

Enabling Social Innovation in Palau



Country Snapshot



Social innovation: "the processes and outcomes of developing novel approaches to address societal challenges facing people and planet." ↓

This snapshot represents a descriptive, non-exhaustive overview of key highlights from Palau’s social innovation ecosystem.

✓ Direct focus on social innovation 🔗 Connected but indirect focus on social innovation ✗ No focus on social innovation

INSTITUTIONAL FRAMEWORK

Official Definition of Social Innovation 🔗



No standalone government definition of “social innovation” was identified. However, closely aligned concepts appear across national strategies focusing on resilient communities, sustainable tourism, food systems, and climate adaptation, indicating a functional but implicit understanding of social innovation.

Government Body for Social Innovation ✓



While there is no dedicated unit, responsibility is distributed across institutions. The Bureau of Budget & Planning (Ministry of Finance) plays a coordinating role in development planning, project monitoring, and statistics, covering economic, social, and environmental dimensions.

Government Strategy for Social Innovation ✓



No standalone strategy exists. Instead, the Palau Development Plan 2023–2026 serves as the central policy framework, integrating themes such as inclusive growth, resilience, and sustainability. Complementary strategies (Climate Change Policy, Responsible Tourism Policy Framework, Green Growth Plan) collectively form a coherent enabling environment, particularly in resilience and community-based development.

Policies, Laws & Regulations ✓ 🔗



There is no dedicated legal framework for social innovation or social enterprise. However, enabling conditions are embedded in broader regulatory systems. Notable features include:

- Tax reform (PGST, BPT) with exemptions for non-profits
- Procurement frameworks allowing non-cost criteria, potentially enabling impact-oriented purchasing

These suggest indirect but meaningful policy support for socially driven activities.

Official Statistics 🔗



Palau maintains relatively strong national statistics across socio-economic and environmental domains. However, no dedicated datasets on social innovation or the social economy were identified, limiting visibility and measurement of the sector.



Government Programs

Support is primarily programmatic rather than strategic. Key examples include:

- Palau SBDC: business advisory and capacity-building services
- COVID-19 Response Project (2021–2024): targeted vulnerable populations through welfare, agriculture, and gender-based support measures
- Republic of China–Palau Small Grants Program: \$300,000 allocated to community-level initiatives

These programs demonstrate a strong applied approach to addressing social challenges.

ECOSYSTEM



Stakeholders

The ecosystem is compact but diverse, with strong representation from academic, environmental, and community sectors. Key actors include:

- Palau Community College (and CRE)
- Palau International Coral Reef Center
- NGOs such as Palau Conservation Society and Ebiil Society
- Community institutions such as Belau Women’s Resource Center

The prominence of environmental and community-based organisations reflects the country’s development priorities.



Support Initiatives

Support structures are primarily practical and sector-driven:

- Entrepreneurship support via SBDC
- Skills development through PCC
- Applied research and extension via PCC-CRE and PICRC

These initiatives collectively function as a decentralized support infrastructure for innovation, particularly in agriculture, environment, and local enterprise development.



Collaboration

Collaboration is a defining characteristic of the ecosystem. Multi-stakeholder coordination is embedded in national planning processes and reinforced through platforms such as the Annual Economic Symposium.

Sectoral collaboration is further encouraged through policies such as the Responsible Tourism Framework, while recurring events (e.g., Olchotel Belau Fair) support cross-sector engagement.

FINANCE



Financing Schemes

Financing is largely public and development-partner driven. Key instruments include:

- Public loan facilities (\$5M each) to national development institutions and entrepreneurship programmes
- Development finance (ADB-backed infrastructure and resilience projects)
- Community-level grants (e.g., \$300,000 Small Grants Program)

There is no clearly identifiable dedicated social innovation financing market (e.g., impact investment or social impact bonds).



Financing Inclusivity

Inclusivity is a notable strength. Financing mechanisms target:

- Women and youth (dedicated entrepreneurship facility)
- Vulnerable households (COVID response)
- Rural and outer-island communities (development planning priorities)

However, there is limited evidence of systematic financing instruments specifically tailored to minority or marginalized identity groups.



Public Awareness of Social Innovation

The explicit term “social innovation” is not widely used in public discourse. Nevertheless, related narratives—resilience, sustainability, financial inclusion, and community well-being—are prominent and create a favorable environment for future adoption of the concept. [3][25]
Digital finance initiatives, such as the government-supported stablecoin programme, highlight innovation linked to financial inclusion and accessibility.



Research

Research capacity is concentrated in applied environmental and marine sciences. Institutions such as PICRC and PCC-CRE play key roles in generating locally relevant knowledge and supporting community-based innovation.



Education & Human Capital

Education pathways support innovation indirectly through:

- Business and entrepreneurship programmes
- Environmental and marine science education
- Integration of sustainability topics into national curricula

This provides a foundational pipeline for future social innovation capacity.



Entrepreneurship



Business Environment

Palau SBDC provides advisory services, and international benchmarking indicates constraints in the business environment (Doing Business rank: 149 in 2019).



Innovation Capacity

Recent global benchmarking (GEM, GII) specific to Palau remains limited or unavailable.



Social entrepreneurship

Entrepreneurship support structures exist but remain limited in scale.



Social & Environmental Consciousness



Solidarity

ND-GAIN rankings and national policy documents highlight risks such as sea-level rise and extreme weather events.



Political participation

Civic participation is active, with measurable voter engagement and increasing gender representation in governance.



Volunteering



Sustainability

Environmental awareness is particularly strong, driven by high climate vulnerability.