



PALAU CHAMBER OF COMMERCE
Promoting business opportunities in Palau.

Employment Guide for Migrant Workers and Employers Republic of Palau

Guide on Terms and Conditions of Employment and Information
on Living in Palau



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Foreword

On behalf of the Ministry of Human Resources, Culture, Tourism and Development, I am pleased to present this *Employment Guide for Migrant Workers and Employers in the Republic of Palau*.

Palau's progress and prosperity are shaped by the contributions of both our citizens and the many migrant workers who come to share their skills and talents. As our economy grows and diversifies, it is vital that we provide clear, accessible, and accurate information on employment rights, responsibilities, and processes. This guide reflects our commitment to ensuring that all workers are treated fairly and that employers have the tools they need to maintain safe, lawful, and respectful workplaces.

Beyond employment, this guide also offers practical information on life in Palau, from our customs and laws to healthcare, housing, and community resources. We believe that fostering mutual understanding between employers, workers, and the wider community helps to build stronger relationships, uphold our cultural values, and protect the dignity of all.

This publication is the result of close collaboration between government agencies, employers, workers' associations, and international partners. I extend my sincere appreciation to everyone who has contributed their time, knowledge, and experience to ensure the accuracy and usefulness of this resource.

In particular, I wish to thank the International Labour Organization (ILO) for providing overall technical support through the Pacific Climate Change, Migration and Human Security (PCCMHS) Phase II program, funded by the Government of New Zealand. Their partnership has been invaluable in strengthening Palau's capacity to support migrant workers and employers alike.

May this guide serve as a valuable tool for migrant workers seeking a safe and fulfilling experience in Palau, and for employers striving to uphold the highest standards of fairness and responsibility in the workplace. Together, we can continue to strengthen the foundations of our workforce and our nation.

A handwritten signature in blue ink, appearing to read 'Ngiraibelas Tmetuchl'.

The Honorable Ngiraibelas Tmetuchl

**Minister of Human Resources, Culture,
Tourism and Development**

Republic of Palau

Preface

Migrant workers make an essential contribution to the social and economic landscape of the Republic of Palau. Their skills, dedication, and cultural diversity strengthen key sectors of the economy and support the wellbeing of Palauan communities. Ensuring that migrant workers are treated fairly, work in safe conditions, and are fully informed of their rights and responsibilities is central to achieving decent work for all.

This Employment Guide for Migrant Workers and Employers is an important step towards that goal. Developed at the request and leadership of the Government of Palau and its national stakeholders, the guide provides practical, accessible information on labor processes, employment conditions, and living and working in Palau. It aims to support both workers and employers in fostering transparent, lawful, and respectful employment relationships.

The International Labour Organization (ILO) is pleased to have supported the development of this guide through the Pacific Climate Change, Migration and Human Security (PCCMHS) program. This publication reflects the close collaboration between the Government of Palau, the Palau Chamber of Commerce, workers' representatives, community organizations, and development partners. The ILO extends its sincere appreciation to all who contributed their expertise, time, and insights throughout the consultative and validation process.

We hope that this guide, which is based on national laws and regulations, will serve as a practical resource that empowers migrant workers to make informed decisions and will support employers in upholding Palau's labor laws. Strengthening labor governance and promoting decent work are essential for creating safe, fair, and productive workplaces, and for ensuring that migration continues to be a positive and mutually beneficial experience.

The ILO remains committed to partnering with the Government of Palau and all stakeholders to advance decent work, protect the rights of migrant workers, and build resilient labor markets across the Pacific.



Matin Wandera

Director

ILO Office for Pacific Island Countries

Purpose of the Guide

The aim of this guide is to provide information to both employers and migrant workers on their rights and responsibilities as prescribed under the Palauan National Code (PNC) Title 13 and the Division of Labor Rules and Regulations 2019, which govern the employment of migrant workers.

This important work was initiated at the request from the Palau Government and Palau Chamber of Commerce under the leadership of Ms Wandalynn T. Remeliik, Chief, Division of Employment Services, Bureau of Human Resources, Ministry of Human Resources, Culture, Tourism, and Development.

The preparation of the guide was supported by ILO consultant Mr Albert Meredith with technical review by Nilim Baruah, ILO Senior Specialist on Labour Migration in the Decent Work Technical Support Team in Bangkok.

The overall coordination of the report was managed by Mahanam Mithun, Technical Officer, and Ahmad Ali, Programme Officer, of the ILO Office for the Pacific Islands Countries.

The report author and the ILO would like to sincerely thank all the respondents for the valuable insights they provided, as well as those who participated in the fruitful and lively discussions during the validation workshops. Also appreciated are the technical contributions and feedback received from Elilai Yano, President of the Palau Chamber of Commerce.

This report has been produced under the Pacific Climate Change, Migration and Human Security – Phase II (PCCMHS) program. The PCCMHS program is implemented by the ILO, the International Organization for Migration (IOM), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and the Office for the High Commissioner for Human Rights (OHCHR) along with the Pacific Islands Forum Secretariat (PIFS) and the Platform on Disaster Displacement (PDD). The PCCMHS program is supported by the New Zealand International Development Cooperation Program.

The key partners and stakeholders that were consulted in the development of this important guide are listed below:

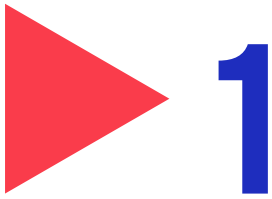
- Bureau of Human Resources, Division of Employment Services (DES)
- Republic of Palau Social Security Administration (RPSSA)
- Bureau of Customs and Border Protection
- Ministry of Health and Human Services
- Bureau of Revenue and Taxation
- Palau Chamber of Commerce
- Palau HR Professionals Group
- Filipino Association
- International Organization for Migration.

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Keywords

- 1. Employment Contract:** It sets the rules for both parties and includes details such as wages, working hours, and other conditions of employment.
- 2. Social Security:** This is a fund where both employer and worker make contributions of 7% each. The program supports workers in specific situations, such as retirement, disability, or death of a wage earner.
- 3. Healthcare Fund:** This fund is designed to support workers and their families in receiving medical treatment. Contributions of 2.5% are made by both the worker and the employer each pay period, e.g., monthly.
- 4. Provisional Labor Visa:** This is a temporary visa issued by Immigration Palau that workers must carry when travelling to Palau. It is required for completing health checks and obtaining a Social Security Number.
- 5. Medical Savings Account (MSA):** This account is funded by a 2.5% contribution from workers and is used to cover costs of seeing a doctor and buying medication.
- 6. National Health Insurance (NHI):** This insurance subsidizes in-patient care and off-island referrals, subject to certain conditions.
- 7. Minimum Wage:** The lowest wage that employers are legally allowed to pay their workers. In Palau, the national minimum wage is \$5.00 per hour.
- 8. Personal Protective Equipment (PPE):** Equipment provided by employers to ensure the safety and health of workers while performing their duties, e.g., helmets, safety boots.
- 9. Division of Employment Services (DES):** A government body responsible for handling employment-related issues, including complaints and grievances from workers.
- 10. Repatriation:** The process of returning a worker to their home country at the end of their employment. Employers are responsible for covering the costs of repatriation.
- 11. Skilled worker:** A worker is considered skilled as per Palauan regulations, if they have over two (2) years' experience in a relevant field and have a supporting qualification (at least certificate level).
- 12. Unskilled worker:** A worker is considered unskilled if they have at least (2) years' experience in a relevant field and no qualification.



Applying for a Work Permit

A key priority of the Government of Palau is to provide employment opportunities for its citizens. Therefore, before seeking to recruit migrant workers, employers are required to make every effort to advertise and fill vacancies locally.

This process is referred to as the Announcement and is administered through the Division of Employment Services (DES). Over a 30-day period, the job vacancy must be publicly advertised through the DES notice boards and other media channels, such as newspapers and television. If, after this period, no qualified citizens are available to fill the position, employers may proceed with recruiting a migrant worker (see Part 2).

What documents are needed to apply for a Work Permit?

- i. A signed employment contract
- ii. Original police clearance in English from home country of migrant worker
- iii. Original health certificate in English from health authorities in home country
- iv. Two (2) references from previous employers to show at least 2 years' experience in relevant field
- v. Bio data page of passport, as well as pages containing extension terms
- vi. Copy of business license
- vii. Copy of announcement form

If the application is approved, then a Provisional Labor Visa is issued by the DES to allow the entry of the migrant worker to complete final requirements.

What is required once the worker arrives in Palau?

- i. Worker must present a valid Republic of Palau Authorization of Entry (Provisional Labor Visa) to an Immigration Officer upon arrival.
- ii. Worker must present a return ticket for transportation between Palau and the point of hire to the Immigration Officer upon arrival. The return ticket may not be cancelled or exchanged prior to the issuance of a Work Permit.
- iii. Within ten (10) days after arrival, the worker must obtain a Social Security Number (41 PNC § 747).
- iv. Within ten (10) days after arrival, the worker shall be subject to a physical examination to be conducted by or under the auspices of the Bureau of Public Health. The cost of such physical examination shall be borne by the worker (13 PNC § 1363).

- v. Worker must carry the Provisional Labor Visa at all times until a Work Permit is issued.
- vi. Within 30 days of entry, the worker shall report to the Division of Employment Services (DES) to surrender the Provisional Labor Visa and present proof that he/she has fulfilled the obligations in steps iii and iv above before a Work Permit can be issued.
- vii. Worker must fulfil all requirements listed above within 30 days of arrival and prior to the expiration date of the Provisional Labor Visa. If the worker remains in Palau after the expiration of their Provisional Labor Visa, he/she may be subject to criminal prosecution or deportation.

How much does a Work Permit cost?

As set out below, it is important to note that employers can recover costs relating to the recruitment of migrant workers (police and health clearance) and the cost of the Work Permit itself (up to 50%). These arrangements must be set out clearly in the employment contract and agreed to by the worker.

The Palau National Code Title 13 with regards to the “Recovery of costs from non-resident workers” states:

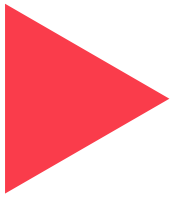
Notwithstanding any other provision of law, an employer may recover from a non-resident worker the cost of obtaining any health examination of and police clearance for the worker required as a condition of renewing the worker’s Work Permit.

Rules and Regulations 2019 further states in relation to the “Issuance of a Work Permit”:

- Upon payment of the non-resident worker fee pursuant to Part XXII of these Regulations, the Director shall issue a non-resident worker Work Permit for each worker whose application is approved and shall notify the Immigration Office of the issuance of the Work Permit. All Work Permits shall be valid beginning on the date of arrival into the Republic.
 - An Employer may recover a maximum of fifty percent (50%) of the Work Permit (as set out in Rule 22.1) from the non-resident worker. The agreement to recover such amount shall be disclosed in the employment contract or other agreements, provided that the deductions may not exceed ten percent (10%) of the non-resident worker’s gross monthly income.

Cost of Work Permit and extension:

New Work Permit/extension	Duration	Cost (USD)
Skilled Workers	1 year	\$150
	2 years	\$300
Unskilled Workers	1 year	\$125
	2 years	\$250
Temporary Work Permit	-	\$300
Reissue of lost/damaged permit	-	\$110
Application fee	-	\$25
Change of status fee	-	\$500



2

Recruitment, Employment, and Repatriation

THE PROCESS

These are the general steps in recruitment, employment, and repatriation of migrant workers



1. ANNOUNCEMENT

The vacancy is advertised by the Division of Employment Services (DES) for 30 days for possible local resident candidates

2. SUBMIT APPLICATION FOR MIGRANT WORKER

If no local residents are found, then employer will submit a full application for consideration by the DES (10 working days).



3. APPROVAL AND ARRIVAL

If approved then a Provisional Labour Visa is issued which will allow entry of worker into Palau. Once the worker arrives, a physical examination is required within 10 days (including dependents), and if cleared a Blue Card or Health Certificate will be issued.

Employer submits all required documents to the DES and is issued a work permit (1–2 working days) and can begin work.

4. END OF EMPLOYMENT AND REPATRIATION

At the end of the contract workers are required to return their Work Permit ID and make necessary preparations for returning home.



▶ 3

Your Rights

Workers and employers have rights under Palauan laws. Some key rights are listed below to keep a healthy employment relationship:

WORKER



To be treated with respect and dignity.



To join worker unions or organizations to support you while working in Palau.



To stop working if it might harm you or others around you.



To receive earned wages and benefits set out in your contract.



To keep your passport and other personal belongings while working and living in Palau.

EMPLOYER



To give lawful instructions to your workers.



To give warnings to workers based on their performance and conduct.



To terminate workers if there is proven breach of contract, i.e., poor performance or misconduct.



To recover costs spent on the recruitment of migrant workers i.e. police and medical checks.

▶ 4

Your Responsibilities

Workers and employers also have responsibilities that are important to remember while working in Palau:

WORKER



Carry out their duties as instructed by your approved employer in accordance with your employment contract.



Take care of equipment and tools used for your work.



Notify their approved employer of planned holidays and leave due to illness.



Cooperate with labour inspectors during inspections and investigations.



Return your employment permit ID to the DES at the end of their employment and return to their country of origin.

EMPLOYER



Ensure a safe and healthy working environment and workplace.



Employ workers in line with the provisions of their employment contract.



Do not loan your workers out to other employers unless an approved subcontracting arrangement.



Ensure housing provided to workers is clean and safe.



Safely repatriate migrant workers at the end of an employment agreement.

▶ 5

What You Should Know before Arriving in Palau

5.1 Customs and Laws

- ▶ Palau observes conservative standards of dress and behavior. Migrant workers are expected to respect these cultural norms and conduct themselves in a manner that does not cause offence. A curfew is in place between midnight and 5 a.m. in some suburbs and states. Make sure you are aware of any curfews in your area.
- ▶ While same-sex relationships are legal in Palau, cultural attitudes remain generally conservative. Migrant workers are therefore advised to avoid public displays of affection. It is illegal to bring, import, advertise, sell or use e-cigarettes and vapes in Palau.
- ▶ It is illegal to bring and use sunscreen products that contain chemical ingredients harmful to coral reefs. Only use “reef safe” sunscreen products, which are available in stores in Palau.
- ▶ The legal drinking age is 21. The consumption of alcohol in public places is prohibited.
- ▶ Palau has strict rules on bringing food/plants into the country (biosecurity regulations) set out under the Biosecurity Act 2014. It is important when travelling to Palau that workers are aware of these requirements and adhere to instructions to avoid penalties/sanctions.

One of our previous employees mentioned how they didn't realize how remote Palau is. ... So, it's something that should be discussed between employers and migrant workers before [they migrate for work].

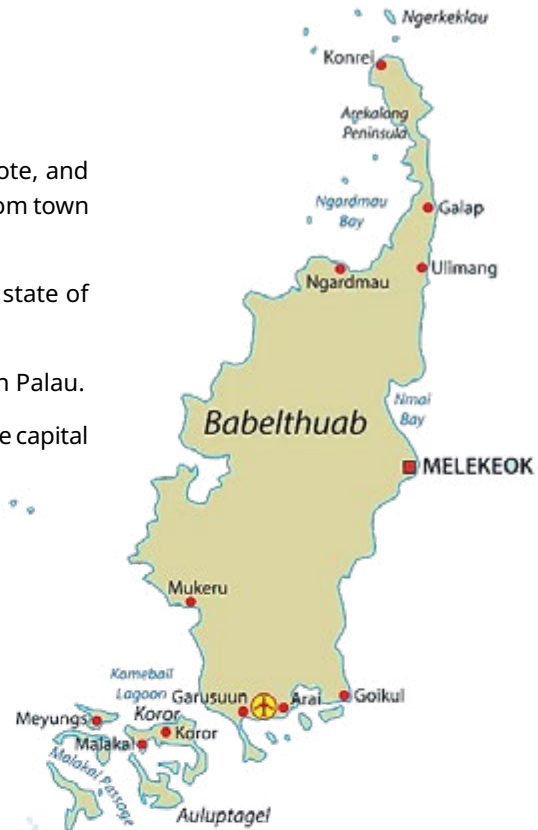
Employer

Up-to-date information on biosecurity and other requirements at the border can be found [here](#).

5.2 Capital and Towns

Like many small Pacific Island countries, Palau is remote, and depending on where you are living, you might be far from town centers and other services.

- **Ngerulmud:** The national capital, located in the state of Melekeok on Babeldaob Island.
- **Koror:** A busy city and the largest urban center in Palau.
- **Melekeok:** A state in Babeldaob, it was formerly the capital before Ngerulmud was established.



5.3 Transport around Palau

When workers first arrive at Palau International Airport they will be in Airai State in Babeldaob. Babeldaob is joined to the inter-connected islands of Koror State by the Japan–Palau Friendship Bridge, and a sealed highway circles Babeldaob from both the east and west sides, up to the tip of Ngerchelong State.

To complement the inter-connected islands, daytime bus operations are available to provide greater accessibility for residents, students, and visitors, making it easier to travel throughout Palau without relying on private vehicles.

Bus trips will usually cost US\$1 per trip and are free for passengers 17 years of age and under. Updated bus schedules are available [here](#). It is important to note that there are no official taxi operators in Palau.



5.4 Living Costs in Palau

The national currency of Palau is the US dollar. There is a Value Added Tax (VAT) of 10%, and because Palau is geographically isolated, everyday items can be relatively expensive, so plan your expenses accordingly. Below is an example of prices for some essential items:

	US Dollar
Bread	\$3.44
Milk (1 liter)	\$2.64
Eggs (1 dozen)	\$6.00
Butter	\$4.45
Prepaid data for a month (including SIM)	\$37.00
Average monthly rent for 1 bedroom	\$700 – \$900

5.5 Speaking Palauan

Palauans mostly speak English, but it can always help to learn the local language to support your move to a new country. Here are some basic words and phrases:

Palauan	How to say it	English
Alii:	sounds like “ah-LEE”	Hello!
Ungil tutau.	sounds like “oong-EEL too-TAW”	Good morning.
Ungil chodechosong.	sounds like “oong-EEL oth-o-song”	Good afternoon.
Ungil kebesengei.	sounds like “oong-EEL keb-ba-sunge-AY”	Good evening.
Mechikung.	sounds like “may-ee-KOONG”	Goodbye (come again).
Sulang.	sounds like “soo-LAHNG”	Thank you.
Choi, O' oi.	sounds like “OH-oy”	Yes.
Ng diak.	sounds like “inh-dee-AHK”	No.

5.6 Sending Money Home

Given the size of Palau there are limited options for sending money, and it can be expensive compared to other countries. In Palau, it is important to note that an additional charge applies to non-residents when sending money.

The Government of Palau applies a remittance tax of 4% on non-citizens sending money overseas. An example is set out below of applicable charges when sending money out of Palau.

Worker sends US\$200 to Bangladesh:

Funds being sent home: **US\$200**

Fees applied: **US\$19**

Excise tax for non-residents (4%): **US\$8**

Total: **US\$227**

Note: This is an estimate and can change depending on operator and additional fees

5.7 Natural Disasters

Palau, like all Pacific Island countries, is at risk of typhoons/tropical storms and earthquakes/tsunamis. The National Emergency Management Office (NEMO) is responsible for organizing national response to emergencies, including providing information and setting up emergency shelters.

It is important to note that all those living in Palau (including migrants/migrant workers) can access these services, including emergency shelters, and these services are free of charge.

Warnings and instructions will also be messaged through local SIM cards as part of the national response to emergency situations.

Please refer to the following links on response to [typhoons/tropical storms](#) and [earthquakes/tsunamis](#).

▶ 6

Arrival in Palau

Given the absence of consulates for many of the nationalities, it is important to [have] information on labor rights, processes and procedures upon arrival and other relevant regulations.

International organization

6.1 Health Check

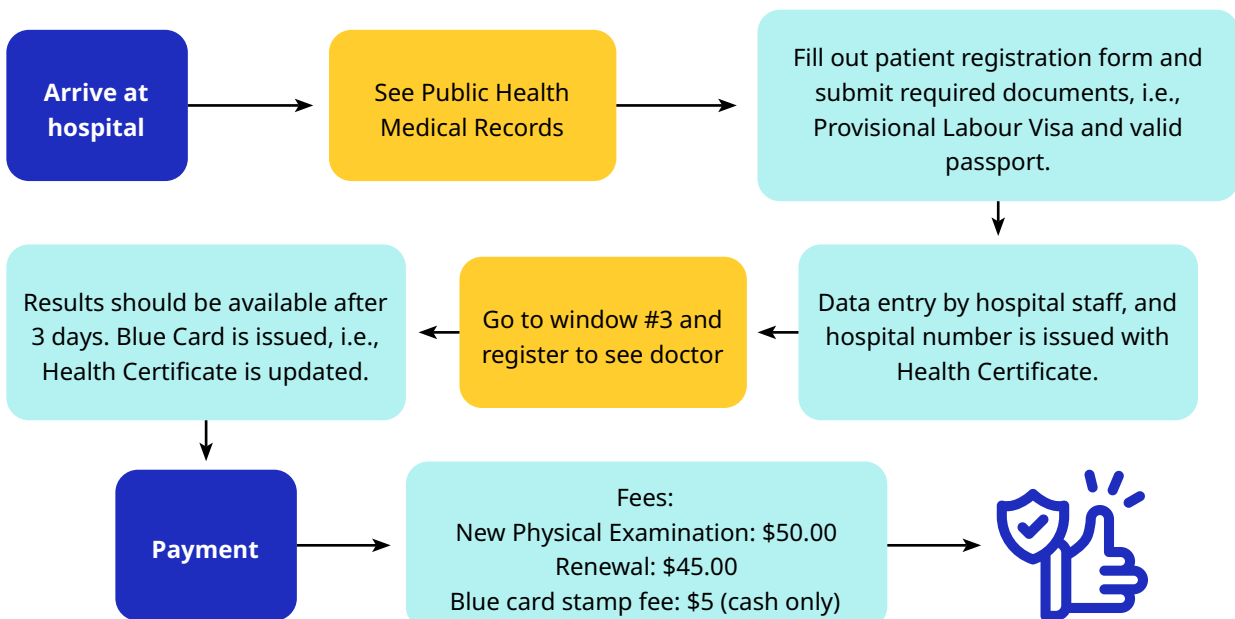
Once a worker arrives in Palau, they (including dependents) must complete a health check (within 10 days) to confirm they are healthy and ready to work in Palau.

Please note, the cost of health checks is the responsibility of the worker unless otherwise agreed to between the worker and employer.

To complete your health check, you will need to:

- ▶ Go to Belau National Hospital, located in Koror, and apply for a hospital number.
- ▶ Once you receive this number, you can make an appointment to see a doctor at the hospital or a private doctor.
- ▶ Once you pass your physical examination, a Health Certificate (Blue Card) will be issued for your Work Permit. Results should be available after 3 days.

These documents will then be submitted to the Bureau of Human Resources for processing of your Work Permit (should take 1-2 working days). **The process at the hospital is set out below:**



What will I need to complete my health check?

- ▶ Provisional Labor Visa
- ▶ Valid passport
- ▶ Money to pay for physical examination (\$50 for new applicants; \$45 for renewals) plus \$5 for stamp fee.

Note: Fees for general medical checks and physical examinations may vary for each clinic.

How much does it cost to see a doctor for general check-ups?

The figure below provides doctors' fees you can expect to pay in Palau.

EMERGENCY ROOM (ER)	OUTPATIENT DEPARTMENT (OPD)	POLY CLINIC <i>No longer available</i>
<p>OPEN 24 HOURS A DAY 7 DAYS A WEEK</p> <p>located at the Belau National Hospital in Meyuns.</p> <p>initial visit - doctor's fee:* \$42.90</p> <p>emergency room - ER fee:* \$29.00</p> <p>488-2558</p> <p><small>*additional medical fees may include labs, tests, and medication costs.</small></p>	<p>MONDAYS, TUESDAYS & THURSDAYS 7:30AM - 11:30AM 12:30PM - 8:00PM</p> <p>WEDNESDAYS & FRIDAYS 7:30AM - 11:30AM 12:30PM - 4:30PM</p> <p>located at the Belau National Hospital in Meyuns, Koror.</p> <p>initial visit - doctor's fee:* \$42.90</p> <p>488-2555</p> <p><small>*additional medical fees may include labs, tests, and medication costs.</small></p>	<p>MONDAYS to SATURDAYS 7:00AM - 10:00PM</p> <p>located at the Mini-Gam Village in the campus of Palau Community College.</p> <p>FREE (NO FEES)</p> <p>488-6447</p> <p>After 10:00PM, please call: 775-6447</p>
FAMILY SURGICAL CLINIC (EMAIS)	BELAU MEDICAL CLINIC (YANO)	PACIFIC FAMILY MEDICAL SUPPLY CLINIC (KUARTEI)
<p>MONDAYS to FRIDAYS 8:00AM - 2:00PM</p> <p>located next to Belau National Hospital in Meyuns.</p> <p>initial visit - doctor's fee:* \$25.00</p> <p>488-6920</p> <p><small>*additional medical fees may include labs, tests, and medication costs.</small></p>	<p>MONDAYS to FRIDAYS 8:00AM - 11:00AM 5:00PM - 8:00PM</p> <p>located across from the Surangel & Sons Shopping Center in Koror.</p> <p>initial visit - doctor's fee:* \$25.00</p> <p>488-2687</p> <p><small>*additional medical fees may include labs, tests, and medication costs.</small></p>	<p>MONDAYS to FRIDAYS 8:30AM - 4:30PM</p> <p>located next to Deseke Mart in Koror.</p> <p>initial visit - doctor's fee:* \$35.00</p> <p>488-6655</p> <p><small>*additional medical fees may include labs, tests, and medication costs.</small></p>

What if I fail my physical examination?

If a worker or their dependent fails their health check, the Division of Employment Services (DES) will be notified, and this can lead to the cancellation of the Provisional Labor Visa.

If the Provisional Labor Visa means that the worker may be required to depart Palau and return to their country within 10 days.

6.2 Social Security and Healthcare

Social Security and Healthcare Fund contributions are required by law (mandatory). Contributions are made by both the worker and employer for each pay period, and are determined as a percentage of the worker's pay, as detailed in the following table:

	Employee	Employer	Total
Social Security	7%	7%	14%
Healthcare Fund	2.5%	2.5%	5%
Total	9.5%	9.5%	19%

To register for Social Security, a Provisional Labor Visa is needed – just like for the physical examination process. *Registration will be completed by the employer.*

Important reminder to employers: *Employers are liable to face penalties for failing to make quarterly contributions to the Social Security and Healthcare Funds of their workers.*

What is Social Security?

Social Security is a fund that will support workers in specific situations. These include:

- **Retirement** – when you reach the retirement age of 60 and you have acquired the minimum number of quarters¹ of contributions (38 quarters), you can receive monthly benefit payments. To receive these benefit payments, you must be living legally in Palau. If you have moved to another country, retirement benefit payments will only continue for six (6) months.
- **Surviving spouse/child benefits** – Benefits paid to a surviving spouse and/or dependent child(ren) of a deceased wage earner who is fully or currently insured. If you have moved to another country, the benefit will only continue for six (6) months.
- **Disability** – If you become disabled, you may receive a monthly disability benefit. Eligibility to this benefit requires that a wage earner is both fully and currently insured in the system.
- **Lump sum** – If a wage earner passes away and all rights to survivor's benefits have terminated, a one-time lump sum payment will be made in the following order: first, to the spouse; if there is no spouse, to the children; if there are no spouse or children, to the parent of the deceased; if none of the above exist, to the deceased's legal representative; and if none of these apply, to the person or persons entitled under the laws and customs of where the deceased last lived.

For definitions of "fully insured" and "currently insured" and detailed descriptions of all the benefits, please visit: www.ropssa.pw.

It is important to note that there are no lump sum payments from social security for living wage earners under current law.

¹ A quarter refers a period of three (3) months

What is a Healthcare Fund?

The Healthcare Fund will support workers and their family members (dependents) to receive medical treatment. The fund is set out as follows:

Medical Savings Account (MSA), to which workers make a contribution for each period equivalent to 2.5% of pay. The MSA is used to cover the costs of seeing a doctor and buying medication

National Health Insurance (NHI) supports in-patient care and off-island referrals, subject to conditions.

Unlike Social Security contributions, any worker-made contributions still left in the MSA can be withdrawn by that worker after they leave Palau. Workers may apply to make this withdrawal six (6) months after leaving Palau.

How can I apply for my MSA refund?

To apply for the MSA refund, workers will need to provide the following:

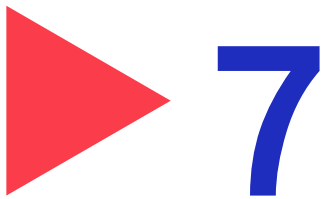
- ▶ Completed [form](#)
- ▶ Employers name and EIN/SSN
- ▶ Date of departure, including flight details (name of airline and flight number)
- ▶ Permanent address outside Palau
- ▶ Workers can choose to have funds deposited in a local Palau bank account, or have an authorized person in Palau pick up a check, or the check can be mailed to the worker's permanent address outside Palau.

Note: Form should be submitted to the Republic of Palau Social Security Administration (RPSSA) before leaving Palau and funds will be released six months after the worker's departure.

Workers are encouraged to regularly check their Social Security and Healthcare Fund contributions. This can only be done in person at the Social Security Administration office.

For further information on Social Security requirements follow this [link](#).

For further information on the Healthcare Fund, including information on what portion of medical fees will be covered under Health Insurance, follow this [link](#).



Working in Palau

“I think the main challenge for migrant workers is lack of guidance. With the development of this employment guide, we can share the information with workers. This way they understand the job and are not surprised upon arrival.”

HR manager

7.1 Employment Contract

The most important resource for a worker and employer is the employment contract. It sets the rules for both employer and worker.

It is important to note that the labor laws in Palau do not provide workers with minimum vacation leave, sick leave, maternity/paternity leave, overtime pay and other similar entitlements. So, these need to be included in the contract.

Before arrival in Palau, workers should have received, read, understood and agreed to an employment contract with the employer.

Workers have the right at any stage of employment to terminate the employment contract in line with the provisions of that contract.

A standard employment contract will include the following:

Term or duration of the contract: In most cases a contract will be for 12 months or 24 months.

Type, place, and duration of work: This section will name your position, location where most of the job will take place, and working hours (including rest periods).

Compensation: Wages, salary, and pay period (i.e., weekly or monthly).

Vacation and sick leave: Leave benefits will be set out under this section. Note that vacation leave must be used and cannot be paid out in cash.

Repatriation: Employer is responsible for covering costs of return travel, no matter what the reason for departure. However, with the agreement of the worker, an arrangement may be made to deduct a portion of wages to cover airfare if employment is ended due to breach of contract.

Housing and food: Agreement can be made for employer to cover all housing and food costs; or deduct a portion of wages to cover these costs; or worker will be responsible for their own housing and food during employment.

Termination: Sets out conditions that warrant termination of the employment relationship either by the employer or worker. In both cases, notice of ten (10) working days is required.

Others: Additional benefits may be included, such as performance bonuses, on call allowance, hazard pay, etc.

7.2 Approved Employer

Workers are only allowed to work for their approved employer. While working in Palau, a worker should only receive wages/salary from their approved employer.

A breach by the worker may result in deportation as per Palauan regulations.

However, in special cases such as hardship or abuse, temporary placement permits may be issued to workers for up to 12 months (refer to part 11 of this guide on dispute settlement).

A temporary placement permit will allow workers to continue working until an ongoing complaint is complete or until they can arrange safe return to their country of origin.

Example of a temporary placement permit:

Jane has been verbally abused and sexually harassed by her employer Justin. In the last month this has turned into physical abuse. She decides to submit her grievance to the Division of Employment Services (DES).

Once DES receives her complaint, the case is referred to the Police and Jane is placed under the employment of another employer by the DES. Alternative housing is also arranged until the case is completed.

7.3 Subcontract Agreements

A subcontract agreement can also allow workers to work for an employer who is not their approved employer. This arrangement may be approved due to a shortage of working hours available with the approved employer.

This agreement is only allowed with the approval of the Government through the Division of Employment Services (DES).

***Important** – Under a subcontract agreement, wages will still be paid by the “approved employer”.*

7.4 Vacation and Sick Leave

Vacation leave is an opportunity for the worker to take a break from work and should be planned carefully. Workers should notify employers at least 48 hours in advance.

- Vacation days are not required by law, so these will be agreed upon in the employment contract.

Sick leave is to allow workers to recover from illness so they can continue to work safely. In most cases, workers will be given five (5) full working days of sick leave every 12 months or 24 months depending on the agreed duration of the employment agreement.

- Workers may be requested to provide a medical certificate from a doctor to prove they were sick and not able to work.
- Similar to vacation leave, there is no legal requirement for sick leave, so this should be agreed upon in the employment contract.
- Workers and employers might also include in the employment contract that a medical certificate is required only for more than 2 days of sick leave. This is because seeing the doctor can be costly.

7.5 Wages and Deductions

Palauan labor law has clear rules around wages that both employers and workers should be aware of:

- ▶ Employers must not pay below the national minimum wage of \$5.00 (as of October 1, 2025).
- ▶ Service charges, tips, and other gratuities cannot be used as payment of credit towards the minimum hourly wage.
- ▶ Employers required to pay minimum wage **do not** have to cover costs for transport, housing, food or other living expenses.
- ▶ As a worker, it is important that you understand what is in your employment contract in relation to deductions from wages. **Always keep a copy of your contract and read it regularly!**
- ▶ **Exemptions from the minimum wage:** The minimum wage does not apply to:
 - Up to two individuals employed as farmers by a single employer.
 - Up to two individuals employed as domestic helpers, caretakers, babysitters, or house boys.
 - Employees who are students.
 - Employees aged 20 or younger hired on a probationary basis for up to 90 days.
 - Employees of non-profit organizations.
 - Each employer may have up to 10 exempt employees (two in each category).
- ▶ Employers are further required to withhold employee taxes, which are applied at the following rates based on earned annual salaries:
 - **6%** on the first **US\$8,000** of wages and salary
 - **10%** on the portion of wages and salary **over US\$8,000 and up to US\$40,000**, and
 - **12%** on the portion of wages and salary above **US\$40,000**
- ▶ Wages and salary for tax purposes include all forms of compensation an employee receives for personal services performed in the Republic, whether paid in cash or property, and whether paid regularly or in lump sums. This includes commissions, fees, bonuses, and any other compensation earned as an employee.
- ▶ As a worker, you should check your pay slip regularly and ask questions if you are not sure of anything.

Deductions from your wages or salary can include:

Food and housing: Employers can deduct up to 25% of wages.

Example: John gets paid \$200 a week; his employer must not deduct more than \$50 a week to cover housing and food.

Cost of a Work Permit: Employer can recover up to 50% of the cost of the permit.

Costs for repatriation: If employment ends due to breach of contract by the worker.

Recruitment costs: Employers can recover costs for health examinations and police clearances.

Important note: *All deductions from wages must be disclosed in the employment contract and must not be more than 50% of gross wages.*

Example: John gets paid \$200 a week; his employer must not deduct more than \$100 during any pay period.

7.6 Safety and Health

As an employer it is your responsibility to ensure a safe and healthy working environment or workplace. This includes the following requirements:

- ▶ Rest from work: Migrant workers are entitled to one day off per week. This day off should provide a continuous period of 10 hours of rest, to be taken between 6:00 a.m. and 6:00 p.m.
- ▶ Provide personal protective equipment (PPE) and safety devices needed to carry out work safely.
- ▶ Provide accessible clean drinking water and clean toilet facilities.
- ▶ If any medical treatment is required for workers due to work related activities, then the employer must cover these costs.

7.7 End of Your Employment

An employment relationship can come to an end for many reasons, including:

- ▶ Contract end date is reached without extension or a new contract.
- ▶ Worker ends employment before the contract end date.
- ▶ Employer ends employment before the contract end date.

What should an employer or worker do when employment ends?

- ▶ Employer must provide written notice to the Division of Employment Services (DES) at least five (5) days before the end date. If there is an early termination, then reasons for the termination must also be provided for DES review.
 - This will usually take 10 working days if there are any issues requiring an order from the Director (DES).
 - Refer to part 12 of this guide on dispute settlement.
- ▶ Workers should submit any complaints or grievances as soon as possible to the DES for review and decide upon (refer to part 12 below).
- ▶ Employer is ultimately responsible for paying and arranging repatriation of worker.
- ▶ Workers must return their Work Permit identification before leaving Palau, and return any equipment/tools given to them during their employment.
- ▶ Once your employment is terminated, you cannot work for another employer in Palau for 5 years. However, in some cases working for another employer is allowed. These reasons are listed below:
 - You are the wife/husband of a Palauan citizen.
 - Your employer has died, the business was sold or the business closes down and the new owner agrees to keep you as a worker.
 - Employer is found guilty of a crime against you or your dependents.

Note: Applications for renewal must be submitted 15 working days prior to the expiration of the Work Permit.

As mentioned above, it is important to remember:

If you are of retirement age you can continue to receive your retirement payment for **six (6) months only** after leaving Palau.

However, if you return to Palau then your retirement payment will continue.

You can apply for your Medical Savings Account reimbursement before you depart Palau, but will only receive it six (6) months after leaving Palau.

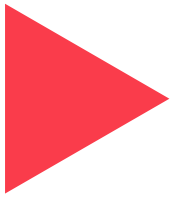
*If you overstay in Palau, you will be placed on a **black list** and not allowed to return in the future.*

7.8 Repatriation

Employers are responsible for the cost of airfare for the worker to return safely to their country of origin once their employment is ended.

However, with the agreement of the worker, deductions can be made from wages to pay for airfare **if the employment is ended due to a breach of contract by the worker**. If there is no breach of contract from the worker, then this money must be returned to the worker.

In the case of employers recruiting migrant workers for the first time, the Government may require them to contribute towards a fund that will cover the cost of repatriation and three (3) months of wages. Employers with a good history of recruitment will not be required to set up a repatriation fund.



8

Housing and Food

In terms of enforcement of standards for housing, a Compliance Officer will ensure the housing meets standards, the workplace meets standards, and then it comes back to the DES for final approval.

**Division of
Employment Services**

8.1 What Does Your Contract Say

The employment contract will say if the employer is responsible for covering the costs of food and housing during employment. These are the options:

- Employer to cover all costs of housing and food.
- Employer will deduct from wages to cover costs of food and housing.
- The worker will be responsible for all costs of housing and food.

Remember from section 10.5 above that employers can deduct wages to cover costs of housing and food, but this should be in **your contract**.

8.2 Housing and Grounds

Employer is responsible for ensuring the good condition and safety of housing and grounds. This includes the following:

- Keeping the grounds and surroundings clean and free from rubbish.
- Houses must protect against wind, rain, fire, floods and landslides. There must also be enough lighting and ventilation, including windows that can be opened.
- Water must be available for drinking, cooking, bathing and laundry.
- Toilets must be sanitary and in good condition.

Toilet facilities must also meet the following conditions:

At least one toilet for every 15 persons.

Within 200 feet of bedrooms and not located in rooms used for other purposes.

Outhouse pits must be at least 100 feet away from bedrooms, eating areas or kitchens.

- Sewage systems must be connected to public sewers or private wastewater systems. Rubbish must be stored in disposable or cleanable containers.

- Kitchens and eating facilities must be provided and meet the following conditions:
 - Must be provided in common living rooms.
 - Food storage must be available, and refrigeration must be available for perishable items.
 - No person with a communicable disease may prepare or serve meals.
 - Eating and cooking utensils must be kept clean and in good condition.
- Adequate first aid supplies must be made available and accessible when needed.
- Workers with a communicable disease or unusual illness must be reported by the employer to the Bureau of Public Health.

Note: The Division of Employment Services (DES) will carry out regular inspections of housing provided by employers to ensure they meet health and safety requirements.

If workers have any concerns relating to the standard of housing – for example, that there may be a health risk – then their employer should be made aware of this issue, and if it is not resolved then workers can contact the DES.

▶ 9

Dispute Settlement

“Sometimes workers are afraid to make complaints. Employers might send them back rather than resolving the issues.

Workers' association

9.1 You Have a Complaint or Grievance

As a worker you have the right (by yourself or as a group) to submit a **signed and written complaint** to the Division of Employment Services (DES). A grievance or complaint could be for the following reasons:

- ▶ Unsafe working environment that can harm you or others.
- ▶ Non-payment of wages, or wages not being paid regularly, i.e., during the pay period stipulated in the employment contract.
- ▶ Unfair contract termination where you have not been provided a reason or allowed an opportunity to respond.
- ▶ Sexual harassment or abuse, physical and verbal abuse, or threats in the workplace.
- ▶ Other breach of the employment agreement or provisions of national labor law.

Example: John has worked for Justin's Construction for 2 years. However, he has only been paid half of his earned wages for the past 2 months. When John asks his employer, Justin, about this issue, he is told to wait and not to ask so many questions. John decides to submit his complaint to the DES after weeks of being ignored by Justin.

Director

Bureau of Human Resources

Republic of Palau

Dear Director,

This letter is to submit a complaint relating to my employment with Justin's Construction.

My name is John and I was issued a Work Permit on 22 June 2022. I have been underpaid for the pay periods of August and September 2024.

Unfortunately, after 3 weeks of requesting my full pay, my employer Justin has not given me my unpaid wages and continues to ignore me. Please contact me on 123 4567 should you require more information.

Thank you,

John

9.2 Hearing and Decision

DISPUTE SETTLEMENT

PROCESS ONCE A WRITTEN AND SIGNED COMPLAINT IS RECEIVED.



INITIAL HEARING

DES will interview all parties and determine the facts. A meeting will be set up with both parties to reach an agreed settlement. This will take up to 10 days.

NO AGREEMENT

If no agreement can be reached, then 10 days will be allowed for the DES (Director) to reach a decision and issue an order based on the details of the case.

Once the order is issued it may be appealed within 10 days.



TEMPORARY PLACEMENT

Cases involving criminal offences against a worker or dependent will be referred to the Attorney General/Police. Human trafficking/forced labour cases will be referred to the Anti-Human Trafficking Unit.

A temporary work visa will be issued by the DES to place workers under temporary employment until the investigation is complete and labour complaints are settled.

The process for disputes will in most cases take **up to 30 working days**. It is important for workers and employers to ensure the following:

- That records are maintained relating to attendance, holiday leave days taken and remaining, payroll, etc.
- To attend scheduled sessions with the DES to discuss complaints and reach an agreed settlement.
- To participate and act in good faith when discussing issues related to grievances/complaints.

How can I address complaints and disputes better in my business?

Workers and employers are encouraged that if something is wrong in the workplace that they first talk about it and try to solve the issue.

To support this process, employers should have in place clear steps for workers to submit their concerns and have them addressed within a reasonable period.

Example:

John is concerned about the safety of the scaffolding where he is required to work. He is instructed by his manager to follow this process:

- To submit this concern (email or in writing) with the HR manager.
- The issue will be addressed within 3 working days
- A meeting is set up between HR manager, Justin (owner) and John.
- John meets with HR manager and Justin, and they agree to carry out safety checks on the scaffolding before continuing work.

9.3 Seeking Help in Palau

If a worker or employer needs support, these are some organizations that can offer help based on your situation. Embassies and commercial banks are included.

Name	Issue/concern	Contact information	Address
Bureau of Human Resources, Division of Employment Services	Complaints Work permits	(680) 488-4331 (680) 488-4332 Hotline 488-6600 Stand by 775-6908	P.O. Box 100 Koror, Palau 96940
Bureau of Customs and Border Protection, Immigration	Visas Dependents issues	(680) 488-1985 (680) 488-6031	P.O. Box 6011 Koror Malakal, Koror, Palau 96940
Republic of Palau Social Security Administration	Check Social Security contributions Check Healthcare fund contributions	SSA Office: Tel (680) 488-2457 HCF Office: Tel (680) 488-1904	
Philippines Association	Support on life and work in Palau for Filipino nationals	Lourdes Funa lourdes.funa@gmail.com	N/A
Bangladesh Association	Support on life and work in Palau for Bangladesh nationals	Alauddin Alazad Mohammad Akram Khan Mohammed Mohshin Miah	778-0645 770-8577 770-2806
National Emergency Management Office	Tsunami/Typhoon information	(680) 587-6366/6367	
Micronesian Legal Services	Legal advice on complaints/disputes (free of charge)	(671) 969-5504 (671) 969-5604 (671) 969-5704	Main Street Koror, Palau 8FVJ+838 Micronesian Legal Services Palau, Koror, Palau
Australian Embassy Ambassador - Mr Toby Sharpe	Support for Australian nationals	(680) 488 4628 koror.embassy@dfat.gov.au	2nd Floor, RT Building Koror, Palau
US Embassy Ambassador Mr Joel Ehrendreich	Support for US nationals	(680) 587-2920	Omsangel/ Beklelachieb Airai, Palau

Embassy of Japan Ambassador - Mr Hiroyuki Orikasa	Support for Japanese nationals	(680) 488 – 6455 jpembassy.palau@kx.mofa.go.jp	Palau Pacific Resort, Arakebesang P.O. Box 6050, 96940 Koror, Republic of Palau
Embassy of the Republic of China (Taiwan) Ambassador - Ms Jessica Lee	Support for Chinese (Taiwan) nationals	(680) 488-8150 plw@mofa.gov.tw	3F., Ben Franklin Building, Koror, Palau
Philippine Honorary Consulate Honorary Consul - Mr Eric Ksau Whipps	Support for Philippine nationals	(+680) 488-1111 (+680) 488-5077 hpcpalau@outlook.com	Surangel's Super Center Airai, Palau
International Organization for Migration (IOM) Yohan Senarath, Head of the IOM Sub-Office in Palau.	Support for victims of human trafficking or stranded migrant workers.	ysenarath@iom.int ymorishita@iom.int	Koror, Palau
Emergency services	Fire, Police and Ambulance	911	
Asia Pacific Commercial Bank Inc.	Banking services	(680) 488-8388/8981	Koror, Palau For information on branch locations and information on registered banks follow below link: https://ropfic.org/central-registry/
Bank of Guam	Banking services	(680) 488-2696/2697	Koror, Palau
Bank of Hawaii	Banking services	(680) 488-2602/3285	Koror, Palau
Bank Pacific, Ltd	Banking services	(680) 488-5635/5226	Koror, Palau
Palau Investment Bank Ltd	Banking services	(680) 488-1946/5888	Koror Palau

10

Checklist for Employment of Migrant Workers

Before arrival of worker

- Announcement of job with the DES
- Employer to send employment contract for worker to read and sign
- Apply for Provisional Labor Visa (PLV)
- Send PLV to worker for entry into Palau
- Confirm flight details with worker, including arrangements for pickup
- Ensure housing meets standards and is ready for worker's arrival

Arrival of worker

- Employer to arrange pickup of worker and brief on job requirements and living arrangements
- Worker health check
- Employer to register Social Security and Healthcare Fund
- Employer to submit document to DES for Work Permit
- Employer to discuss employment contract with worker and ensure full understanding
- Worker may choose to register with local trade union

Employment

- Employer must always ensure a safe and healthy workplace
- Employer to maintain clear employment records and submit monthly reports to DES
- Accidents at the workplace to be recorded by workers and reported by employer to DES.
- Worker to follow lawful rules and instructions from employer
- Worker to check their pay slip and check deductions are correct
- Worker to regularly check Social Security (must be done in person)

Repatriation

- ☑ Employer to submit notice that employment will be ending (at least 5 days before)
- ☑ If any complaints, then worker to submit these complaints to DES for their review
- ☑ Worker to return Work Permit ID and any equipment/tools given to them by employer
- ☑ Any ongoing complaints/disputes/legal cases will need to be resolved before departure of worker
- ☑ Employer to pay airfare for workers return to country of origin
- ☑ Worker to exit country



PALAU CHAMBER OF COMMERCE
Promoting business opportunities in Palau.



PACIFIC CLIMATE CHANGE MIGRATION AND HUMAN SECURITY (PCCMHS) PROGRAMME PHASE II

