. 116.

43 Footnote 42.

Energy Infrastructure and Services

The goals and strategies for the energy sector, as outlined in the Palau National Energy Master Plan (NEMP) (2019), the NIIP, and the PDP, focus on providing efficient and equitable services. They aim to improve access, standards, reliability, and value for money while striving to achieve the overarching goal of generating at least 45% of energy needs from renewable sources by 2025.⁴⁴

While these efforts directly support the tourism sector, analyzing energy supply through the lens of the tourism industry highlights prevailing concerns about reliability and costs. Since mid-2023, Palau has experienced power service disruptions due to temporary issues with the nation's transition to solar energy.⁴⁵ Some operators report having to resort to the high-cost, unsustainable solution of using generators. Furthermore, the increase in tariffs over the past several years has placed a significant financial burden on tourism businesses. While data on the number of accommodation providers with their own renewable energy supply is not available, anecdotal reports suggest more business owners would be interested in adopting such solutions if the equipment was affordable.

While the supply disruptions are expected to be overcome soon, and Palau's capacity is considered sufficient for growing demand, there is a need to determine the carrying capacities of destinations and set targets for visitor arrivals that consider energy consumption limits at designated tourism locations over the coming years. Furthermore, strengthening multi-stakeholder collaboration in preparing plans for tourism and energy is important.



By considering tourism growth scenarios together, the Palau Energy and Water Administration (PEWA), PPUC, BOT, PVA, and the states can:

- i) ensure that realistic and sustainable visitor targets are set;
- ii) ensure that tourism is factored into future government investments in energy supply; and
- iii) identify ways to support the private sector in investing in renewable energy solutions, such as providing technical advice to tourism businesses on evolving technologies and offering incentives for private sector investments in renewable energy.

ICT Infrastructure and Services

The Palau ICT Policy (2024) builds upon the goals and strategies for ICT development outlined in the NIIP and PDP. The policy aims to support tourism

through five pillars: digital connectivity, enhancing digital security, promoting the digital economy and innovation, transforming government services, and developing digital skills and inclusion.

A rapid analysis of ICT in tourism presents conflicting accounts. While some reports suggest that ICT serves Palau's accommodation hubs well, with businesses and visitors able to access high-speed, reliable internet at internationally competitive rates, others highlight poor connectivity and high costs.

Like other infrastructure and services, ICT sector planning must consider tourism growth scenarios and targets. Collaboration among MOF, MPPI, BOT, and PVA is important to ensure that public and private investments in ICT are sufficient to meet the anticipated tourism sector needs. Additionally, it is important to identify any potential limitations.

⁴⁴ PDP 2023–2026, p. 69.

⁴⁵ This is reportedly due to the instability of systems to cope with the transition from diesel to solar rather than a capacity issue.

Small-Scale Town and Site Infrastructure

The main centers visited by tourists in Koror and Airai are clean and organized; however, stakeholders have emphasized the need for improvements to sidewalks, street lighting, and pedestrian crossings. Ongoing state planning and investment in the safety and aesthetics of public spaces in these hubs and the provision of public amenities (e.g., toilets, rest stops, and trash cans) are necessary to serve residents and visitors alike. As other states expand their tourism offerings, similar planning and investment may be needed for streets and foreshores that experience high volumes of visitors.

Ongoing planning and investment in small-scale infrastructure is also essential for Palau's existing and upcoming visitor attractions at natural, cultural, and historic sites. This process is already being managed to varying degrees through the state master plans, ecotourism plans, and PVA advice and support to states for specific sites.

As Palau pursues its sustainable tourism goals, it will be important for national, state, private sector, and community stakeholders to collaborate in

- i) identifying the facility needs of popular tourism attractions—such as safely paved pathways, jetties, boat ramps, shaded/open rest areas, suitable spaces for staff, toilets, recycling and trash receptacles, filtered water, fences, wayfinding signage (leading to the site), interpretive signage/tools (at the site), parking spaces, accessibility measures, snack shops, and souvenir stores—where conducive to the expected number of visitors and suitable for the nature of the site; and
- ii) prioritizing investments in site management plans, with development controls recognizing the carrying capacity of sites (Section 4.8) and ensuring conservation of the sites' natural, cultural, and historical heritage.

Sporting and Events Infrastructure

Palau's preparation for hosting the 2025 Pacific Mini Games included upgrading the national multi-purpose gym to international standards. The national track and field, swimming pool, baseball fields, and tennis courts are also undergoing upgrades but are yet to be completed at the time of writing. These venues will allow Palau to host future regional sports events with up to 1,500 athletes. However, as identified in the NIIP, there is a need to construct more sporting facilities to grow the local and regional sports markets.

The NIIP also identifies the opportunity to construct a convention center. Palau has successfully hosted regional meetings with up to 1,000 delegates, including the international Our Ocean Conference in 2022 and other regional conferences since then. Existing large meeting facilities include the Palau National Gym, the Ngarachamayong Cultural Center, and several hotels. However, expanding the regional meetings market will require constructing a purpose-built convention center.

Health, Medical and Emergency Services

Palau is a competitive destination in terms of the availability of medical services. Visitors in Koror and Babeldaob are able to access urgent medical care if needed, although services in other locations are limited due to long distances. Palau has a hyperbaric chamber in Koror to serve the dive industry, maintained by the Ministry of Health and Human Services (MHHS).

The COVID-19 experience highlighted the importance of collaboration between the MHRCTD and MHHS in managing visitor controls and communications to minimize the risk of infection for both visitors and residents.



Ongoing preparedness planning for such risks requires strengthening communication across these ministries, ensuring that health resource needs are met without placing an undue burden on the health system.

While Palau has a positive reputation for law and order and is considered safe for visitors, it is important to consider police, firefighting, and marine rescue services in tourism planning. There are concerns about the capability limitations for each in the event of a major incident.

As tourism grows, so will risks to the safety of residents and visitors without adequate investment in appropriate equipment, personnel training, and drills.

4.6. The Tourism Workforce

Tourism Employment

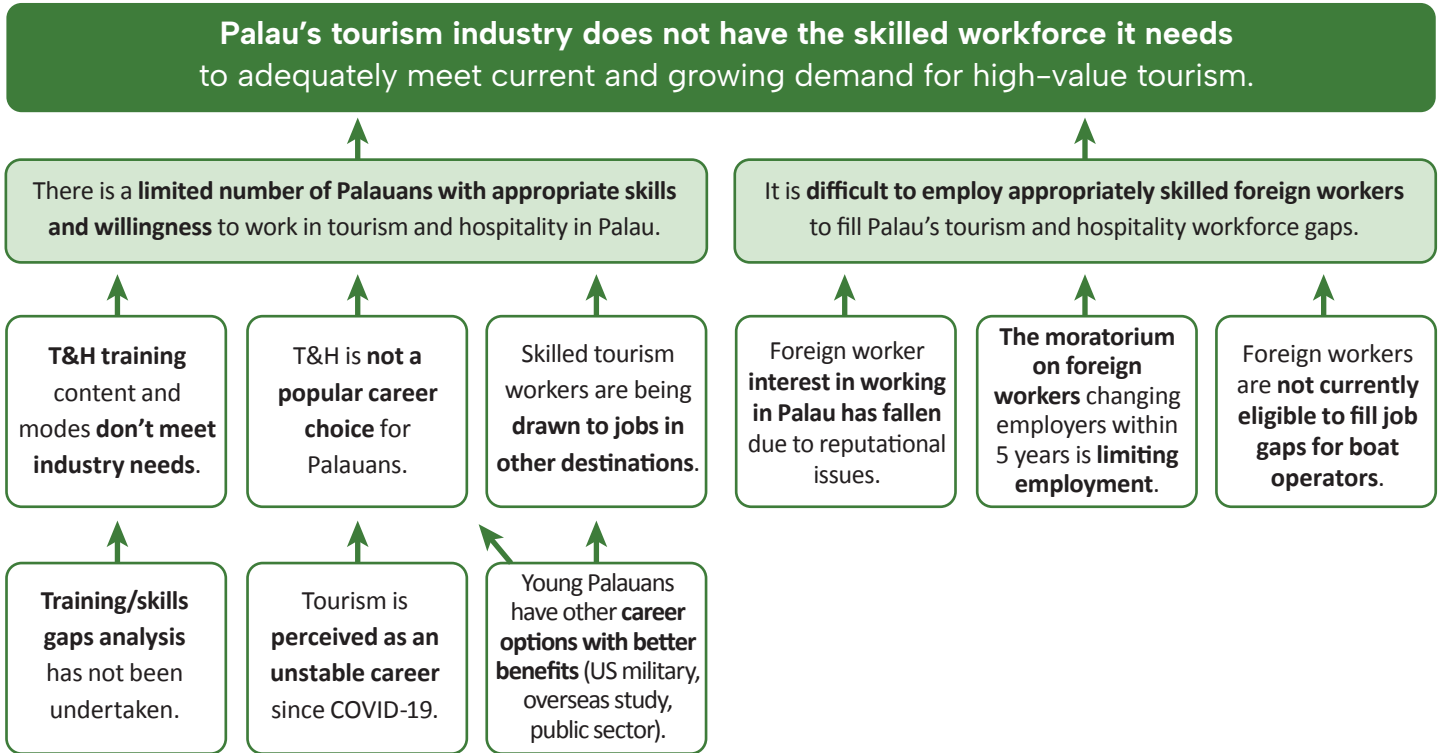
Before the COVID-19 pandemic disrupted travel in 2020, the tourism private sector in Palau was employing an estimated 2,100 people, with Palauan workers representing 26%.⁴⁶ USGS data shows that the total number of employees has been falling since FY2016 (2,400), while the percentage of Palauan workers has been falling over a longer term. As the tourism sector has yet to recover from the COVID-19 crisis, employment estimates for FY2023 were at a more than 20-year low of 1,300, with Palauan workers representing 28%. Note: Preliminary estimates from USGS

for FY2024 indicate that employment numbers grew to almost 1,600, but the percentage share of Palauan workers fell to around 23%.

Tourism Workforce Challenges

There is an overwhelming sentiment among Palau’s tourism stakeholders that more Palauans should be employed in the tourism industry to ensure (i) the authenticity of the visitor experience, and (ii) that tourism income benefits Palauans directly. However, there are currently many challenges to achieving this goal. Workforce gaps have been reported across the sector, with shortages of hospitality workers, boat operators, tour guides, and government workers in tourism. The challenges are complex, as represented in the problem tree shown in Figure 16.

Figure 16. A Problem Tree for Palau’s Tourism and Hospitality Workforce



⁴⁶ Full or part-time jobs based on USGS estimates for FY2019. USGS applies social security data and graduate school estimates using supply-use table ratios of sales to tourists at a detailed industry level.

Efforts are underway to address these problems and build a skilled and satisfied workforce in Palau's tourism and hospitality sector. These include:

- **Skills development**

- › Palau High School offers a career path program that grants a diploma for students who major in tourism.
- › Palau Community College (PCC) offers an internationally accredited Associate Degree Program through its Tourism and Hospitality School of Excellence.
- › Numerous industry-led efforts to recruit Palauans and offer on-the-job training.⁴⁷

- **Employment facilitation**

- › PVA is collaborating with the Ministry of Agriculture, Fisheries and the Environment (MAFE) to design a tourism career awareness campaign.
- › The Bureau of Human Resources (BHR) hosts an annual job fair where tourism employment opportunities are promoted.

- **Employer incentives**

- › Under the 2019 amendment to the Skilled Palauan Workforce Investment Act (2014), tourism and hospitality employers can access the Skilled Labor Gross Revenue Tax Relief program when employing graduates with vocational certificates from PCC.

- **Research to inform policy**

- › BHR, in partnership with the International Labour Organization (ILO), is commencing a study to (i) identify job opportunities for youth in Palau, (ii) evaluate the curriculum in schools/PCC, and (iii) assess the types of work permits available for foreigners.

It is important to continue and strengthen these efforts and invest in more initiatives in the future. A critical step is conducting a training and skills gap assessment before designing solutions such as adapting PCC/other courses, incentivizing employers, and forging new public-private partnerships in skills development and employment.



⁴⁷ This has been a key objective for accommodation providers such as the Palau Pacific Resort, Four Seasons, and the soon-to-open IHG/Hotel Indigo brand, among others. The Four Season's program has extended to offering apprenticeships to Palauans in scuba diving instruction, front office, food and beverage, boat captain, and back-of-house practical training in Maldives.

4.7. Conditions for Private Sector Investment in Tourism

Conditions for Local Entrepreneurs and Investors in Tourism

An estimated three-quarters of accommodation businesses in Palau, as well as all tour operations,⁴⁸ are locally owned.⁴⁹ Most tourist sites are state-owned; however, there are many examples of small-scale entrepreneurship in tour guiding, handicrafts, merchandise, and eateries. Stakeholders strongly believe that fostering more local entrepreneurship and investment is essential for the future. This will provide visitors with more experiences that are authentically Palauan and create more income-generating opportunities for Palauans. However, local business owners face several barriers to starting, improving, or growing a tourism enterprise. While these barriers vary depending on factors such as business type, size, stage, age, and location, stakeholder consultations identified a top five list of challenges. Table 3 presents this list, together with notes on associated solutions that are underway or needed.

Table 3. The Top 5 Local Entrepreneur/Investor Challenges and Corresponding Solutions

Local entrepreneur/investor challenges	Solutions underway and/or needed
1. MSME barriers to accessing finance. Local business owners (start-ups and existing MSMEs) report difficulties in (i) accessing the financing needed to start or reinvest in their businesses, and (ii) affording finance due to high interest rates. Challenges with getting a loan persist despite the availability of loans from the National Development Bank of Palau (NDBP) and at least one commercial bank indicating they will lend to tourism businesses that meet requirements. The main barrier cited is the inability to use land as security, while weak loan applications are also an impediment.	• In 2024, the NDBP launched a new loan product aimed at helping small businesses access credit using their homes as collateral; however, there are concerns that it may pose a risk for ill-prepared entrepreneurs. • Training and advice on preparing a loan application are offered to businesses by the Palau Entrepreneurs for Growth (PEFG) and the Palau Small Business Development Center (SBDC). The latter is currently on hold due to resource limitations. • Palau Chamber of Commerce (PCOC) connects businesses and banks through its meetings, seminars, and events. • Business grant programs have reportedly been available in the past, but many people were unaware of this. • More research is needed to understand the financial barriers faced by tourism MSMEs. This research should focus on identifying supply-side constraints (e.g., financial institution appetite for tourism) and demand-side constraints (e.g., collateral, financial records, loan application skills) to inform the design of solutions. This requires collaboration among public and private tourism leaders and financial institutions.
2. Weak tourism business management knowledge and skills. Although this is more relevant to new or small business owners, some established MSMEs may also lack the skills needed to start or operate a business (e.g., financial management, marketing, product development, etc.) While commercial business advisory services can support businesses with certain functions, there is a limited supply of such services, and they can be cost-prohibitive.	• PEFG provides training, advice, and space for small-scale local entrepreneurs, including those in tourism. • Palau SBDC has offered training and support to businesses, with a focus on financial management and loan applications, but this is currently limited by available resources. • PCOC provides training on topics of interest to its members. • PVA provides product and marketing advice to private tourism businesses upon request (e.g., advice on improving market readiness and marketing). • BOT provides advice on business setup and compliance to private tourism businesses upon request (e.g., regulatory requirements). • Given the range of training and advisory resources, there is a need to survey the existing knowledge and skills gaps among business owners (by types, stages, and levels of experience). This survey will help identify gaps and overlaps in existing services, leading to better coordination and enhancement of programs.
3. Weak tourism industry networks. Palau lacks a widely represented, collaborative tourism industry network. This limits opportunities for building business networks, forging commercial partnerships, sharing knowledge, and lobbying for industry needs.	• PCOC welcomes all tourism businesses to join and benefit from networking and learning opportunities, despite the misconception that it only caters to larger businesses. • PEFG is growing a network of local micro-entrepreneurs. • As Palau has two bodies catering to different audiences, and many business owners are not engaged in either, PVA and BOT can play a key role in convening industry members for networking.
4. High cost of doing business. The costs of business inputs (e.g., fuel, power, labor, equipment) have increased significantly, narrowing profit margins in already challenging times.	• Many rising costs are a function of the market that cannot be controlled. However, as Palauan businesses face a particularly difficult period (marked by a protracted economic crisis due to the COVID-19 pandemic, a new tax regime, and global inflation), there are calls for more support for the private sector to reduce the costs of doing business, such as subsidies for certain inputs.

⁴⁸ Local ownership is a legal requirement for land and sea transport operators.

⁴⁹ This figure may be lower due to the unknown number of “front business” arrangements.

Local entrepreneur/investor challenges	Solutions underway and/or needed
5. Cumbersome licensing processes. Tourism businesses require various national and state licenses, many of which are not clearly defined from the outset. These pose time and cost burdens.	• A mapping of all national and state permits and licenses required to start and operate different types of tourism businesses has commenced as part of this strategy development. Completing this mapping is important for determining ways to streamline processes and explore options for reducing costs.
It is critical that this strategy progresses efforts to improve the business enabling environment for local entrepreneurs and investors by addressing the above challenges. Coordinating efforts to avoid duplication of support and fill existing gaps will help achieve favorable outcomes.	• Land availability and suitability issues. There are significant challenges in finding land that is both suitable and available for tourism development. “Suitable” refers to land that appeals to tourists and is easily accessible, while “available” refers to secure land titles with no risks of dispute. Furthermore, the inability to transfer leases is an additional barrier to investors in Palau.
Conditions for Foreign Investors in Tourism	lack of incentives is a barrier to high-priority investments and to identify which type of incentives would be suitable for Palau.
The Government of Palau recognizes the benefit of foreign investment in infrastructure, such as accommodation, provided it is suitable in scale and standards. In addition to attracting much-needed capital, foreign investment opens opportunities for attracting international brands to manage properties and provide global marketing reach. The Foreign Investment Act supports this process and outlines the requirements and permissions, which are overseen by the Foreign Investment Board (FIB).⁵⁰	• Weak framework for joint ventures. The requirement that foreign partnerships are limited to investments of five million dollars has inadvertently resulted in the pursuit of non-transparent and illegal local-foreign partnerships. • Corrupt practices. There are anecdotal reports of corrupt practices involved in obtaining government permits, doing business with local partners, and engaging in public procurement processes.⁵¹
Although there was evidence of foreign investor interest in the accommodation sector in Palau leading up to COVID-19, there are several factors reported as currently constraining it:	It is important to create enabling and fair conditions for both local and foreign investors through the new sustainable tourism strategy.
• Uncertainty about visitor market demand. There is ongoing uncertainty regarding market demand prospects in the post-COVID environment, with relatively weak recovery rates observed so far. As more data becomes available and clearer trends emerge, investors will gain a better indication of prospects.	• Lack of investment facilitation support. Currently, FIB focuses on investment approvals rather than attracting or supporting investment. Moreover, PVA does not currently provide a support service for tourism investment facilitation, even though the PVA Act includes provisions for this. As a result, investors often have to deal with the states, landowners, or private advisers to scope tourism development prospects. While this approach is not inherently problematic, it limits (i) Palau’s potential to attract targeted investors strategically, (ii) the potential to facilitate joint ventures that benefit local partners, and (iii) Palau’s capacity to influence high-priority investments or reinvestments in high-value tourism segments. • Lack of investment incentives. Although the Pristine Paradise Act – High-value Tourism (2018) has provisions for investment incentives, it has not led to the design of specific fiscal incentives. More research is needed to understand how much this

50 Foreign investors can own allowed businesses on leased land and/or participate in a joint venture with FIB approval, but they cannot own land. In the tourism sector, allowed businesses include accommodation, but not tourism or transport operations.

51 US Department of State. 2024 *Investment Climate Statements* (online).

4.8. Environmental, Cultural and Social Considerations for Tourism

Preserving the Environment and Culture in Palau

Respecting the environment—*Lukel a Klengar* or “the nest of life”—is an intrinsic part of being Palauan. So is respecting the cultural heritage that has shaped Palau over many centuries. The preservation of both is evident in traditions and supported by a range of current practices, activities, regulations, and plans. For example:

- Palau has a long-standing tradition of applying regenerative principles to its oceans and lands. The “bul” traditional moratorium on activities like fishing and farming to allow for regeneration demonstrates how ancestral customs for protecting the environment continue to be practiced today.
- Palau stands out as a nation committed to protecting its environment, with 44% of its land and 80% of its marine territory currently under protection. The country’s exceptional environmental record includes establishing the world’s first shark sanctuary in 2009, establishing one of the largest national marine sanctuaries in the world, declaring 53 declared conservation areas, pioneering the Protected Areas Network (PAN), and managing a UNESCO World Heritage Site.
- Palau has an active community of development partners delivering projects with environmental objectives. NGOs working with communities include the Palau Conservation Society (PCS), the Palau International Coral Reef Center (PICRC), and Friends of the Palau National Marine Sanctuary. Various bilateral and multilateral agencies—such as Global Environment Facility (GEF), ADB, Japan International Cooperation Agency (JICA), and PICRC—also lead or support projects with environmental goals.
- Palau’s commitment to protecting the environment during commercial development is evident in its regulations, including those overseen by the Environmental Quality Protection Board (EQPB), which controls human activity to prevent environmental damage.
- Provisions for the protection of Palau’s culture and heritage are present in the Palau National Code Title 19, which regulates all activities concerning cultural resources.⁵² Furthermore, Palau’s Bureau of Culture works with the states and communities to preserve historic places (193 currently registered) and document oral history.
- The Palau Development Plan emphasizes the importance of the environment and culture in two of its four pillars: “Maintain the environment and counter climate change” and “Nourish Palauan culture and identity.”
- Environmental and cultural preservation are central to state planning through master plans, state-specific historic and cultural heritage preservation plans, and management plans for PAN sites.



⁵² This Code led to several regulations for the development, rehabilitation, protection, etc., of cultural and historical heritage sites.



Safeguarding the Environment, Cultural Heritage and People of Palau from the Negative Impacts of Tourism

Further to the above macro snapshot of environmental and cultural preservation, Palau has also demonstrated world-leading efforts in sustainable tourism in recent years. These efforts include

- Resisting the emergence of mass tourism in the mid-2010s, when a rapid and steep increase in visitor numbers began to negatively impact the local environment and society.
- Adopting the global Green Fins program in 2019, which provides guidance and training to ensure that dive tours are conducted in an environmentally safe way. This initiative was replicated with the creation of the Green Boots program in 2021 for land-based tours.
- Launching the Palau Pledge in 2017, which secures tourists' commitment to preserving and protecting the islands. This FPNMS initiative led to the introduction of a passport stamp for visitors to sign upon arrival. It earned Palau international recognition as a destination demonstrating sustainable tourism credentials, attracting visitors who value these principles. Since 2023, FPNMS has extended the initiative to include (i) a certification program for local businesses, with 60 businesses certified as of 2024, (ii) a platform to direct visitors who sign the pledge to certified businesses, and (iii) the Ol'au Palau initiative, which provides customized experiences for these visitors.
- Introducing the Responsible Tourism Education Act (2018) to provide the legislation necessary to (i) incorporate the Palau Pledge into the passport stamp, (ii) require incoming aircraft and vessels to communicate information about Palau's environmental protection and cultural preservation policies, (iii) reduce single-use plastics used by tour operators, (iv) ban the importation and sale of reef-toxic sunscreen, and (v) introduce an accreditation and rating scheme for tourism businesses to indicate their environmental protection credentials. (While activities (i) and (iv) have been implemented, activities (ii), (iii), and (v) are still in progress.)
- Introducing the Pristine Paradise Environmental Fee. While visitor taxes are often seen as a barrier to tourism, Palau has demonstrated that an environmentally focused visitor fee can be a justified means to support sustainability efforts. In 2018, Palau introduced a USD100 per person fee upon arrival, replacing the USD30 per person Green Fee. This new fee has reportedly not hindered tourism and allows the collected funds to be directed toward environmental and social priorities.
- Planning for ecotourism and community-based tourism. This has been progressed through several channels, including (i) support from GEF through PAN to prepare ecotourism plans for Aimeliik, Ngardmau, and Ngaiual (with more states to follow), (ii) support from the US National Park Service to pilot a sustainable visitor use planning framework in Ngardok Nature Reserve (with RISL to follow), and (iii) support from the Sasakawa Peace Foundation to develop community-based tours in Airai, Melekeok, Ngaraard, Ngarchelong, and Ngardmau (with more to follow).
- Developing a carbon offset calculator as part of a tailored program for visitors to Palau. This tool allows visitors to calculate the carbon emissions generated by their trip and purchase carbon offsets, with the funds directed toward conservation projects in Palau. Two similar programs have been designed but not implemented yet. However, the technology is ready and can be rolled out with additional development and resources.
- Keeping the people of Palau safe from harm that may result from tourism-related activity. Palau has anti-human trafficking laws, workplace laws, and child abuse prevention laws, among others.

4. Country-Level Tourism Situation Analysis

Recent consultations indicate the importance of continuing the progress made toward environmentally, culturally, and socially sustainable tourism in Palau. These efforts can be further strengthened by

- Incorporating environmental, cultural, and social sustainability measures into a tourism minimum standards program.
- Reinvigorating the Green Fins program by reassessing compliance officers and rolling out the Green Boots program.
- Determining the tourism carrying capacity limits and visitor flow solutions for sites of environmental, historical, and cultural significance to prevent damage from excessive visitor numbers.
- Developing site management plans for sites frequented by tourists (if not already included in a PAN management plan). These plans should be based on defined carrying capacities and should specify priorities for sustainable infrastructure development, visitor experience development, and visitor movement controls.
- Ensuring states have best practice plans for sustainable tourism development via their master plans or dedicated tourism plans, with guidance from BOT and PVA alongside PAN and development partners.
- Determining the destination carrying capacity for Palau based on a range of factors, including waste management and food supply. For food supply, the availability of producers and retailers to provide food and other necessities at uninflated prices should be considered. It also requires

collaboration between the Bureau of Agriculture (BOA) and BOT/PVA to plan for acceptable solutions to increase local production (and, where necessary, imports) to cater for—and benefit from—tourism. The BOA's Green Growth Plan 2023 considers this.

- Strengthening awareness within the tourism sector about the monitoring of, and compliance with, regulations, standards, and guidance that safeguard places and people. This effort will require closer coordination among BOT, PVA, EQPB, the Division of Marine Law and Enforcement (DMLE), the Office of Labor Compliance (OLC), the states, the private sector, and NGOs. It will ensure tourism business owners (i) understand the laws and guidance related to protecting the environment, cultural/historic heritage, and people, (ii) have access to advice and assistance for compliance, and (iii) are held accountable through enforced penalties when necessary.
- Ensuring the protection of Palauans from potential harm from tourism (e.g., due to unscrupulous behaviors of visitors or business owners), giving special attention to the risks posed to children and women.
- Defining tourism sustainability indicators for Palau and establishing a partnership-based program for implementation, monitoring, and reporting. Key partners in such programs include BOT and PVA, relevant national agencies such as the Bureau of Environment (BOE) and EQPB, the states, and NGOs.

Building Resilience to the Effects of Climate Change and External Shocks

Palau faces significant climate change risks, including rising sea levels and extreme weather. These issues will be addressed in the upcoming revised Climate Change Policy. The OCC and BOT will collaborate on integrating climate-resilient strategies into the tourism sector. Furthermore, a National Adaptation Plan for Climate Resilience in Small Island Developing States is being prepared. The plan will include a dedicated section on tourism, proposing policies for best practices for a climate-resilient tourism industry.⁵³

Palau's tourism industry is also susceptible to economic shocks and global events. Recently, tourism businesses and the overall economy suffered significantly from the effects of the global coronavirus pandemic. Although the industry has not yet recovered, it has shown resilience, supported by government interventions such as loans provided under the Coronavirus Relief One-Stop Shop Act (2021). Another initiative that emerged from the COVID-19 crisis to support resilience is the establishment of the Palau Entrepreneurs for Growth.

Preparedness for future at-risk events will be critical so that the government and business owners are ready to respond with suitable measures. This may require closer collaboration with the National Emergency Management Office (NEMO) and other agencies to identify how public and private tourism operators can enhance their resilience to the impacts of such events.

⁵³ This project is being led by the Office of Climate Change under the Office of the President. It involves close collaboration with BOT, PVA, and key stakeholders to identify climate-specific strategies for the tourism sector.

4.9. Tourism Governance and Stakeholder Collaboration

Tourism Governance Structures

The formal governance arrangements for the tourism sector in Palau include the following entities:

- **Ministry of Human Resources, Culture, Tourism and Development.** Formed in 2021 under Executive Order 451, it provides government direction on tourism policy and budget via the Bureau of Tourism.
- **Bureau of Tourism.** Established as a government office under Executive Order 451, its goal is to support the master plan for tourism outlined in the PDP and to lead the development of strategy for the sector. It is also responsible for regulatory frameworks for the tourism industry, including developing and implementing a code of practice for the tourism sector and ensuring adherence to sound principles and practices of sustainable tourism.
- **Palau Visitors Authority.** Established as a public corporation under the Tourism Reorganization Act (1982), which provides for a Board of Directors with at least three tour operator representatives. Its mandate covers (i) promoting Palau to attract visitors, (ii) implementing the then tourism policy and plans (and advising on the same in the future), (iii) encouraging foreign investment in tourism, (iv) providing recommendations on tourism matters related to immigration and customs as well as community engagement, (v) promoting the production of local handicrafts and artifacts that meet quality standards,



(vi) connecting government and the private sector on tourism industry matters, and (vii) promulgating regulations to carry out the provisions of the Act.

- **State government administrations.** While the appointed office or individual(s) for directing tourism decisions may vary across states, state governments in Palau play a key role in tourism governance arrangements due to their ownership of assets and decision-making powers.

Palau also has a Senate Committee on Tourism, Environment and Maritime and a House of Delegates Committee on Tourism and Aviation, both of which enable the passing of tourism-related legislation.

Palau has several national government agencies or state-owned enterprises with mandates that impact tourism. These include agencies responsible for

investment (FIB), aviation (BOAV), human resources (BHR), the environment (BOE, PAN, and EQPB), culture and heritage (BCHP), immigration (BCBP), communication (BOC, PNCC), climate change (OCC), health (BPH), and all forms of infrastructure and services (BPW and PPUC). These agencies have a role in tourism governance even though their duties and responsibilities may not specify it.

Further to the public institutional arrangements for tourism, the Palau Chamber of Commerce represents the interests of business owners (currently 22) in discussions with the government, thereby serving an important role in influencing policy decisions.⁵⁴ The establishment of the Palau Entrepreneurs for Growth in 2021 has a similar role with a focus on local MSMEs. Finally, the tourism-related interests of the wider community are represented by their government representatives or NGOs.

⁵⁴ The previous industry body named the Belau Tourism Association merged into PCOC as a Tourism Committee a few years ago.

Tourism Stakeholder Communication and Collaboration

The multifaceted nature of tourism requires suitable mechanisms for state–national coordination, cross-agency coordination, and public–private–community coordination to ensure that planning and implementation across all relevant stakeholders are aligned. The prevailing mechanisms for such tourism coordination in Palau include

- MHRCTD/PVA/BOT discussions with the states on tourism development priorities via (i) one-on-one meetings on an as-needed basis, and (ii) tabling matters for the Governors Association meetings for group discussion.
- MHRCTD/PVA/BOT discussions with other national agencies whose mandates include tourism conducted on an as-needed basis. These discussions are most frequent with agencies under MHRCTD, as well as FIB, EQPB, and the Palau National Communications Corporation (PNCC).

- MHRCTD/PVA/BOT discussions with the private sector conducted on an ad hoc and informal basis through meetings with PCOC or via individual meetings.
- MHRCTD/PVA/BOT discussions with international or local development partners working in tourism (e.g., ADB, Sasakawa Peace Foundation, FPNMS, PCS) on an as-needed or project-specific basis.

Currently, there are no avenues for PVA and BOT to communicate regularly with host communities on tourism matters. However, the MHRCTD's recent Tourism Sentiment Survey, which canvassed views for this strategy, was an important step forward in nationally led community engagement. For in-depth discussions about tourism at the community level, the states provide opportunities for open dialogue with their constituents on various matters, including tourism. NGOs also play an important role in representing the interests of some communities. Public comments on specific tourism developments are enabled through public hearings and/or town hall meetings.



Prevailing Issues in Tourism Governance and Coordination

The following shortcomings in Palau's tourism governance arrangements and coordination mechanisms have been identified as limiting the potential for sustainable destination management.

- Gaps and overlaps in the duties and responsibilities of PVA and BOT, which serve as the lead tourism agencies.
 - › Gaps include duties and responsibilities related to information/data management, destination monitoring, and investment facilitation. These gaps can be partially attributed to the PVA Act being 40 years old, which does not account for the evolving nature of tourism and the duties and responsibilities of contemporary national tourism offices, while the BOT was established more recently but has a limited mandate.
 - › Overlaps include matters of tourism planning and development at the sector level and concerning specific sites/products, with a lack of delineation between BOT and PVA duties and responsibilities.
- Confusion among stakeholders about the roles of PVA and BOT, contributing to industry discontent about performance. This confusion arises from the aforementioned gaps and overlaps, compounded by a lack of communication within the industry.
- Lack of clarity regarding the tourism-related mandates of other government agencies that do (or should) have a role in leading or supporting certain tourism functions. Additionally, there is a lack of coordination among agencies on tourism-related matters (e.g., aviation development, investment facilitation).



- Insufficient resources for BOT to fulfill its mandate.
- Challenges in national–state collaboration and coordination in tourism (although progress has been made in strengthening some relationships since the RTPF and through the recent STS consultations).
- Lack of regular, structured platforms for public–private–community dialogue on tourism matters, limiting Palau from realizing its potential for a sustainable, nationwide tourism sector.
- Lack of broad private sector engagement with PCOC and/or PEEG, and the lack of alignment between the two.

- Insufficient information management systems and processes for tourism to enable communication and collaboration among partners.

These issues are not new, and the RTPF recognized the need to strengthen tourism governance and coordination. It proposed the establishment of a National Tourism Coordination Board (NTCB) and State Tourism Councils (STCs); however, these did not eventuate.

Reasons cited for why the NTCB failed to materialize include (i) uncertainty about how to establish it (including its legal mandate, funding sources, and dealing with overlapping responsibilities with PVA and BOT), (ii) concerns that it would require more time than private sector representatives could commit, and (iii) concerns that public sector

representatives from non-tourism agencies would not have the time, interest, or mandate to participate.

Reasons cited for why the STCs did not eventuate include (i) the lack of a financing mechanism (like that provided by the PAN Fund), (ii) the lack of people resources in many states, and (iii) the existence of related, but competing state planning mechanisms (e.g., state planning commissions or equivalent working groups for master plans).

Although the NTCB and STCs were not established, the need for solutions to improve tourism governance and coordination remains. Hence, this strategy proposes priorities that are informed by recent stakeholder consultations.

5. Objectives, Priorities and Activities 2025–2028

This section presents the direction for Palau’s Sustainable Tourism Strategy 2025–2028, informed by the consultation and research findings summarized in the preceding sections: State-Based Destination Assessments (Section 3) and Country-Level Tourism Situation Analysis (Section 4).

It details

- **14 outcome-level objectives** to be pursued through the strategy. These support the strategy’s defined goals, uphold its guiding principles, and ultimately contribute to the long-term vision for tourism in Palau.
- **65 strategic priorities** to be progressed over the next four years to achieve each of the objectives, each with suggested activities.
- **The top 10 priorities for Year 1.**

5.1. Objectives

The objectives are clustered into four themes, with 14 specific outcome-level objectives. The 14 objectives outlined in this strategy will be progressed through the implementation of the following strategic priorities and corresponding activities. The strategic priorities will serve as outcome-level performance indicators to be evaluated at the end of the strategy, while the activities will serve as annual output-level performance indicators.

4 Objective Themes

14 Outcome-Level Objectives

 Destination Management Structures and Systems	1. Establishing tourism governance structures and coordination mechanisms that enable effective leadership and multi-stakeholder collaboration in sustainable destination management. 2. Strengthening research and information management systems that support evidence-based sustainable destination management.
 Tourism Supply: Products, People, Access and Infrastructure	3. Providing accommodation that meets the expectations of high-value tourists and authentically represents Palau. 4. Delivering a variety of sustainably managed, world-class marine visitor experiences that are valued by residents and tourists alike. 5. Growing the supply of sustainably managed terrestrial visitor experiences based around Palau's natural and cultural attributes. 6. Building a skilled tourism workforce that meets industry needs and provides decent work opportunities for interested Palauans. 7. Providing internationally competitive transport infrastructure and services that make Palau, and its tourism-ready locations, accessible to target markets. 8. Progressing sustainable and resilient tourism-enabling public infrastructure and services that support both visitors and residents.
 Supporting Conditions for Sustainable Tourism Sector Development	9. Managing appropriate controls, advice, and monitoring mechanisms that ensure tourism development in Palau is environmentally, culturally, and socially sustainable. 10. Creating a business environment that enables micro, SME, and large private sector investment in sustainable and resilient tourism ventures. 11. Developing linkages between tourism and other sectors that deliver community benefits without community burdens. 12. Fostering a tourism-aware community that ensures visitors feel welcome and safe, and residents feel respected and safe.
 Destination Marketing and Distribution	13. Managing a destination brand that represents Palau and presents a compelling proposition to high-value, low-impact travelers. 14. Undertaking evidence-based marketing activity that serves to convert high-value, low-impact traveler interest to bookings.



5.2. Priorities & Activities Theme 1: Destination Management Structures and Systems

OBJECTIVE 1: Establishing tourism governance structures and coordination mechanisms that enable effective leadership and multi-stakeholder collaboration in sustainable destination management.

STRATEGIC PRIORITIES AND ACTIVITIES

1A Ratify a national–state whole of government commitment to tourism as a priority sustainable economic sector for Palau.

- 2025**
- i) Secure state government support for a whole of government commitment to tourism as a priority sustainable economic sector for Palau. To be formalized via the launch of the STS and Destination Management Partnership (1B).
 - ii) Secure presidential and congressional support for a whole of government commitment to tourism as a priority sustainable economic sector for Palau. To be presented as a formal declaration.
 - iii) Engage all public agencies with responsibilities impacting tourism to demonstrate support by
 - a) endorsing the STS and Destination Management Partnership (1B);
 - b) committing to join meetings as required to progress the STS and evolving tourism priorities; and
 - c) participating in a review of destination management functions to identify ways to improve the governance of the sector (1C).

Co-leads: *Office of the President and MHRCTD.*

Partners: *All national ministries/offices and state governments.*

1B Form a Destination Management Partnership Steering Committee (DMPSC)—a cross-agency, national–subnational, and public–private–community representative task force—to facilitate the multi-stakeholder coordination required to implement and monitor the STS.

- 2025**
- i) Prepare terms of reference for the DMPSC, detailing governance arrangements, composition,⁵⁵ responsibilities, meeting frequency, and mechanisms for implementation, monitoring, and reporting. (To optimize engagement by key stakeholders but avoid excessive demands on their time.)
 - ii) Mobilize the DMPSC with the commitment of nominated members to fulfill their obligations as representatives of partner agencies/groups. (Aim to launch at the same time as the STS.)
 - iii) Meet frequently (e.g., quarterly) according to a rolling agenda based around STS objectives and emerging priorities, and undertake a progress review at the end of year 1.⁵⁶
 - iv) Establish technical working groups to progress discussions or action on specific topics.

2026–2027 i) Continue DMPSC and working group meetings and annual progress reviews as above.

2028 i) Continue DMPSC and working group meetings and annual progress reviews as above.

Lead: *MHRCTD.*

Partners: *BOT; PVA; BOAV; BOENV; BHR; FIB; states (Governors Association); representatives of the private sector, NGOs, communities; and other agencies on a topic-specific basis.*

1C Reorganize the national institutional arrangements for tourism to ensure a more efficient and effective performance across contemporary destination management functions.

- 2025**
- i) Undertake a review of destination management functions in Palau to identify gaps and overlaps⁵⁷
 - a) in the mandates and current activities of BOT and PVA; and
 - b) with other national agencies that have a role in sustainable destination management.
 - ii) Identify future institutional arrangements best suited to sustainable destination management in Palau, including
 - a) tourism-specific institutions (currently PVA and BOT); and
 - b) tourism-supporting institutions.
 To propose the powers, functions, and budget/resources required for those arrangements.
 - iii) Progress reforms to PVA and BOT as agreed based on the above evidence, including clarifying mandates and revising regulations if necessary.

2026 i) Progress reforms to tourism-supporting institutions as agreed based on the above evidence, including clarifying mandates and revising regulations if necessary.

2027–2028 i) Continue above as necessary.

Lead: *MHRCTD.*

Partners: *PVA, BOT, and all agencies with tourism-related responsibilities.*

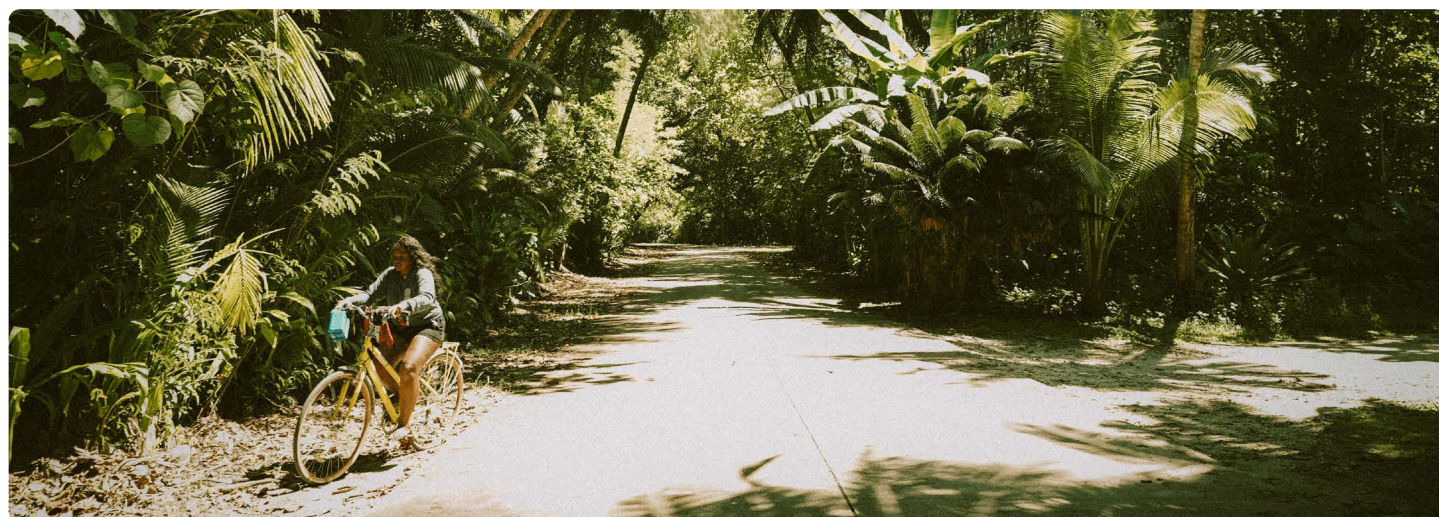
⁵⁵ Proposed composition: Directors of lead agencies listed above plus representatives of the Governors Association, private sector, NGOs, and community groups. To invite Directors from other offices when relevant topics are on the agenda (e.g., BPH, BCBP, BPW, OCC PPUC, EQPB). To be chaired by the Minister for Tourism with BOT to serve as secretariat.

⁵⁶ STS activities to serve as output-level KPIs, and priorities to serve as outcome-level KPIs.

⁵⁷ A framework for assessing destination management functions is available from PSDI.

5. Objectives, Priorities and Activities 2025–2028

1D	Formalize a tourism development support program (TDSP) for states to access resources for developing and mobilizing their tourism plans/priorities.
2025	i) Design a program that enhances and integrates existing BOT and PVA efforts to help the states by a) providing technical support for the development of states' tourism/ecotourism plans; b) providing (or facilitating) advice and training on accommodation and product development to state officers and the businesses and communities they represent (3C, 4B, 5B, 10B); c) delivering (or facilitating) funding for the states to develop or improve sites/products/small-scale public infrastructure for tourism; and d) providing marketing and distribution support (14A, 14B). ii) Establish the criteria for allocating the above support to ensure transparency and the best use of limited resources. Criteria to be based on (a) state interest and development readiness factors, and (b) prioritization of sites via a registry (4A, 5A). iii) Work with MOF and funding partners to source funding for the program.
2026–2028	i) Roll out and scale up the TDSP to reach more states and their beneficiaries each year.
Co-leads:	<i>PVA, BOT, and interested states.</i>
Partners:	<i>Training/advisory partners (to be convened, e.g., Palau SBDC, PEF, PCOC, FPNMS, national government bureaus for relevant themes), and MOF (for funding)</i>
1E	Formalize arrangements for national and state government communication on tourism priorities, using existing structures where possible.
2025–2028	i) Schedule and conduct regular high-level tourism discussions among BOT, PVA, and the states via meetings with the Governors Association and Council of Chiefs, where possible. ii) Undertake regular one-to-one meetings between BOT/PVA and each state government to progress agreed tourism priorities and programs of work.
Co-leads:	<i>PVA, BOT, and interested states.</i>
1F	Define and promote public–private–community dialogue (PPCD) mechanisms for tourism to ensure all accountable and interested stakeholders can be involved in discussions if they wish.
2025	i) Establish or update MOUs between MHRCTD/BOT/PVA and Palau's tourism private sector representative organizations PCOC and PEF to reaffirm commitment to tourism private sector representation in regular high-level discussions on tourism priorities. ii) Launch an annual tourism business survey to gather data on industry trends and needs. iii) Continue and enhance PVA/BOT written communications (e.g., newsletters, corporate website) and face-to-face engagement (e.g., annual tourism summit) to provide industry partners with key tourism information (2B, 2C) and give the opportunity to ask questions and share views on tourism. iv) Defer to the states as the (a) primary convener for public, private, and community stakeholder interests in tourism at state-level, and (b) representative of those interests to national platforms (1E).⁵⁸ v) Undertake a nationwide tourism sentiment survey at least every two years to provide residents the opportunity to share views on tourism.
2026–2028	i) Strengthen and scale up activities (i)–(v) above each year. ii) Launch Palau Tourism Awards as a special event to bring the industry together.
Co-leads:	<i>PVA, BOT, and interested states.</i>
Partners:	<i>Private sector organizations and operators, and community members.</i>



⁵⁸ This allows tourism information and views to be shared with and collected from the states' constituents in accordance with their respective preferences for PPCD. However, if the states seek support with PPCD, this should be provided by BOT/PVA.

OBJECTIVE 2: Strengthening research and information management systems that support evidence-based sustainable destination management.

STRATEGIC PRIORITIES AND ACTIVITIES

2A Design, develop, and maintain a destination information management system for sourcing, storing, and utilizing destination management data.

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|------------------|--|
| 2025 | <ul style="list-style-type: none"> i) Conduct an audit of data available for informing destination management, i.e., demand statistics (2B, 2C), supply information (2D, 3D, 4A, 5A), tourism investment data (3E, 10F), workforce data (2E, 6A), environmental/social impacts data (9E), and economic impacts data (E9E). The audit is to identify <ul style="list-style-type: none"> a) data type, sources, storage locations and format, data ownership/responsibility for updating, and uses for analysis and reporting; b) gaps in data relevant to informing destination management for Palau; and c) challenges, needs, and opportunities for improving data sourcing, storage, and utilization. ii) Engage information management experts to design a destination information management system (DIMS) to store all destination management data. (One platform, if possible, or multiple platforms, if necessary, to serve different purposes, requiring different ownership and/or different formats and software solutions.) |
| 2026 | <ul style="list-style-type: none"> i) Develop and launch the DIMS, with assigned ownership, security provisions, operating procedures, and roles and responsibilities for data sourcing, analysis, and utilization. |
| 2027–2028 | <ul style="list-style-type: none"> i) Maintain the DIMS with regular data updates. ii) Engage technical experts to explore options to transition from a DIMS that records supply data to one with functions for live updates, bookings, and site-specific capacity monitoring functions. |

Co-leads: BOT and PVA.

Partners: NGOs, MOF, FIB, BHR, and BOE.

2B Strengthen the collection, analysis, and reporting of data and insights on arrival trends and travel behaviors of visitors to Palau.

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| 2025 | <ul style="list-style-type: none"> i) Ensure all current/potential sources of visitor data are part of the proposed data audit (2A). ii) Streamline and expedite the process of sharing visitor arrival data with PVA for tourism purposes (from immigration arrival cards, including health declaration forms). iii) Launch an International Visitors Survey (IVS) to be conducted on an ongoing basis. iv) Establish a process and schedule for analyzing visitor data, preparing reports, and sharing via industry communication channels (1F). v) Apply all visitor data in the development of brand and marketing strategies (13A, 14A). |
| 2026–2028 | <ul style="list-style-type: none"> i) Continue and enhance the above activities (ii)–(v) as relevant each year. |

Lead: PVA.

Partners: BOT, BPH, and BCBP.

2C Strengthen the sourcing and interpretation of market research on global tourism trends and insights relevant to Palau and share it with local tourism stakeholders.

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| 2025 | <ul style="list-style-type: none"> i) Ensure all current/potential sources of relevant market research on global and regional travel and tourism trends and sustainable tourism practices are part of the proposed data audit (2A). ii) Establish roles and responsibilities and a schedule for monitoring market research, interpreting relevant insights for Palau's tourism stakeholders, and sharing key information via industry communication channels (1F). |
| 2026–2028 | <ul style="list-style-type: none"> i) Continue and enhance the above activities as relevant each year. |

Lead: PVA.

Partners: BOT.

2D Strengthen the collection, analysis, reporting, and use of Palau tourism supply data.

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| 2025 | <ul style="list-style-type: none"> i) Ensure the supply data below is part of the proposed data audit for informing the design of a DIMS (2A). ii) Establish a central, electronic, up-to-date, comprehensive accommodation database as part of the DIMS to support more efficient data analysis and reporting, improve communication with businesses, and serve marketing purposes. To advance PVA's current spreadsheet records and streamline data sourcing to minimize manual data checking/updating for each of the following supply themes. <ul style="list-style-type: none"> a) Accommodation: to include tags by type, location, price point, number of rooms and beds, ownership, contact person(s) and details, operating status (closed, open, under construction, planned), and—in the future—standards certification identifiers. b) Tourism sites/attractions: to include tags by type, status (e.g., open to visitors vs. potential), attributes (e.g., environmental, cultural, or historical), location, fees (if relevant), ownership status (e.g., state vs. private), contact, operating hours, market-readiness identifiers, and—in the future—carrying capacities. c) Tour operators, boat operators, and tour guides in Palau: to include tags by type, location, ownership status (e.g., state vs. private), contact, operating hours, market-readiness identifiers, and—in the future—standards certification identifiers. |
|-------------|--|

5. Objectives, Priorities and Activities 2025–2028

2026–2028		i) Extend the database to include gaps for each supply type based on research (3D, 4A, 5A). ii) Extend the database to include other tourism services, e.g., retail and restaurants catering to tourists. iii) Continue and enhance the above activities as relevant each year.
Lead:	<i>PVA and BOT.</i>	
Partners:	<i>States, FIB, and private sector organizations.</i>	
2E Strengthen the collection, analysis, and reporting of tourism workforce and skills data.		
2025		i) Ensure workforce data is part of the proposed data audit for informing the design of a DIMS (2A). (Refer to Objective 6 for data management activities related to workforce.)
Lead:	<i>BOT and PVA.</i>	
Partners:	<i>BHR, Palau SBDC, WIOA, and private sector organizations.</i>	
2F Establish a program for collecting, analyzing, and reporting sustainable destination monitoring data to track the positive and negative impacts of tourism.		
2025		i) Ensure sustainable destination monitoring data is part of the proposed data audit for informing the design of a DIMS (2A). (Refer to Objective 9 for data management activities related to sustainable destination monitoring).
Lead:	<i>BOT</i>	
Partners:	<i>PVA, states, MOF, MPII, BOE, and NGOs.</i>	





5.3. Priorities and Activities Theme 2: Tourism Supply – Products, People, Access, Infrastructure

OBJECTIVE 3: Providing accommodation that meets the expectations of high-value tourists and authentically represents Palau.

STRATEGIC PRIORITIES AND ACTIVITIES

3A Design and launch an accommodation minimum standards program to ensure only those meeting minimum requirements for quality, safety, and sustainability can operate.

- 2025**
- i) Determine minimum standards that must be met by different accommodation types. To feature quality, safety, and sustainability measures covering facilities and services. These should
 - a) align with existing regulations (e.g., food health and safety and environmental protection) and future regulations (e.g., building code); and
 - b) consider standards set by international brands already in Palau and other examples of international best practices that can be contextualized for Palau.
 - ii) Design an accommodation minimum standards program based on the above. To identify
 - a) how it will be served by Accommodation Regulations (in draft) and linked to the issuing of a license to operate);
 - b) how it will be operationalized (e.g., resources needed to start and roll out over time, prioritization by type, inspection process);
 - c) how compliance will be supported and incentivized or enforced with non-compliance penalties; and
 - d) how it will link with a certification program for higher quality benchmarks (3B).
 - iii) Enact the Accommodation Regulations to provide regulatory powers for administering standards.
- 2026**
- i) Roll out the minimum standards program with MOUs between partners responsible for/contributing to various aspects of safety, sustainability, and accessibility. Commence with the highest priority types.
 - ii) Help accommodation providers achieve minimum standards with advice and direction, including through the proposed accommodation enhancement initiative (3C).
- 2027–2028**
- i) Continue the above, scaling up the program to reach more accommodation providers each year.
- Lead:** BOT.
- Partners:** States, BPW, EQPB, PPUC, PVA, MOF, BPH, FPNMS.

3B Launch an accommodation quality assurance certification program to recognize establishments that meet higher quality benchmarks (over and above minimum standards).

- 2025**
- i) Determine quality benchmarks for accommodation facilities and services that providers can receive recognition for under a quality assurance certification. To be structured to suit different types of accommodation and consider supplementary quality measures (e.g., sustainable practices and accessibility). To draw on international examples of best practices, contextualized for Palau.
 - ii) Design a quality assurance certification program based on the above. To consider
 - a) how, as a voluntary program, it will align with the compulsory minimum standards scheme; and
 - b) how the certification will be represented (e.g., Palau equivalent of a star rating).
- 2026–2028**
- i) Roll out the program and help accommodation providers to achieve quality assurance certification through the accommodation enhancement initiative (3C).
 - ii) Include accommodation categories in the Palau Tourism Awards, with the criteria including sustainability practices and representation of Palauan culture/style.
- Lead:** BOT and PVA.
- Partners:** States, BPW, EQPB, PPUC, PVA, MOF, BPH, FPNMS

3C Develop an accommodation enhancement initiative to support qualifying local business owners to access the technical advice and funds needed to improve or grow their business.

- 2025**
- i) Design packages of advice, training, and other support for accommodation providers to meet common needs, such as those related to
 - a) improving market readiness, including advice on improving facilities, services, and the overall visitor experience (and, in the future, meeting minimum standards and achieving quality benchmarks);
 - b) strengthening owners' business and technical skills to start/improve their business (10B);
 - c) strengthening owners' capabilities to apply for finance to start/improve their business (10C);
 - d) adopting sustainable and resilient business practices and new technologies; and
 - e) improving marketing and distribution, including digital transformation.
 To align with the TDSP (1D) and be tailored to different levels and types of support needed.⁵⁹
 - ii) Determine how the program will be operationalized, including funding, staff resourcing, delivery options, arrangements with delivery partners, participant selection, and contribution requirements.
 - iii) Work with MOF and funding partners to source funding for this and related initiatives.

⁵⁹ This reorganizes some activities that are already in place to ensure more efficient use of resources and more effective outcomes. It will identify what BOT/PVA are best placed to deliver versus what partners can deliver based on respective areas of expertise (e.g., government agencies, Palau SBDC, PEFG, PCOC, local and international NGOs).

5. Objectives, Priorities and Activities 2025–2028

	2026–2028	i) Roll out the above initiative with states under the TDSP (1D) and delivery partners. ii) Explore options with financial institutions and funding partners to design loan products or grants that support accommodation enhancement for businesses meeting set criteria (10C). iii) Promote the program and run workshops/individual sessions for qualifying businesses.
	Co-leads:	<i>BOT and PVA.</i>
	Partners:	<i>States, Palau SBDC, PEFG, MOF, NGOs, PCOC, BOD, and financial institutions.</i>
3D	Develop and maintain a list of tourism accommodation priorities for Palau to identify needs for new and improved supply, by type, scale, and location.	
	2026	i) Undertake an accommodation supply and demand gap analysis annually using quantitative and qualitative data sources (2B, 2C, 2D) to determine the needs for improved and new accommodation. ii) Identify existing accommodation establishments that do not meet minimum standards or align with Palau's market position for high-value sustainable tourism. Collaborate with owners to improve their property via the accommodation enhancement initiative (3C). iii) Define the type and size of new accommodation required in Palau to meet projected future gaps (i.e., high-priority accommodation investments).
	2028	i) Redo an accommodation supply and demand gap analysis to understand emerging needs.
	Co-leads:	<i>PVA and BOT.</i>
3E	Progress opportunities for future investment in new accommodation supply where there is evidence of demand gaps and interest from the states, landowners, and investors.	
	2025	i) Map out all tourism activity zones in Palau in collaboration with interested states and upon endorsement of all state master plans. ii) Identify sites suitable for accommodation investment in terms of tourism appeal and land title.
	2026–2028	i) Develop profiles for accommodation investment opportunities by examining successful examples from similar countries and drawing on the knowledge and skills of landowners, states, PVA, FIB, and BOD. ii) Promote these profiles to target investors via targeted channels when the time is right (10F).
	Co-leads:	<i>PVA, BOT, and interested states.</i>
	Partners:	<i>States, Palau SBDC, PEFG, MOF, NGOs, PCOC, BOD, and financial institutions.</i>

OBJECTIVE 4: Delivering a variety of sustainably managed, world-class marine visitor experiences that are valued by residents and tourists alike.

STRATEGIC PRIORITIES AND ACTIVITIES

4A	Establish and maintain a register of product and experience development priorities for Palau's current and prospective marine tourism sites.	
	2025	i) Establish the proposed database of tourism sites/attractions as part of a DIMS (2D) and use it as the foundation for a register to prioritize marine-based product and experience development needs. ii) Identify priorities for improving existing marine attractions in the register. To draw on information currently captured in state master plans, PAN plans, PVA work, and other insights. To consider priorities for a) improving small-scale infrastructure (e.g., moorings, jetties, staff amenities, safety measures, and signage); b) improving customer service/visitor experience delivery; c) determining carrying capacities and visitor flow solutions for high-traffic sites (9B); d) improving sustainable tourism practices at the sites; e) improving commercial management (revenues, pricing, marketing, and reinvesting funds); and f) meeting minimum standards/quality benchmarks not covered above. iii) Schedule priorities for a product and experience enhancement initiative (4B).
	2026–2028	i) Continue the above, updating the register on an ongoing basis. ii) Identify opportunities for opening up new marine sites where a) state, private, and/or community stakeholders propose a site(s) suitable for marine tourism; b) the proposal suits market demand insights from IVS and market trends (2A, 2B) and identified supply gaps (2D); and c) the site is accessible for tourism purposes. iii) In doing so, identify priorities according to considerations described under (ii) above.
	Lead:	<i>BOT.</i>
	Partners:	<i>PVA, states, PAN, BOE, and NGOs.</i>

4B Develop a product and experience enhancement initiative that provides tailored support to state governments, landowners, and business/community interests seeking to improve or start a marine tourism attraction/activity.

- 2025**
- i) Design a package of advice, training, and support for the states and their marine-based tourism attractions/products to progress priorities identified in the above register (4A). To be integrated with the TDSP and meet common enterprise development support needs such as those related to
 - a) improving market readiness (and, in the future, meeting minimum standards and quality benchmarks). To include advice on improving facilities, services, and overall visitor experience;
 - b) strengthening business skills to start/improve a tourism attraction (10B), including private sector competencies to access commercial finance (10C);
 - c) adopting sustainable and resilient business practices and new technologies; and
 - d) improving marketing and distribution, including digital transformation.
 To be tailored to different levels and types of support as needed.⁶⁰
 - ii) Determine how the program will be operationalized, including funding, staff resourcing, delivery options, arrangements with delivery partners, participant selection (based on the above registry), and contribution requirements.
 - iii) Work with MOF and funding partners to source funding for this initiative.
- 2026–2028**
- i) Roll out the above initiative with states under the TDSP (1D) and delivery partners.
 - ii) Explore options with financial institutions and funding partners to design loan products or grants that support accommodation enhancement for businesses meeting set criteria (10C).
 - iii) Promote the program and run workshops/individual sessions for qualifying products.

Co-leads: PVA and BOT.

Partners: States, MOF, training partners (Palau SBDC, PEFG, PCOC, local/international NGOs), and financial institutions.

4C Grow the pool of certified Palauan tour guides to enable more marine-based visitor experiences to be safely, sustainably, and authentically delivered.

- 2025–2028**
- i) Continue the delivery of Koror's tour guide training and certification program, which enables marine tour/dive guides to develop the skills to deliver safe, sustainable, and culturally appropriate tours.
 - ii) Roll out the national tour guide training and certification program, which achieves the above for guides in all states.
 - iii) Continue the Scuba Dive Master Training program with delivery partners.
 - iv) Finalize and roll out the regulations covering tour guides (Part 5 of the National Tourism Regulations) to ensure only certified tour guides deliver tours, thereby adhering to safety, sustainability, and culturally appropriate benchmarks.

Co-leads: BOT, PVA, and Koror State.

Partners: States and tour operators.

4D Design and launch a tour operator minimum standards program to ensure only those meeting the minimum requirements for quality, safety, and sustainability can operate marine tours.

- 2025**
- i) Determine the minimum requirements that must be met by tour operators offering marine tours. To feature quality, safety, and sustainability measures covering all aspects of operations (e.g., vessels, equipment, use of certified tour guides, standard operating procedures, and service delivery). These should build on/align with
 - a) existing regulations for tour operators;
 - b) practices included in the tour guide training and certification and associated future regulation;
 - c) relevant measures from Green Fins guidance; and
 - d) relevant examples of international best practices (e.g., PADI and GSTC), contextualized for Palau.
 - ii) Design a tour operator minimum standards program based on the above. To identify
 - a) how it will be served by the current tour operator regulations in terms of the powers and functions of BOT, compliance requirements for providers, link to licensing, and any penalties for non-compliance;
 - b) how it will be operationalized (e.g., resources needed to start and roll out over time, prioritization by type, inspection process); and
 - c) how compliance can be supported and incentivized or enforced with non-compliance penalties.
- 2026–2028**
- i) Roll out the minimum standards program with MOUs between partners responsible for/contributing to various aspects of safety, sustainability, and accessibility.
 - ii) Help tour operators to achieve minimum standards with advice and direction, including through the proposed product and experience enhancement initiative (4B).
- 2027–2028**
- i) Continue the above, scaling up the program to reach more marine attractions/activities each year.

Lead: BOT.

Partners: PVA, states, tourism operators, FPNMS and other interested NGOs.

⁶⁰ This reorganizes some product development support that is already in place to ensure a more efficient use of resources and more effective outcomes. It will identify what BOT/PVA are best placed to deliver versus what partners can deliver based on respective areas of expertise (e.g., government agencies, Palau SBDC, PEFG, PCOC, local and international NGOs).

OBJECTIVE 5: Growing the supply of sustainably managed terrestrial visitor experiences based around Palau's natural and cultural attributes.

STRATEGIC PRIORITIES AND ACTIVITIES

5A	Establish and maintain a register of tourism product and experience development priorities for current and potential land-based sites and visitor experiences.
2025	i) Establish the proposed database of tourism sites/attractions as part of a DIMS (2D) and use it as the foundation for a register to prioritize terrestrial product and experience development needs. ii) Identify priorities for improving existing terrestrial attractions in the register. To draw on information currently captured in state master plans, PAN plans, PVA work, and other insights. To consider priorities for a) improving small-scale infrastructure (e.g., access roads, entry booth, shade, paths, toilets, parking, safety measures) and signage (wayfinding and interpretive signs); b) improving customer service/visitor experience delivery; c) determining carrying capacities and visitor flow solutions for high-traffic sites (9B); d) improving sustainable tourism practices at the site; e) improving commercial management (of revenues, pricing, marketing, reinvesting in the site); and f) meeting minimum standards/quality benchmarks not covered above for relevant products. iii) Schedule priorities for a product and experience enhancement initiative (5B).
2026–2028	i) Continue (ii) and (iii) above, updating the register on an ongoing basis. ii) Identify opportunities for opening up new terrestrial sites where a) state, private, and/or community stakeholders propose a site(s) suitable for developing a tourism product based on nature, culture (tangible/intangible), and/or history; b) sites align with market demand evidence (2A, 2B) and identified supply gaps (2D); and c) the product's location makes sense in terms of participation in the Alii Pass program, complementing a cluster, and state readiness. iii) In doing so, identify priorities according to considerations described under (ii) above.
Lead:	<i>BOT.</i>
Partners:	<i>PVA, states, PAN, BOE, and NGOs.</i>
5B	Develop a product and experience enhancement initiative that provides tailored support to state governments, landowners, and business/community interests seeking to improve or start a terrestrial tourism attraction/activity.
2025–2028	Same as 4B but tailored for land-based sites.
Co-leads:	<i>PVA and BOT.</i>
Partners:	<i>States, MOF, training partners (Palau SBDC, PEFG, PCOC, local/international NGOs), and financial institutions.</i>
5C	Grow the pool of certified Palauan tour guides to enable more land-based visitor experiences to be safely, sustainably, and authentically delivered.
2025–2028	i) Continue the delivery of Koror's tour guide training and certification program, which enables tour guides to develop skills to deliver safe, sustainable, and culturally appropriate tours. ii) Roll out the national tour guide training and certification program, which achieves the above for guides in all states. iii) Finalize and roll out the regulations covering tour guides (Part 5 of the National Tourism Regulations) to ensure only certified tour guides deliver tours, thereby adhering to safety, sustainability, and culturally appropriate benchmarks.
Co-leads:	<i>BOT, PVA, and Koror State.</i>
Partners:	<i>States and tour operators.</i>
5D	Design and roll out a tour operator minimum standards program to ensure only those meeting the minimum requirements for quality, safety, and sustainability can operate land tours.
2025	i) Determine the minimum requirements that must be met by tour operators offering land tours. To feature quality, safety, and sustainability measures covering all aspects of operations (e.g., vehicles, equipment, use of certified tour guides, standard operating procedures, and service delivery). These should build on/align with a) existing regulations for tour operators; b) practices included in the tour guide training and certification and associated future regulation; c) relevant measures from Green Boots guidance; and d) relevant examples from international best practices (e.g., Global Sustainable Tourism Council), contextualized for Palau. ii) Design a tour operator minimum standards program (4D(iii)).
2026–2028	Same as 4D.
Lead:	<i>BOT.</i>
Partners:	<i>PVA, states, tourism operators, FPNMS, and other interested NGOs.</i>

OBJECTIVE 6: Building a skilled tourism workforce that meets industry needs and provides decent work opportunities for interested Palauans.

STRATEGIC PRIORITIES AND ACTIVITIES

6A Map and track tourism and hospitality skills gaps, training needs, and foreign workforce needs.

- 2025**
- i) Include questions in the proposed tourism business survey (1F) to identify current and future workforce needs. To align with the BHR/ILO project to seek detailed insights on
 - a) the nature and scale of tourism and hospitality skills gaps;
 - b) views on the suitability of current tourism and hospitality training (curriculum and delivery modes);
 - c) views on skills development/workforce programs to enable more local employment; and
 - d) views on enabling employment of overseas workers when there is a local skilled worker shortage.
 - ii) Undertake research among current tourism workers to identify
 - a) motivating factors for working in tourism and hospitality;
 - b) views on barriers to/concerns about working in the sector; and
 - c) self-identified training needs.
 To align with the BHR/ILO project and leverage the proposed community sentiment survey (12A). To analyze results by age groups and gender.
 - iii) Undertake research of prospective students (young and mature) to identify motivating factors for working in tourism and hospitality and preferences for training (e.g., modes of delivery). (Align with the BHR/ILO project.)
 - iv) Track tourism employment data via USGS workforce data analysis. To make data available on tourism jobs (number and value) annually, with categorization by foreign/local workers, job types, public/private sector, part-time/full-time, and permanent/temporary (2E).

2026–2028 i) Repeat the above surveys and analysis annually to support workforce planning.

Co-leads: BHR, BOT, and PVA.

Partners: ILO, PCC, PCOC, PEFG, and SHRM.

6B Conduct community awareness initiatives promoting tourism as a career choice for Palauans.

- 2025**
- i) Design and roll out a public awareness campaign about tourism that includes the promotion of different types of tourism jobs. To include testimonials from Palauan workers and employers. To align with broader community awareness campaigns about tourism (12A).

2026–2028 i) Continue public awareness campaigns about tourism and hospitality careers on an ongoing basis.

Co-leads: PVA and BHR.

Partners: BOT, PCOC, PEFG, PCC.

6C Strengthen tourism and hospitality training and workplace placement programs to deliver the skills needed by businesses using delivery modes that suit prospective students.

- 2025**
- i) Analyze findings from the above research (6A) and explore contemporary tourism and hospitality training programs in similar contexts to identify priorities for changes in Palau.

- 2026–2028**
- i) Revise the PCC tourism and hospitality curriculum and delivery modes in accordance with the findings.
 - ii) Invest in updating tourism and hospitality facilities and resources as needed to deliver the revised curriculum.
 - iii) Design workforce placement programs that meet current and future needs by expanding public–private partnerships to drive local recruitment in the sector.

Co-leads: BHR and BOT.

Partners: PCC, BSO, BCI, PVA, PCOC, PEFG, and WIOA.

6D Strengthen tourism and hospitality content in Palau's elementary and high school curriculum.

- 2025**
- i) Progress dialogue among tourism agencies, the Bureau of Curriculum and Instruction (BCI), and the private sector to expand the inclusion of tourism-related content in the curriculum for elementary and high school students.

- 2026**
- i) Design a program to develop the curriculum, train teachers, and roll out subjects/activities.

- 2027–2028** i) Fund and continue to implement/expand the activities above.

Co-leads: BCI, PVA, BOT, and BHR.

Partners: PEFG and PCOC.

6E Design policies and programs to address workforce gaps during periods of local shortages.

- 2026**
- i) Apply findings from the tourism business survey (1F) to revise or introduce policies that
 - a) encourage businesses to employ local workers (e.g., incentivizing on-the-job training for them); and
 - b) make it easier for businesses to employ foreign workers where needed (e.g., temporarily revising the 5-year moratorium on foreign tour guides that prevents them from changing employers).
 - ii) Ensure all public awareness activities promote the benefits of having both local and foreign workers.

5. Objectives, Priorities and Activities 2025–2028

2027–2028	i) Continue the above activities as relevant.
Co-leads:	<i>BHR and BOT.</i>
Partners:	<i>Immigration, MOF, and PVA.</i>
6F	Continue to provide safe and fair working conditions for tourism workers in Palau.
2025	i) Analyze findings from the above research (6A) and other anecdotal reports to identify issues related to working conditions for tourism workers in Palau.
2026–2028	i) Design reforms to address any identified issues.
Co-leads:	<i>BHR, BOT, and PVA.</i>
Partners:	<i>OLC and ILO.</i>

OBJECTIVE 7: Providing internationally competitive transport infrastructure and services that make Palau, and its tourism-ready locations, accessible to target markets.

STRATEGIC PRIORITIES AND ACTIVITIES

7A	Progress a strategic approach to air route development to secure frequent, reliable, and sustained international air services to Palau, with reputable carriers servicing target markets.
2025	i) Prepare a strategic plan to develop air routes that serve Palau and its target tourism and commercial markets. To be prepared by BOAV, PIAC, and PVA to leverage their respective expertise and identify their respective roles and responsibilities. In doing so, consider the recommendations of the 2024 Aviation Feasibility Study to ⁶¹ a) attend the Routes World conference to build aviation networks and commercial partnerships; and b) prepare the Airline Business Development Strategy and the annual Airline Marketing Strategy.
2026	i) Roll out the business development priorities outlined in the above strategy and plan for destination promotion and air services negotiation via targeted channels. ii) Undertake cooperative marketing with partner airlines to generate sufficient trade and consumer demand to sustain services (via PVA-led destination marketing; 14B).
2027–2028	i) Review the outcomes before deciding to continue with the above activities or revise the plans based on evolving conditions.
Co-leads:	<i>MPII/BOAV and PIAC.</i>
Partners:	<i>PVA.</i>
7B	Invest in airport infrastructure that serves tourism, trade, and residents' travel needs
2025–2028	i) Strengthen and maintain collaboration among agencies responsible for tourism, aviation, and infrastructure to ensure that planning for airport infrastructure investment (a) considers demand growth scenarios, and (b) informs the setting of realistic growth targets. ii) Progress the airport infrastructure priorities identified in the PDP for a) Palau International Airport, including expanding airport facilities, maintaining existing runway and taxiways, and investing in equipment/small-scale infrastructure; and b) the airfields in Peleliu and Angaur. iii) Consider the technical, social, economic, and sustainability project recommendations proposed in the 2024 Palau Aviation Feasibility Study. Prioritize initiatives in future national infrastructure plans.
Co-leads:	<i>MPII/BOAV and PIAC.</i>
Partners:	<i>BOT, PVA, and BPW.</i>
7C	Invest in tourism-enabling road transport infrastructure and services that also serve local needs.
2025–2028	i) Strengthen and maintain collaboration among agencies responsible for tourism and road infrastructure to ensure planning for road infrastructure investment (a) considers demand growth scenarios, and (b) informs the setting of realistic growth targets. ii) Progress the tourism-enabling road transport infrastructure priorities identified in the KBRUDSAP 2020–2030, the NIIP 2021–2030, and the state master plans. iii) Identify high-priority infrastructure projects, e.g., improved or new access roads to existing or high-potential tourism sites, as well as sidewalks, crossings, and lighting to improve pedestrian access and safety in areas with high foot traffic from tourists/locals. To entail a) developing and maintaining a register of site-specific needs; b) determining the extent of public good (public use and/or economic benefit); and c) tabling a list of priorities for future investment planning exercises at the DMPSC and/or where suitable to attract necessary funding/investment.
Co-leads:	<i>BOT, PVA, and BPW DCIP.</i>

61 Australian Department of Trade and Foreign Affairs (DFAT). 2024. *Aviation Feasibility Study*.

7D Invest in tourism-enabling marine transport infrastructure and services that also serve local needs.

- 2025**
- i) Strengthen and maintain collaboration among agencies responsible for tourism and marine infrastructure to ensure that planning for marine transport infrastructure investment (a) considers demand growth scenarios, and (b) informs the setting of realistic growth targets.
 - ii) Progress the tourism-enabling marine transport infrastructure priorities identified in the KBRUDSAP 2020–2030, the NIIP 2021–2030, and the state master plans.
 - iii) Identify high-priority infrastructure projects to improve safety and access to key tourism sites, including local transport (e.g., new/improved piers) and the small-scale cruise ship segment (e.g., new/improved infrastructure for handling cruise vessel tenders and processing cruise passenger arrivals). To entail
 - a) developing and maintaining a register of site-specific needs;
 - b) determining the extent of public good (public use and/or economic benefit); and
 - c) tabling a list of priorities for future investment planning exercises at the DMPSC and/or where suitable to attract necessary funding/investment (public or private).

Co-leads: *MPIL/Bureau of Transportation and MOJ/Marine Law.*

OBJECTIVE 8: Progressing sustainable and resilient tourism-enabling public infrastructure and services that support both visitors and residents.

STRATEGIC PRIORITIES AND ACTIVITIES

8A Pursue policies, investments, and programs in water and sanitation infrastructure and services that support sustainable tourism.

- 2025–2028**
- i) Strengthen and maintain collaboration among BOT/PVA, states, PPUC, PEWA, EQPB, and interested NGOs to
 - a) determine risks and/or measures for any emerging risks to water supply/quality impacting tourism or generated by tourism activities;
 - b) ensure that water and sanitation planning considers tourism demand growth scenarios and informs the setting of realistic tourism growth targets.
 - ii) To be achieved through BOT's participation in meetings on water resource management and supply and sanitation and PPUC's representation at DMPSC meetings.
 - iii) Progress water and sanitation priorities that (a) support sustainable tourism, and (b) feature in existing plans (NIIP 2021–2030, PDP 2023–2026, KBRUDSAP 2020–2030, and state master plans).

Co-leads: *PPUC and PEWA.*

Partners: *BOT, PVA, EQPB, states, and interested NGOs.*

8B Pursue policies, investments, and programs in solid waste management infrastructure and services that support sustainable tourism.

- 2025–2028**
- i) Strengthen and maintain collaboration among BOT/PVA, states, interested NGOs, BPW, and KSG SWMO to
 - a) determine risks and/or measures for any emerging waste management risks impacting tourism or generated by tourism activities; and
 - b) ensure that solid waste management planning considers tourism demand growth scenarios and informs the setting of realistic tourism growth targets.
 To be achieved through BOT's participation in waste management meetings and the BPW Division of Solid Waste Management and Koror State Solid Waste Management's participation in the DMPSC meetings.
 - ii) Scale up existing NGO, industry, and government initiatives to improve waste management practices at tourism operations, e.g., the FPNMS pilot program for waste segregation.
 - iii) Continue community waste management awareness and cleanup campaigns.
 - iv) Progress solid waste management priorities that (a) support sustainable tourism, and (b) feature in existing plans (NSWMP 2017–2026, NIIP 2021–2030, PDP 2023–2026, KBRUDSAP 2020–2030, and state master plans).

Co-leads: *BPW and KSG SWMO.*

Partners: *BOT, PVA, states, and interested NGOs.*

8C Pursue policies, investments, and programs in energy infrastructure and services that support sustainable tourism.

- 2025–2028**
- i) Strengthen and maintain collaboration among the BOT/PVA, states, PEWA, and PPUC to ensure energy supply planning considers tourism demand growth scenarios and informs the setting of realistic growth targets. To be achieved through BOT's participation in energy sector planning meetings and PPUC/PEWA's participation in relevant tourism planning discussions.
 - ii) Progress the completion of all remaining energy sector priorities that support sustainable tourism. (To prepare a prioritized list from the NEMP (2019), NIIP 2021–2030, PDP 2023–2026, KBRUDSAP 2020–2030, and state master plans.)

5. Objectives, Priorities and Activities 2025–2028

Co-leads: <i>PPUC and PEWA.</i>	
Partners: <i>BOT, PVA, and states.</i>	
8D	Pursue policies, investments, and programs in ICT infrastructure and services that support sustainable tourism.
2025–2028	i) Strengthen and maintain collaboration among BOT/PVA, states, the Bureau of Communication (BOC), and network providers to ensure ICT supply planning considers the needs of tourism businesses and travelers. To be achieved through BOT’s participation in ICT planning meetings and BOC/network’s participation in relevant tourism planning discussions. ii) Progress the completion of all remaining ICT priorities that support reliable and affordable phone and internet coverage for businesses and visitors. (To prepare a prioritized list from the ICT Policy (2024), NIIP 2021–2030, PDP 2023–2026, and state master plans.)
Leads: <i>BOC.</i>	
Partners: <i>BOT, PVA, states, and network providers.</i>	
8E	Progress investments in meetings and sporting infrastructure that attract events to Palau.
2025	i) Complete the upgrades of key sporting facilities in time for the Pacific Mini Games (track and field stadium, Palau High School Gymnasium, Meyuns Softball Field, Palau Gym, tennis courts). ii) Finalize construction plans for additional sporting facilities, including feasibility studies for adaptive sports venues.
2026	iii) Undertake a feasibility study for the construction of an eco-friendly, purpose-built convention center with a capacity for over 1,000 delegates.
Co-leads: <i>Palau National Olympic Committee, sports federations, and Palau Sports Commission.</i>	
Partners: <i>BOT and PVA.</i>	
8F	Pursue policies and investments in health and emergency services infrastructure and services that serve the medical and emergency needs of visitors and residents alike.
2025–2028	i) Strengthen and maintain collaboration among the agencies responsible for tourism, health, medical services, and emergency services. To ensure preparedness for health and emergency issues that may impact tourism and for those that tourism may impact.
Co-leads: <i>MHHS, BPS.</i>	
Partners: <i>BOT and PVA.</i>	





5.4. Priorities & Activities Theme 3: Supporting Conditions for Sustainable Tourism Sector Development

OBJECTIVE 9: Managing appropriate controls, advice, and monitoring mechanisms that ensure tourism development in Palau is environmentally, culturally, and socially sustainable.

STRATEGIC PRIORITIES AND ACTIVITIES

9A Progress policies and programs that ensure tourism operations do not negatively impact Palau's environment, cultural/historic heritage, and community members.

- 2025–2028**
- i) Prepare fact sheets that inform tourism business owners about the regulations that apply to their operations in relation to protecting the environment, historic/cultural heritage, and community. To clearly present the information for different business types and phases (e.g., construction, operations).
 - ii) Design ways to improve collaboration and share resources across agencies responsible for tourism, environment, historic/cultural heritage, and community matters in (a) communicating regulations, and (b) monitoring compliance.
 - iii) Develop a minimum standards scheme for accommodation providers (3A) and tour operators (4D, 5D) that
 - a) incorporates existing relevant regulations; and
 - b) includes additional minimum standards deemed relevant to sustainable tourism.
 - iv) Develop an accommodation quality assurance certification program to recognize high-quality benchmarks that include sustainability criteria (3B).
 - v) Reinvigorate the Green Fins program for marine tour operators and roll out the Green Boots program for land tour operators to achieve respective objectives in environmental sustainability.
 - vi) Incorporate sustainable tourism guidance into business development and product development training and advice (4B, 5B, 10B).

2026–2028 i) Continue and scale up the above activities.

Co-leads: BOT and PVA.

Partners: PVA, tourism operators, and environmental NGOs.

9B Define and manage carrying capacity volumes and visitor flow solutions for tourism attractions in environmentally and culturally sensitive locations.

- 2025**
- i) Engage independent advisers with expertise in determining carrying capacities and optimizing visitor flows at sensitive marine and terrestrial sites to recommend
 - a) evidence-based carrying capacities for tourism attraction sites, piloting with the most visited;
 - b) visitor management flows and systems for managing daily visitor movements around these sites in a way that optimizes revenues and mitigates risks of high-volume traffic; and
 - c) community and industry awareness initiatives to build understanding about this exercise.
 - ii) Seek state and national government agreement to adopt and enforce recommendations.

2026–2028 i) Scale up the above activities by rolling out to additional sites, as prioritized in the site register (4A, 5A).

- ii) Help community/private owners of sensitive sites to determine carrying capacities and visitor flow management flows for their sites.

Co-leads: BOT, BOE, and states.

Partners: PVA and expert NGOs.

9C Expand the development and implementation of state ecotourism plans for interested and relevant states.

- 2025–2028** i) Continue developing ecotourism plans for the states, as standalone plans or as part of master plans, drawing on the expertise of the states, PAN, BOT, and PVA.

Leads: States.

Partners: PAN, BOT, and PVA.

9D Expand the development and implementation of site management plans (SMPs) for all tourism attractions in environmentally and culturally sensitive locations.

- 2025–2026** i) Continue PAN's leadership in developing and mobilizing management plans for protected areas.

- 2027–2028** i) Continue PAN's leadership in developing and mobilizing management plans for protected areas.

- ii) Enable the development of site-specific SMPs for other state and private sites that tourists frequently visit. To include
 - a) defined carrying capacities and visitor management controls (9B);
 - b) a list of infrastructure development priorities;
 - c) a plan for visitor experience development that is sustainable; and
 - d) a plan for financial management.

Co-leads: PAN and BOT

Partners: States, PVA, and landowners.

5. Objectives, Priorities and Activities 2025–2028

9E Introduce a process for monitoring and measuring sustainable destination management in Palau by drawing on various partners' data assets.

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| 2025 | <ul style="list-style-type: none"> i) Design a set of sustainable tourism indicators for Palau, using regional/global models customized for the local context. To be developed in partnership with national, state, private sector, NGO, and community partners, and to include economic, environmental, cultural, and social indicators. ii) Prepare an action plan for launching, monitoring, recording, and reporting sustainable tourism indicators. To be accompanied by <ul style="list-style-type: none"> a) MOUs to reflect agreed roles and responsibilities; and b) information systems to track results and/or serve as a repository for reported results (2A). |
| 2026 | <ul style="list-style-type: none"> i) Establish a consistent system for collecting, analyzing, and reporting environmental monitoring data for key tourist sites. To supplement broader sustainable tourism indicators with site-specific monitoring of the negative and positive impacts on biodiversity, heritage assets, and surrounding communities. ii) Design interventions that address the negative impacts identified through the monitoring activity described above. |
| 2027–2028 | <ul style="list-style-type: none"> i) Determine optimal carrying capacity volumes for the country as a whole, accounting for the available supply of public infrastructure and services (Objective 8) and food supply (Objective 11). |

Leads: BOT and PVA.

Partners: All of Destination Management Partnership.

9F Facilitate opportunities for the wider community to share views about how tourism development does—or could—impact them positively or negatively.

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| 2025 | <ul style="list-style-type: none"> i) Undertake an annual community sentiment survey about tourism to identify any areas of concern to be considered in planning (1F, 12A). ii) Facilitate ongoing consultations between state leaders/tourism officers and residents about tourism development in general and development at specific sites. To provide opportunities to comment on proposed developments and have concerns addressed (1F, 12A). |
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Lead: PVA.

Partners: BOT, BOE, OCC, MOF, and FPNMS.

9G Progress the development of a visitor carbon offsets program for Palau.

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| 2025 | <ul style="list-style-type: none"> i) Seek independent technical experts to validate the suitability of carbon calculator options developed for Palau and provide guidance on designing a visitor carbon offsets program that aligns with international best practices. |
| 2026–2028 | <ul style="list-style-type: none"> i) Progress the program in accordance with the findings. |

Lead: PVA.

Partners: BOT, BOE, OCC, MOF, and FPNMS.

OBJECTIVE 10: Creating a business environment that enables micro, SME, and large private sector investment in sustainable and resilient tourism ventures.

STRATEGIC PRIORITIES AND ACTIVITIES

10A Clarify and streamline business licensing and permit requirements for tourism business owners to minimize their time and cost burdens.

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| 2025 | <ul style="list-style-type: none"> i) Map all national and state licenses/permits required for different types of tourism businesses. To <ul style="list-style-type: none"> a) identify them according to different stages (e.g., approval, construction, operations); b) note the respective costs and approval processes; c) distinguish foreign and local requirements; d) determine costs and processes that are duplicative and/or cumbersome for a business owner; and e) highlight how costs and/or processes may be streamlined. ii) Prepare a communications piece for tourism-related businesses that outlines information under activities (a) to (c) above, using an easy-to-follow format tailored to the types of businesses. Assign a version number and date to allow for future updates. |
| 2026–2028 | <ul style="list-style-type: none"> i) Work with the agencies responsible for issuing licenses to progress reforms that simplify processes and reduce costs, creating a more enabling business environment for private sector investment. (Note: this activity needs to extend beyond tourism and be part of a broader reform agenda.) |

Lead: BOT.

Partners: States and all national agencies requiring permits and licenses.

10B Assist local micro, small, and medium-sized enterprise (MSME) owners in accessing the business and technical advice needed to start or grow a sustainable and resilient tourism business.

2025	i) Include questions in the proposed tourism business survey (1F) to identify the needs of existing and prospective tourism MSME owners for business and technical training, advice, and related support. To gather data on a) business skills needs (e.g., financial management, applying for a loan, tourism marketing, etc.); b) technical skills needs for different types of operations; c) preferred modes of training and advice delivery; d) business capabilities, intentions, and commitment to skills development; and e) barriers to investment and reinvestment. To include identifiers that enable the analysis of results by business type, size, age and stage, ownership factors (e.g., gender, nationality), location, etc. ii) Undertake an audit of the business and technical skills development support available to tourism MSMEs across state and national government programs, as well as private or NGO/donor-funded initiatives. iii) Reconcile the findings from activities (i) and (ii) above to identify any gaps or overlaps in business and technical training, advice, or other support for tourism MSME owners. To subsequently determine the opportunities for improving the delivery of necessary support to tourism MSME owners.
2026	i) Design and deliver business and technical training/advice to owners of tourism MSMEs in accordance with the above findings. To form part of the accommodation and product enhancement initiatives (3C, 4B, 5B), with a focus on a) convening and coordinating existing business training and development activities delivered by different partners to reduce duplication and use resources more efficiently; b) filling the gaps in tourism-specific business and technical training resources, tailored for different businesses based on their type, size, stage of business, and level of experience; and c) improving programs to provide delivery modes that are more favorable for business owners. ii) Promote available resources to existing and prospective tourism MSMEs, applying relevant selection criteria. iii) Start rolling out the program with partners.
2027–2028	i) Scale up the program with partners.
Co-leads:	<i>BOT and PVA.</i>
Partners:	<i>States, PEFG, SBEC, PCOC, and WIOA.</i>

10C Assist local micro, small, and medium-sized enterprise (MSME) owners in accessing the finance they need to start or grow a sustainable and resilient tourism business.

2025–2028	i) Draw on the results of the proposed tourism business survey to identify tourism MSME (a) financing trends, (b) financing barriers, and (c) financing needs. To filter these findings by business type, size, age and stage, ownership factors (gender, nationality), and location. ii) Conduct an assessment of financing options for tourism MSMEs with financial institutions to identify the current and future opportunities for local MSMEs and large tourism businesses.
2026	i) Use the findings from the above survey to tailor business training support for tourism MSMEs (10B), e.g., guidance on preparing loan applications with a bankable business case. ii) Collaborate with NDBP and other financial institutions to develop financial products that meet the needs of tourism MSMEs while minimizing unnecessary risks. iii) Explore options for business start-up or improvement grants for tourism MSMEs, with suitable criteria based on business case.
2027–2028	i) Continue the above activities as relevant.
Co-leads:	<i>BOT and PVA.</i>
Partners:	<i>States, PEFG, PCOC, NDBP/commercial financial institutions, MOF, Palau SBDC, WIOA, and Grants Office.</i>

10D Strengthen tourism industry networks to build more business partnerships for sharing knowledge, leveraging commercial opportunities, and lobbying for industry needs.

2025–2028	i) Encourage the private sector to join an industry representative body of their choice (e.g., Palau Chamber of Commerce, Palau Entrepreneurs for Growth). ii) Enhance the industry development efforts of BOT and PVA via a schedule of industry forums and networking events (1F).
Co-leads:	<i>PCOC, PEFG, PVA, and BOT.</i>

10E Explore options for addressing the escalating costs of doing business for tourism operations.

2025	i) Draw on the results of the proposed tourism business survey to quantify the increase in specific business input costs over the past few years.
2026	i) Facilitate collaboration among tourism industry bodies, lead tourism agencies, MOF, and other relevant agencies to identify ways to a) reduce costs for identified inputs; and b) offset costs via other solutions, such as subsidies for equipment/services that support sustainable and resilient business operations. (Note: this activity needs to extend beyond tourism and be part of a broader reform agenda.)
Co-leads:	<i>PCOC, PEFG, PVA, and BOT.</i>
Partners:	<i>MOF and other relevant government agencies.</i>

10F Facilitate investment by targeted foreign investors to meet the future needs for high-value tourism accommodation, transport, or experiences.

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| 2025 | <ul style="list-style-type: none"> i) Establish an MOU among FIB, BOT, and PVA, detailing the roles and responsibilities for tourism investment. ii) Prepare and maintain a list of all foreign investment applications for tourism with the DIMS (2A). |
| 2026 | <p>(Further to the activities under 3E)</p> <ul style="list-style-type: none"> i) Prepare an information package for prospective tourism investors. To include <ul style="list-style-type: none"> a) a copy of Palau's investment policy and Act, and a statement on intention/criteria for investors; b) a snapshot of market research; c) profiles of identified investment opportunities (3E); d) information on the approvals/licenses/permits required for different tourism investments (approval, construction, operations) (10A); and e) contact details for investor inquiries. Package to be visually compelling, easy to follow, and available in print and online for download. ii) Offer investment facilitation support for qualifying tourism investors via a one-stop shop that <ul style="list-style-type: none"> a) responds to investor inquiries; b) connects investors with relevant contacts, including BOT, business advisory services providers (e.g., lawyers), and potential joint venture partners; and c) arranges site visits. |
| 2027–2028 | <ul style="list-style-type: none"> i) Conduct investor outreach when there is a need to find foreign investment partners for high-priority investments. To work with overseas posts to identify targeted prospective foreign investors for projects or joint ventures. ii) Explore options for introducing investment incentives that are <ul style="list-style-type: none"> a) targeted to investments that can deliver on priority tourism supply needs; b) available to investors who meet the criteria for sustainability credentials and business track record; c) non-discretionary and fair for local investors; and d) affordable for the economy. |

Co-leads: BOT, PVA, FIB, and MOF.

OBJECTIVE II: Developing linkages between tourism and other sectors that deliver community benefits without community burdens.

STRATEGIC PRIORITIES AND ACTIVITIES

11A Initiate short- through long-term planning to strengthen linkages between agriculture and tourism, without depleting supply or inflating prices for residents.

- | | |
|-------------|---|
| 2025 | <ul style="list-style-type: none"> i) Strengthen collaboration between BOT and BOA to ensure that food supply planning (as per the Green Growth Plan) is central to determining the destination carrying capacities in the future. ii) Continue and expand the existing efforts of BOA, COC, and the Food and Agriculture Organization (FAO) to pilot agritourism initiatives, including but not limited to advertising day markets, pre-booked farm visits, and farm to fork lunches with farmers and women-led producer groups. |
| 2026 | <ul style="list-style-type: none"> i) Scale up mapping of current and potential linkages between food producers and tourism (hotel food supply and processed foods for visitors to take home). To refer to baseline data and research from the 2022 Slow Food/Sustainable Travel International study, and update with current data. ii) Identify the nature and scale of local supply that is meeting current visitor demand levels under current linkages and the implications on local supply for visitor growth scenarios. |
| 2027 | <ul style="list-style-type: none"> i) Identify new opportunities for expanding linkages for various food producer supply chains over a reasonable time frame, in a way that (a) aligns with BOA's Green Growth Plan, (b) meets industry needs for quality, reliability, and consistency, and (c) won't cause supply or price disruptions for residents. ii) Scale up awareness programs for food producers on how to link to the tourism sector in a way that (a) meets industry demand, and (b) generates reasonable returns. iii) Develop market access initiatives that link producers with buyers. iv) Identify solutions that enable necessary imports to meet visitor growth scenarios. |

Co-leads: BOA and BOT.

Partners: AO, PVA, and PCOC.

11B Design and implement programs that build linkages between the creative industries and the tourism sector now and into the future.

- | | |
|-------------|---|
| 2026 | <ul style="list-style-type: none"> i) Map the current and potential linkages between tourism and creative industries (e.g., performers, artists, craftspeople, and local souvenir producers). ii) Identify opportunities for expanding such linkages to meet the evidenced demand from tourism businesses and tourists. |
| 2027 | <ul style="list-style-type: none"> i) Design and deliver awareness programs for people in the creative industries on how to link to the tourism sector in a way that (a) meets the demand for specific services and goods, (b) preserves cultural integrity and authenticity, and (c) generates reasonable returns. ii) Develop market access initiatives that link members of the creative industries with buyers. |

Co-leads: BOT and PVA.

OBJECTIVE 12: Fostering a tourism-aware community that ensures visitors feel welcome and safe, and residents feel respected and safe.**STRATEGIC PRIORITIES AND ACTIVITIES****12A Undertake ongoing community engagement programs about tourism to build an understanding of its benefits, risks, and how community members can engage if they wish.**

- | | |
|-------------|---|
| 2025 | <ul style="list-style-type: none"> i) Prepare easy-to-understand key messages that explain tourism, covering (a) its value to the economy, (b) benefits and risks to the environment, culture, and society (9F), (c) types of tourism jobs (6B), (d) types of entrepreneurship opportunities (10B), and (e) how the community can engage with tourism if they wish (1F). ii) Design and deliver a range of tourism awareness programs to communicate the above key messages. To use social media, radio, television, print media, events, and other channels as relevant to the messages and audience (1F). iii) Conduct an annual community sentiment survey about tourism. Share the results publicly and address the key concerns and positive sentiments (1F, 9F). |
|-------------|---|

Co-leads: BOT and PVA.

Partners: NGOs.

12B Reinvalidate the Alii Host program or design a similar program for individuals interested in undertaking certification in customer service and sustainability tourism.

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|------------------|---|
| 2026 | <ul style="list-style-type: none"> i) Develop a training program that covers basic customer service skills and knowledge about Palau's environment and culture, making it available to all interested residents. |
| 2027–2028 | <ul style="list-style-type: none"> ii) Roll out the program. |

Co-leads: BOT and PVA.

12C Identify and manage risks related to incidents that pose a significant threat to visitor safety and security.

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| 2025–2028 | <ul style="list-style-type: none"> i) Develop a risk management plan to deal with potential threats (e.g., crime, natural disaster, accident), including standard operating procedures (SOPs) for communication with local tourism stakeholders, tourists, foreign consulates, and local/overseas media. ii) Monitor recurring issues that pose a significant threat to visitor safety and warrant a systemic solution through an investment, policy, or program. iii) Support tourism businesses in preparing and testing risk management plans, including disaster response SOPs. |
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Co-leads: BOT and PVA.

Partners: NEMO, BMT, and BPS.

12D Maintain vigilance about keeping communities safe from unscrupulous/dangerous tourism activity.

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| 2025–2028 | <ul style="list-style-type: none"> i) Monitor emerging issues that pose a threat to community safety and warrant a systemic solution through an investment, policy, or program. |
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Partners: BOT, PVA, states, and BPS.



5.5. Priorities & Activities Theme 4: Destination Marketing and Distribution

OBJECTIVE 13: Managing a destination brand that represents Palau and presents a compelling proposition to high-value, low-impact travelers.

STRATEGIC PRIORITIES AND ACTIVITIES

13A Strengthen brand management to ensure the Pristine Paradise Palau brand remains true to its promise and continues to resonate with target audiences.

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| 2025 | <ul style="list-style-type: none"> i) Roll out the refreshed Pristine Paradise brand. Ensure brand guidelines are applied consistently in all PVA marketing applications and share guidelines and supporting content with marketing partners (states, local industry, airline, market/online travel trade, and media). ii) Strengthen ongoing analysis of visitor data (2B) and market research (2C) to identify insights relevant to Palau's destination brand. iii) Curate new content (PVA-owned, state-owned, and user generated content) that reflects the destination brand and can be applied to marketing activities. |
| 2026 | <ul style="list-style-type: none"> i) Continue the above activities on an ongoing basis. |
| 2027 | <ul style="list-style-type: none"> i) Undertake a brand health check to identify how the Pristine Paradise Palau brand is resonating with target audiences and aligning with its promise. ii) Refresh/redevelop the brand according to the results of the brand health check and relevant research. To ensure this is (a) documented in a brand development and management strategy, (b) documented in updated brand guidelines, and (c) reflected in all brand assets. |
| 2028 | <ul style="list-style-type: none"> i) Continue to manage the brand in accordance with the brand management strategy. |

Co-leads: PVA.

Partners: States, local tourism private sector, and international travel trade partners.

OBJECTIVE 14: Undertake evidence-based marketing activity that serves to convert high-value, low-impact traveler interest to bookings.

STRATEGIC PRIORITIES AND ACTIVITIES

14A Design and roll out a medium-term Palau Marketing Strategy and annual marketing action plans.

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|-------------|--|
| 2025 | <ul style="list-style-type: none"> i) Strengthen ongoing analysis of visitor data (2B), market research (2C), and state/industry feedback to validate target markets (geographic source and niche segments) and define the "high-value, low-impact" visitor profile. ii) Prepare a 3-year marketing strategy for Palau based on this data. To identify (a) the most cost-effective consumer and/or trade distribution channels for reaching target visitors, (b) opportunities for cooperative marketing partnerships, and (c) priorities for investing in marketing assets/resources. iii) Prepare a 1-year marketing action plan detailing the tactical activities that will support the strategy. iv) Strengthen partnerships between PVA and the states in response to needs for (a) marketing advice and/or (b) marketing support. To align with the TDSP (1D). v) Continue to build local industry, airline, in-market/online travel trade, and media partnerships for targeted destination marketing activities (e.g., trade shows, familiarization visits, cooperative tactical campaigns). |
| 2026 | <ul style="list-style-type: none"> i) Roll out the 2026 Marketing Action Plan. ii) Prepare the 2027 Marketing Action Plan based on lessons learned, emerging market intelligence, partner activity, and budget. iii) Invest in new priority marketing assets (e.g., website, content, in-market representation) and resources/tools (e.g., marketing expertise, digital technologies) to support the strategy and plans. |
| 2027 | <ul style="list-style-type: none"> i) Roll out the 2027 Marketing Action Plan and prepare the 2028 Marketing Action Plan as above. ii) Explore the business case and opportunities for marketing partnerships with regional neighbors. |
| 2028 | <ul style="list-style-type: none"> i) Roll out the 2028 Marketing Action Plan. ii) Prepare a new medium-term marketing strategy for the next few years and the first-year annual plan. |

Co-leads: PVA.

Partners: Local tourism industry, airlines, travel trade partners, and media in target markets.

14B Develop and implement a rolling action plan for improving visitor access to information and bookings in Palau.

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| 2025 | <ul style="list-style-type: none"> i) Identify the needs and opportunities to improve services at the PVA Visitor Information Center (e.g., hours of operation, breadth of PVA/state/product information, level of staff product knowledge, promotion of Alii Pass, visual displays, availability of booking services). ii) Continue to update the PVA's brochures and maps for distribution to visitors and look into new materials for interested states. iii) Strengthen partnerships between PVA and the states to prioritize signage needs, specifically (a) wayfinding signage for key attractions, and (b) interpretive signage at key attractions. To align with the TDSP (1D). |
| 2026 | <ul style="list-style-type: none"> i) Implement the priorities identified in the rolling action plan for improving visitor information services. ii) Revisit the idea to develop an app for visitors to meet future tourism information needs. iii) Strengthen partnerships between PVA and the states to provide advice on establishing a state visitor information center, if and when it is needed. |
| 2027 | <ul style="list-style-type: none"> i) Implement the priorities identified in the rolling action plan for visitor information services. |
| 2028 | <ul style="list-style-type: none"> i) Implement the priorities identified in the rolling action plan for visitor information services. ii) Explore opportunities for a real-time booking system for Palau's tourism products as part of the next phase of destination management information systems (2A). |

Leads: *PVA and states.*

Partners: *Local tourism industry.*



5.6. Top 10 Priorities for Year 1 of the Strategy

The strategic priorities and activities for 2025 to 2028 reflect best practices in destination management, contextualized for Palau according to the perspectives and knowledge of tourism stakeholders. While all these priorities are important for achieving the goals and objectives outlined in the Palau Sustainable Tourism Strategy, it also makes sense to identify the highest priorities for mobilizing the strategy in its first year. The following list of the top 10 foundational strategic priorities is deemed the most critical for the successful rollout of the strategy in 2025.

- 1 **Ratify a national–state whole of government commitment to tourism** as a priority sustainable economic sector for Palau.
- 2 **Form a Destination Management Partnership Steering Committee (DMPSC)**—a cross-agency, national–subnational, and public–private–community representative task force—to facilitate the multi-stakeholder coordination required to implement and monitor the STS.
- 3 **Reorganize the national institutional arrangements for tourism** (i.e., PVA and BOT) to ensure a more efficient and effective performance across contemporary destination management functions.⁶²
- 4 **Formalize a tourism development support program (TDSP)** for states to access resources in developing and mobilizing tourism plans/priorities.
- 5 **Design, develop, and maintain a system** for sourcing, storing, and utilizing destination management data.
- 6 **Identify tourism and hospitality skills gaps**, training needs, and foreign workforce needs.
- 7 **Establish a register of products and experience development priorities** for Palau’s current and prospective marine and terrestrial tourism sites.
- 8 **Define and manage carrying capacity volumes** for the most visited tourism attractions in environmentally and culturally sensitive locations.
- 9 **Design and launch a minimum standards program** for accommodation and tour operators that will ensure in the future that only those meeting minimum requirements for quality, safety, and sustainability can operate.
- 10 **Introduce a process for monitoring and measuring sustainable destination management** in Palau by drawing on various partners’ data assets.

At the end of the first year and based on progress made, a new set of highest priority activities will be determined for the following year, and each year thereafter.

⁶² This activity will require updating some of the lead and partner roles for PVA and BOT listed in this strategy. At the time of writing, many of the activities indicate these agencies will co-lead based on existing understanding and resources. However, the proposed review of institutional arrangements will enable ownership and support functions to be more clearly defined. This will help leverage the two offices’ core competencies, utilize resources more effectively, minimize duplication of efforts, and address gaps—all supporting more effective destination management.

APPENDICES

Appendix 1. Strategy Development Process

Key activities included

- A desk review of the RTPF to determine key learnings.
- Research into global tourism trends and contemporary destination management practices to identify relevant insights for Palau.
- A Palau Tourism Industry Consultation Workshop, held in March 2024, to identify public, private, and NGO sector priorities for a new tourism strategy.
- A Palau Tourism Stakeholder Sentiment Survey undertaken between March and April 2024 to canvass views about the future of tourism in Palau from across the community broadly.
- Project team site visits to locations with current/future tourism visitation to understand tourism development opportunities and risks.
- Key informant interviews with public, private sector, and community leaders involved in tourism to gather in-depth expertise and perspectives.
- State tourism assessments, workshops, and meetings with state governors and representatives between April and December 2024 to capture state-specific data and insights on current tourism supply and future tourism development priorities.
- Drafting of the strategy based on consultations and research findings.
- Validation of the draft content with stakeholders through meetings/emails in December 2024.
- Preparation of the final Palau Sustainable Tourism Strategy, followed by review and approval by the President and Cabinet.

Appendix 2. Resource List

National Planning Documents

- Palau Development Plan 2023–2026
- Koror Babeldaob Resilient Urban Development Strategy and Action Plan (KBRUDSAP) 2020–2030

Key National Documents for Tourism

- Palau Responsible Tourism Policy Framework (PRTPF) 2017–2021
- Palau Bureau of Tourism Strategic Plan 2019–2023
- PVA Monthly Tourism Arrivals Reports
- Tourism Reorganization Act of 1982 (aka PVA Act)

Other National Government Publications

- Disaster Risk Management Framework 2010 (amended 2016)
- EQPB Strategic Plan 2021–2025
- Foreign Investment Board Strategic Action Plan 2023–2028
- Foreign Investment Act, 2016
- Historical & Cultural Preservation Act, 1978
- National Biodiversity Strategy and Action Plan 2016–2025
- National Infrastructure Investment Plan 2021–2030
- National Solid Waste Management Strategy 2017–2026
- National Youth Policy and Action Plan 2023–2027
- Palau Blue Prosperity Plan (2022)
- Palau Draft Water Policy (2024)
- Palau Green Growth Plan (2023)
- Palau: Pathway to 2030, 1st Voluntary National Review on the SDGs (2019)

Other Documents/Resources

- Palau Aviation Feasibility Study (DFAT and Airbiz, 2024)
- Palau Post Pandemic Recovery and Diversification – Draft Report (Chung-Hua Institution for Economic Research, 2024)
- PICRC studies about carrying capacity (2018) and snorkeling impacts (2018)
- PSDI Tourism Snapshot Palau (2021)
- Sustainable Tourism Pathways for Palau (Conservation Strategy Fund, 2016)
- ‘Tourism and Land in Palau’ – Article on PATA website (Vogt, 2020)
- US Graduate School various resources

State Plans

Aimeliik

- Draft Aimeliik State Master Plan (2022)
- Aimeliik System of Conservation Areas (ASCA) Ecotourism Management Plan 2021–2025

Airai

- Airai Master Plan 2010
- DRAFT Airai Master Plan 2023–2033

Hatohebei

- DRAFT Master Plan 2024–2034 (presentation)
- Helen Reef Management Plan

Kayangel

- DRAFT Kayangel Master Plan 2024–2034 (2023)
- Kayangel PAN Management Plan

Koror

- Koror State Master Plan 1976
- Resilience Strategy for the Koror RISL (2023)
- RISL Management Plan 2022–2027

Melekeok

- Melekok State Master & Land Use Plan 2012
- DRAFT Melekok Master Plan 2023–2032 (2023)
- Melekeok Climate Smart Resilient Development Guidance (2018)
- Ngardok Nature Reserve Sustainable Tourism Plan, June 2023

Ngaraard

- Ngaraard State Master Plan and Zoning Rules and Regulations 2023

Ngarchelong

- Ngarchelong State Master Plan 2024–2034 and Appendix

Ngardmau

- Ngardmau State Master Plan 2023–2028
- Sustainable Ecotourism Management Plan 2023–2029
- OSCA Management Plan 2022–2026

Ngatpang

- Ngatpang State Master Plan 2024–2029
- State Historical & Cultural Preservation Plan, 2021
- PAN Plan, 2024

Ngchesar

- DRAFT Ngchesar State Master Plan 2024–2034

Ngeremlengui

- DRAFT Ngeremlengui Master Plan 2023.

Ngial

- DRAFT Ngial Master Plan 2023–2033 (2022)
- Sustainable Ecotourism Management Plan 2023–2029
- Pilot Activity Promotion of Mangrove Ecotourism in Ngial State

Peleliu

- DRAFT Peleliu State Master Plan 2023–2033

Sonsorol

- DRAFTonsorol Master Plan 2024–2034 (2023)





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The Palau Sustainable Tourism Strategy is an initiative of the Ministry of Human Resources, Culture, Tourism and Development. It was led by the Bureau of Tourism in partnership with the Palau Visitors Authority, Governors Association, and many representatives of national and state governments, the private sector, NGOs, community members, and international development partners. The strategy was developed with technical assistance from the Pacific Private Sector Development Initiative (PSDI) – a regional technical assistance facility co-financed by the Government of Australia, the Government of New Zealand, and the Asian Development Bank (ADB).

For more information or a copy of the summary version of the strategy, contact bureauoftourism@gmail.com.

