

Feedback

With regards to:

Cohesion Fund 2021-2027
Public Consultation Document

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1.0 Introduction

This paper captures the feedback of the Gozo Regional Development Authority (GRDA) to the public consultation document issued by the Parliamentary Secretariat for European Funds in September 2021 which deals with EU's key Cohesion Policy funds.

These funds are the key instruments through which the EU delivers its evolving Cohesion Policy as redefined in the Union's new Multi-Annual Financial Framework (MFF) 2021-2027. As per the previous programming period (2014-2020), the focus of this Policy remains "the promotion of economic, social and territorial convergence" across the Union, however the enablers identified for achieving this overarching aim have shifted in focus. The Union's response to the required recovery from the social and economic impacts of the COVID-19 pandemic, as well as the urgent need to mitigate the effects of climate change, are also factored into the 2021-2027 Policy.

1.1 Cohesion Policy Funds

The three funds featured in the Cohesion Policy are the focus of this high-level feedback document. The names and broad aims of each are presented below for reference:

European Regional Development Fund (ERDF)

The ERDF aims to strengthen economic, territorial and social cohesion in the European Union by correcting development imbalances between its regions. Under the 2021-2027 MFF, this Fund amounts to €226 billion and is intended to support investments designed to make Europe and its regions:

- More competitive and smarter, through innovation and support to small and medium-sized businesses, as well as digitisation and digital connectivity
- Greener, low-carbon and resilient
- More connected by enhanced mobility
- More inclusive, supporting effective and inclusive employment, education, skills, social inclusion, and equal access to healthcare, as well as enhancing the role of culture and sustainable tourism
- Closer to citizens, supporting locally led development and sustainable urban development across the EU

Cohesion Fund (CF)

The Cohesion Fund totals €48 billion and is directed towards environmental infrastructure and priority EU projects in Trans-European Transport Networks. It will also cover projects related to energy efficiency, the use of renewable energy or sustainable urban mobility provided that these present clear environmental benefits.

Just Transition Fund (JTF)

This is a new instrument of the Cohesion Policy 2021-2027, positioned as the first pillar of the Just Transition Mechanism under the European Green Deal. This Fund will therefore support the regions most impacted by the transition to climate neutrality, particularly in terms of socio-economic impacts as well as managing the economic diversification that this transition will entail, with the fallout that this will inevitably have on employers and the labour market.

1.3 Purpose

This high-level paper will assess the investment priorities identified for Malta under the three funds listed above, with particular reference to Gozo's specific needs and realities.

The fundamental framework for this assessment is set out in the Consultation Document issued by the Authority earlier this year entitled 'Regional Development Strategy for Gozo 2021-2030.

2.0 References to Gozo in the Public Consultation Document - General Observations

Since the main thrust of the EU's Cohesion Policy is to reduce territorial disparities and build stronger convergence, the ERDF/JTC/CF Programme is of particular interest to the Authority given its mission to develop and drive a consensus-based regional strategy for Gozo.

In this context we note and welcome the commitment stated in the Public Consultation Document to earmark 10% of Cohesion and Agricultural funds for Gozo. This has already been the case in the past programming period whereby 10% of the total budget was ring-fenced for Gozo.

We also note the point made that the Programme will "address Gozo horizontally across the different priorities," by which we understand national initiatives emerging from these three funds.

Here we wish to highlight three key considerations that should, in our view, govern the handling of such initiatives based on the mission, vision and values of the Authority. These are:

1. Taking a Gozo-centric approach to the design and implementation of such initiatives. This is identified as a key governing value for the Authority in our January 2021 Vision Document. It is defined in this document as a specific process, based on the application of Regional Impact Assessment Studies (RIAS) as a core tool, whereby all proposed national policies and actions that may have a potential impact on Gozo will be analysed through the lens of its specific development needs. This arose from a recognition that the Gozitan ecosystem has its own specificities,

which must be factored into policy formulation and implementation to avoid negative impacts while maximising potential benefits.

2. A further aspect of the Authority's mission is to ensure that all policies, programmes and actions contribute towards Gozo's development in a "holistic and sustainable manner." The critical importance of taking a long-term view is also key. A strategic framework based on this overarching principle has now been clearly articulated in the Regional Development Strategy for Gozo 2021-2030 (GRDS) which was launched for public consultation earlier this year. It is anticipated that investments supported by the Cohesion Funds in Gozo will align with the GRDA's vision and will promote, rather than undermine, the achievement of its core aims.
3. We believe an economic approach should be taken in developing a Monitoring & Evaluation Framework for fund allocation in Gozo. Apart from the funds allocated, GRDA believes in capturing the multiplier and induced effects of such funds within Gozo's economy. We are therefore proposing that GRDA, together with the Parliamentary Secretary for European Funds work on such a framework to enable the correct monitoring and calculation of economic impact on Gozo's economy.

3.0 High-Level Assessment of the Priorities defined in the Cohesion Funds Public Consultation Document

This section reviews each of the six (6) priorities presented in the above-mentioned document from the lens of the GRDS.

For ease of reference the Public Consultation Document entitled 'Cohesion Funds 2021-2027' will be referred to in the following assessment as 'the Document', while the GRDA Draft Regional Development Strategy that was published as a consultation document in July 2021 will be referred to as 'GRDS'.

Priority 1 – Fostering competitiveness and an innovative and smart economic transformation

Indicative total funding - €207 million

Cohesion Funds Public Consultation Document – Brief Overview

Priority 1 covers the following strategic objectives:

- 1.1 Developing and enhancing research and innovation capacities and the uptake of advanced technologies*

Investment will be directed towards innovation, creativity and entrepreneurship in smart specialisation niches with the aim of increasing gross R&D expenditure as a percentage of GDP¹. Emphasis is placed on creating the required conducive environment, supported by enhanced collaboration and Government support. The potential role of the private sector is highlighted.

1.2 Reaping the benefits of digitisation for citizens, companies, research organisations and public authorities

This objective focuses on enabling the digital transformation essential for Malta's future growth and competitiveness, also identified as a fundamental priority (together with green recovery) by the EU. The Document therefore lists a number of interventions to further this aim – these touch on a number of key economic sectors, including the tourism industry as a key contributor to Gozo's economy, but reference is also made to the need to give substance and sustainability to the digital transition by ensuring that the necessary transformation at a social and cultural level is in place. There is also a welcome emphasis throughout on transformation being comprehensive, strategic and holistic.

1.3 Enhancing the sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments

This priority includes a specific focus on micro enterprises and SMEs which are very accurately described as the 'backbone' of the Maltese economy. This applies even more strongly to Gozo. As per the holistic approach adopted for innovation and digital transformation (see above), this objective also rightly refers to the need for creating the necessary environment for private sector investment as opposed to a piecemeal, siloed approach. Innovation and investment in growth niches through a dynamic start-up ecosystem is also highlighted. Several successful SME programmes designed in previous programming periods are referenced, not least the Business Enhance schemes rolled out between 2014 and 2020. The objective captured in this Document refers to this success and the opportunity to enhance and expand it, dovetailing neatly with the innovation and digital transformation priorities.

Alignment with Gozo Regional Development Strategy 2021-2030

The economic dimension of Gozo's development is a key element of the GRDA's mission. From the outset, the Authority has underscored the island's inherent characteristics which set it apart from Malta. These characteristics, not least its small

¹ As identified in Malta's Draft Smart Specialisation Strategy 2021-2027.

size, population density, limited resources, and double insularity, create challenges. Targeted interventions are therefore to mitigate market frictions and barriers which may restrict Gozo's development at par with the rest of the national and EU economy. It is a fact that Gozo's GDP per capita is lower than that of Malta, due largely to comparatively lower rates of employment and productivity. This does not imply that the Authority has a negative view of Gozo's economic potential, indeed the island possesses distinct environmental, social, and cultural assets which, if used sustainably, can be "productively used for the development of the island as well as the national economy."²

The GRDA has also stressed, not least in its official feedback to the Malta Economic Vision 2031 strategy document published earlier this year, that that Gozo's attributes have the combined potential to reposition the island as "a destination of excellence where quality matters over quantity and where wealth is created sustainably in the interest of future generations."

In the same feedback document, the GRDA argued that economic planning for Gozo should shift away from a perspective of the island as 'separate or different,' nor should there be a fixation on setting Gozo on the same economic path as Malta. Rather, the specific attributes and characteristics outlined above can potentially provide a testbed for economic policies and measures that can transform the island's own economy sustainably without compromising the very attributes that make this possible. This vision does not stop there: integrating Gozo fully into new economic opportunities can make it "a showcase for the transformation of the Maltese economy."³

Gozo's economic development is accordingly identified as key to the island's regional development in the GRDS Consultation Document, in which it features under two priority axes:

- Economic and Talent Development (Priority 03); and,
- New Economy (Priority 04)

A high-level assessment of the objectives and measures proposed in the Cohesion Funds Public Consultation Document indicates general alignment with the broad economic vision outlined above.

Key points:

Cohesion Policy 2021- 2027: Emphasis on capacity-building - research, innovation and advanced technologies

This policy goal, together with the integrated approach to achieving it indicated in the Document under review, is closely aligned with the aims and proposals captured

² Regional Development Strategy for Gozo 2021-2030 Consultation Document – September 2021.

³ GRDA Feedback to the Malta Economic Vision 2031 Document

under the 'New Economy' priority area of the GRDS. The latter strategy proposes the development of Gozo in a holistic manner as a centre of excellence for research and innovation. Provided the provision of the right capacity and tech infrastructure, these are activities where Gozo's size and double insularity cease to be a barrier but rather position the island as an advantageous testbed for new products and services.

Cohesion Policy 2021-2027: Emphasis on digitalisation

This Document's prioritisation of digitalisation in key sectors is aligned with the Authority's proposed GRDS. In particular, the Document singles out the tourism and health sectors as prime contenders for transformation, in the first case to increase the competitiveness of Malta and Gozo as a destination and, in the second, to provide the right digital tools to support access to quality care.

The GRDS makes similar specific proposals for innovation and technology in the medical sector, once again putting forward Gozo's advantages as a testbed for innovation in this regard. Digitalisation is also viewed by the Authority as a key contributor to the development of sustainable, quality tourism that minimises negative impacts on the island– competing destinations are currently placing digitalisation at the forefront of their longer-term strategies therefore a strong strategy in this regard is critical.

The Authority further notes the reference made to the digitalisation of public services. Given that the Authority strongly argues that all public services, both to citizens as well as to enterprises, should be accessible in and from Gozo, this process would be viewed as a highly positive development and should be prioritised accordingly. In this context, the importance of rendering all key services accessible from Gozo as soon as possible should be factored into the national digitalisation programme.

Finally, given the general alignment of objectives as stated above, the Authority points to proposal M4.4 of the GRDS, which calls for the creation of specific funding schemes for Gozitan SMEs to support digital initiatives. It is proposed that this initiative should be considered for funding under the 2021-2027 Cohesion Policy.

Cohesion Policy 2021-2027: Emphasis on support to SMEs

The GRDA welcomes the specific support being proposed for SMEs, rightly described in the Document as the 'backbone of the Maltese economy.' This applies even more emphatically to the Gozitan economy, where the business sector is characterised mainly by small and micro-enterprises.

In the GRDS, the Authority has dealt with SMEs in two categories, each with different needs.

The first category comprises established companies – although the shift to services has affected the Gozitan economy, like that of Malta, traditional sectors such as manufacturing remain active and should be supported to become more competitive

and productive, including the growth of new businesses in the sector. For this category, schemes like the ERDF schemes financed in the previous programming period are very relevant and the Authority therefore agrees with the Document's proposal to enhance and upgrade these for the new funding cycle. These funds, which can support company investment in growth capacity, advisory services, or operational enhancements, can be key to sustaining competitiveness and resilience, while improving productivity.

In these particular areas, however, the GRDA very strongly reiterates the necessity of adapting such national programmes to the Gozitan reality, i.e., avoiding the 'one size-fits-all approach' referenced above. In the Authority's view this would compromise the reach and effectiveness of such support for Gozitan enterprises. Special measures, including tax credits for new and growing businesses (M3.1 of the GRDS) as well as compensation for differences in productivity levels between Gozo and the national economy (M3.2 of the GRDS) should be given due consideration when designing and implementing these schemes.

The second category covers new ventures and start-ups, particularly in innovative and tech-based sectors. Measures outlined in the Document such as the development of a Business Incubation Centre, are closely aligned with similar proposals articulated in the GRDS. The GRDS makes similar proposals for the start-up ecosystem in Gozo, including the setting up of an Incubation Centre on the island and the provision of appropriate grants to facilitate the process. A further measure proposed calls for the creation of a fund dedicated to youth entrepreneurs which will support the development of innovative business ideas based on Gozo's needs and potential (M3.13 of the GRDS).

While proposing that these proposals could be partially financed under the 2021-2027 Cohesion Policy, the Authority stresses the importance of tailoring policies and measures in this area for Gozo's needs. It is also vital that specific physical and virtual incubation services are offered in Gozo as well as Malta, with programmes and support services modified as necessary.

Priority 2 – Promoting clean and fair energy transition, green and blue investment, the circular economy, and sustainable urban mobility

Indicative total funding - €469 million

Cohesion Funds Public Consultation Document – Brief Overview

Priority 2 covers the following strategic objectives:

2.1 Promoting energy efficiency and reducing greenhouse gas emissions

This priority captures all initiatives contributing to the smooth and timely transition to a more sustainable and resource-efficient economy, focused largely on supporting energy efficiency measures across

enterprises as well as at a domestic level. Public education in this area is also referenced. Reducing GHG emissions in line with Malta's targets as laid down in the relevant strategy documents is the fundamental and horizontal goal across all measures.⁴

2.2 Developing energy grids and storage

This centres on investments directed to improving energy storage capacity as well as enhancing security of supply. Emphasis is placed on increased capacity of renewable energy sources as well as the need to address system failures that affect continuity of supply. This plan to increase energy capacity in step with rising demand is projected to run in parallel with efforts to ramp up renewable energy generation; the longer-term goal of importing green energy is stated.

2.3 Promoting access to water and sustainable water management

This strategic objective recognises the very real pressures impacting Malta's water resources. Investments in sustainable water management initiatives to improve supply, quality and distribution are highlighted, covering both potable and wastewater. Such measures are linked to climate change mitigation strategies. There appears to be strong continuity and complementarity with active water management objectives as defined in the 3rd River Basin Management Plan as well as those set out in the Water Framework Directive.

2.4 Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas

This objective aims to reverse current rates of biodiversity loss and the associated degradation of ecosystem services, including, but not limited to, the deployment of Green Infrastructure in urban environments. The social and economic benefits of such measures are clearly referenced. Beyond the urban context, the protection and restoration of ecosystems in the wider countryside is also covered – Natura 2000 sites are highlighted here however sites falling outside this designation are also factored into such interventions.

Alignment with Gozo Regional Development Strategy 2021-2030

The GRDA welcomes the inclusion of a range of measures under Priority 2 of the Cohesion Policy Programme targeting the mitigation of negative impacts on the environment caused by current practices in the economic, transport and construction sectors. This objective is tackled through a series of measures aimed at

⁴ Recently updated in the Malta Low Carbon Development Strategy – June 2021

promoting the take-up of renewable energy, securing the transition to cleaner energy, and improving energy storage and security. Beyond the energy sector, better management of our water resources is earmarked as imperative while the importance of taking decisive action to shift towards a circular and resource efficient economy is emphasised.

The final strategic objective under this priority axis focuses on the protection and preservation of nature, biodiversity, and green infrastructure, particularly in urban areas.

This wide-ranging investment in sustainability actions is strongly endorsed by the GRDA, given its own focus on sustainability as a governing and fundamental value that informs and defines the Authority's policy framework.

Several of the outlined measures are closely aligned with specific measures proposed in the GRDS.

Key Points:

Cohesion Policy's measures related to energy

Energy efficiency and sustainability also feature prominently in the GRDS. The Authority in fact notes specific references made to financial instruments "to support industry and households to invest in energy efficiency." This proposed action ties in closely with a measure proposed in the GRDS (M1.5) which calls for more demand-side incentives for households and businesses to increase their investment in green buildings.

Given this close alignment in policy, the Authority believes that the required financing for these initiatives could be sourced from the appropriate cohesion funds.

The GRDS also proposes financial support to promote sustainable construction in new and existing buildings, particularly in terms of water and energy efficiency (M1.8). As per the observation above, this policy alignment may provide the basis for this GRDS proposal to be funded under the Cohesion Policy Programme.

The Authority takes the opportunity to point out the relevance of these measures given the rapid, recent expansion of Gozo's real estate and construction sector. In a recent document entitled 'A Note on the Construction and Real Estate Development in Gozo,' the CEO of the Authority, Mr Mario Borg, clearly articulated a growing concern with the impact of this increase in development on the island's long-term socio-economic sustainability.

Finally, the Authority fully endorses the Document's call for further initiatives and investment in renewable energy. The GRDS in fact proposes a "multi-pronged strategy directed at generating green friendly energy," which may include the modification of public buildings for that purpose (M1.7 of the GRDS). Once again, given this close policy alignment, it is anticipated that this and similar measures

proposed in the GRDS could be considered for funding under the Cohesion Policy Programme.

Finally, the GRDS proposes a Green Tourism Enterprise Scheme to incentivise operators in the tourism sector to invest in greener practices, including the highest standards of energy efficiency (M5.6 of the GRDS).

Cohesion Policy 2021-2027: Measures related to sustainable water management

As per the above comments on energy resources, the Authority is working to incentivise water efficiency through proposed measures targeting the real estate and construction sector, as well as the tourism sector (through the Green Tourism Enterprise Scheme).

Agriculture is one of the foremost pressures on groundwater resources in Gozo. The Authority has therefore proposed strengthening the distribution of wastewater to farmers across the island, in parallel with education and awareness campaigns for farmers and consumers alike to improve take-up (M7.6 of the GRDS).

Better rainwater management is also tackled in the GRDS through a proposed valley rehabilitation programme which includes two proposed measures of direct relevance to the Cohesion Policy Programme: the creation or restoration of dams and the restoration of agricultural wells (M7.10 of the GRDS).

Given this close policy alignment, the Authority feels that the above-mentioned measures proposed in the GRDS could be considered for funding under the Cohesion Policy Programme.

Cohesion Policy 2021-2027: Measures related to natural heritage

Safeguarding Gozo's ecology and biodiversity is central to the Authority's long-term vision for the island, as is the aim of responsibly opening this heritage, and the ecosystem services it offers, to improve the quality of life and wellbeing of residents and visitors alike.

The GRDS proposes several measures, particularly in its section on Rural Development, which are closely aligned with the interventions proposed in the Document. These include:

- Creating more eco-friendly parks and natural spaces across the island (M1.3)
- Supporting sustainable tourism in Gozo to better safeguard its natural habitat and native flora and fauna (M2.5)
- Rehabilitation of valleys (M7.10)
- Upgrading of beaches (including the removal of sea garbage) (M7.11)
- Improve management policies and actions in Gozo's Natura 2000 sites (M7.12)
- Invest in a sound afforestation programme aimed at systematically eliminating invasive, alien species and their replacement by indigenous trees (M7.13)

Given this close policy alignment, the Authority feels that the above-mentioned measures proposed in the GRDS could be considered for funding under the Cohesion Policy Programme.

Priority 3 – Enhancing transport connectivity

Indicative total funding - €52 million

Cohesion Funds Public Consultation Document – Brief Overview

Priority 3 covers the following strategic objectives:

3.1 Developing a climate resilient, secure, sustainable, and intermodal TEN-T

This objective focuses on land and marine transport. In terms of roads, it envisages building on previous actions related to TEN-T infrastructure with a new emphasis on increasing sustainability and climate-resilience. This will stem from reducing emissions and traffic bottlenecks while also enhancing intermodal TEN-T infrastructure. Sustainability concerns will also drive operational capacity improvement initiatives in the TEN-T seaports. In both cases, measures will aim to strengthen Malta's competitiveness as a smooth and timely connection for the "free movement of goods and passengers" – this consideration is of particular relevance for Gozo given its double insularity.

Alignment with Gozo Regional Development Strategy 2021-2030

The issue of Gozo's double insularity as it impacts on the movement of people, goods and services is highlighted by the Authority in various documents, including the GRDS. The strengthening of connectivity is therefore identified as a primary consideration in the Strategy and described as fundamental to facilitating growth in Gozo's productivity, economic diversification and overall competitiveness. On this basis this issue is defined as a Priority Area in the GRDS (Priority Area 2) and described as "key for Gozo to close the development gap."

In terms of the Cohesion Policy Programme, the call for further enhancements to the TEN-T infrastructure is mirrored in the GRDS' proposal to decisively tackle congestion in arterial, secondary and town roads (M2.3 of the GRDS).

In terms of seaports, the Authority notes the Document's reference to investments in Malta's TEN-T seaports. While fully endorsing this proposed investment, the Authority wishes to highlight the current capacity and operational constraints in Mgarr Harbour. As proposed in the GRDS (M2.4), the movement of people, goods and services from this port could be vastly improved through a sustainable and targeted

expansion programme. The Authority argues that this proposal should also be considered for funding under the Cohesion Policy Programme, given its importance in terms of reducing the double insularity effects on the economy, including the tourism sector.

Priority 4 – A more social and inclusive society

Indicative total funding - €150 million

Cohesion Funds Public Consultation Document – Brief Overview

Priority 4 covers the following strategic objectives:

4.1 Improving equal access to inclusive and quality services in education, training and lifelong learning through developing accessible infrastructure, including by fostering resilience for distance and online education and training

This objective focuses on renewed efforts to reduce the ESL rate in Malta and Gozo and, in parallel, improve tertiary education attainment levels. Increased capacity and improved quality in the provision of lifelong training and education is also supported under this priority. These systematic improvements will include the enhancement of vocational education and training (VET), which will be strengthened and realigned in line with future skills needs. Inclusion efforts in training and education will be comprehensively targeted to tackle social and economic exclusion.

4.2 Promoting the socioeconomic inclusion of disadvantaged groups

This objective tackles the issue of intergenerational and situational poverty and social exclusion, introducing the safety-net concept that will be triggered to safeguard individuals or social groups that are experiencing poverty and social exclusion as well as deployed to prevent further deterioration in the case of at-risk or vulnerable groups. Youths are highlighted in this regard.

4.3 Ensuring equal access to health care and fostering resilience of health systems

This objective directs investment towards securing a strong and resilient healthcare system, one that is responsive to the needs of a growing and ageing population without compromising equality of access. Factoring in future needs is defined as imperative, as is investment in the appropriate digital tools to achieve these goals.

4.4 Enhancing the role of culture and sustainable tourism in economic development

Malta's tourism policy is currently undergoing a rethink as indicated in the 2021-2030 Malta Tourism Strategy – this is predicated on a stronger focus on enhancing and diversifying Malta and Gozo's touristic product. Quality over quantity is viewed as fundamental to sustainable tourism. Investment in historical and cultural heritage is therefore viewed as integral to this wider effort, with the parallel advantages to boosting socioeconomic cohesion across impacted communities while also safeguarding sustainable development.

Alignment with Gozo Regional Development Strategy 2021-2030

The Authority fully endorses the first strategic objective covered under this priority axis, specifically that of enhancing and upgrading training, education and lifelong learning service provision in Malta. As clearly stated in the GRDS, the Authority firmly believes in the importance of investing in Gozo's human capital – one of the island's key resources – with this being developed in line with the global trends that are shaping tomorrow's skills.

The Authority further endorses the Document's stated aim under this priority axis of implementing measures designed to promote socioeconomic inclusion and to ensure equal access to quality health care, while working to ensure a responsive and resilient healthcare system.

Finally, the Authority notes and fully endorses the reference to investment in enhancing the role of culture and sustainable tourism in economic development.

Key Points

Cohesion Policy's measures related to education, training, and lifelong learning

Through the GRDS in particular, the Authority recognises the vital importance of Gozo's human capital and refers to this as “central to economic development.” Indeed, the Authority's entire economic vision is predicated on a supply of native, and if necessary imported, skills that will drive this forward.

In this context it should be noted that the level of educational attainment of Gozitan students has been rising steadily and compares favourably with that of Maltese youths. In fact based on 2017/2018 data, 5% of the Gozitan population attended the University of Malta and vocational institutions - one percentage point higher than the national average.

On this basis, the Authority believes very strongly in developing this positive trend, tied in with policies, some of which are highlighted in this feedback document, aimed

at securing economic development that will generate quality jobs for Gozitan students once they leave education, reversing the brain drain as far as possible.

Relevant measures in the GRDS include:

- The creation of a Human Development Fund aimed at establishing educational opportunities in Gozo at a further and higher education level, focusing on skills that are identified as key to achieving the economic vision proposed in the GRDS (M3.6)
- Tax incentives for graduates in Gozo (M3.7) as well as for Gozitan youths who complete a further or higher full-time course of study (M3.12)
- Incentivised training programmes aimed at reskilling and upskilling self-employed persons (M3.8)
- Collaboration with Jobsplus and other stakeholders to invest in lifelong learning schemes for workers (M3.9)

While acknowledging, therefore, that the aims of the Cohesion Policy Programme are closely aligned with several key measures defined in the GRDS, the Authority reiterates the importance of tailoring the roll-out of any national initiatives in Gozo to the island's particular needs. This pertains particularly to the identification and prioritisation of skills needs, a process that must conform to the Gozitan perspective and economic vision rather than solely from a national one.

This also applies to the provision of education and training facilities and services; particularly where key skills are concerned – it must be ensured that these support services and possibly incentives are in place to facilitate maximum take-up by Gozitan youths. These must include but not be limited to, the provision of services within Gozo itself, or the use of digital applications to optimise online participation.

Given this close policy alignment, the Authority feels that the above-mentioned measures proposed in the GRDS could be considered for funding under the Cohesion Policy Programme, keeping the above-mentioned provisos in mind.

Cohesion Policy Measures on socioeconomic inclusion

Gozo is currently facing a range of social and cultural pressures, including the relatively rapid influx of migrant workers to the island.

The Authority has identified social sustainability and inclusion as a priority area of the GRDS, identifying a series of measures aimed at achieving this aim.

While the Authority fully endorses the measures proposed under this priority axis in the Cohesion Policy Programme, which are all to a greater or lesser extent applicable to Gozo, it highlights two core proposals in the GRDA which will provide the

information and data essential for optimising the delivery of these measures to Gozo. These two measures are:

- Setting up a Gozo Centre for Social Innovation, initially tasked with analysing and documenting the real social needs of the island (M6.1 of the GRDS); and
- Carrying out a focused study of Gozo’s demographic trends – meaningful data in this area is currently scarce (M6.4). Finalising this study will reveal essential findings of the island’s future social needs, in areas such as ageing support services and others.

On the basis that both studies will pave the way for the implementation of informed, meaningful and relevant social programmes in Gozo, the Authority suggests that one or both of these are partially funded under the Cohesion Policy Programme. Access to the information will also assist in the planning and delivery of social development services in Gozo, identifying particular areas of concern that may differ from those laid down in national programme.

Cohesion policy measures on healthcare

Given the effects of double insularity, the theme of equal access to quality healthcare is particularly pertinent to Gozo. Issues in this area persist, with the Authority calling for increased medical capacity on the island in its GRDS (M2.7).

The Authority further notes the possible interventions listed under this objective in the Document, ranging from an improved mental health infrastructure to investment in paediatric services and preventive health measures.

While recognising the current realities and resource constraints in the national sector, the Authority strongly reiterates the need to ensure that such improvements are made as accessible as possible to Gozitans in Gozo, adopting the use of digital applications where necessary is physical access is impossible. Services in Gozo should also be modified as required in line with the population’s particular needs. This reflects the Authority’s fundamental value of adopting a Gozo-centric approach in the implementation of national policies on the island.

Cohesion policy measures on culture/sustainable tourism

The Authority fully endorses the proposal stated in the Document related to the role of culture in sustainable tourism. This aligns with the GRDS, which identifies culture, heritage and the arts as a priority area backed by a series of proposed measures. Promoting Gozo as a culturally unique and distinctive destination is integral to any efforts to attract higher-quality tourism to the island. The authority also concurs with the statement made in the Document that investment in cultural resources is not only

important in economic terms, as a contributor to tourism revenue, but also to safeguard such assets for the local community and for future generations – the GRDS takes a similar stance in this regard.

The proposed interventions listed under this policy objective in the Document include investments in upgrading and developing cultural resources, including buildings in the public domain, as well as the creation of new niches centred around under-valued natural and cultural assets.

Both these measures are closely aligned with key measures proposed in the GRDS, including the creation of a Fund dedicated to the protection and regeneration of important heritage sites in Gozo (M8.4) and the development of new attractions centred around Gozo’s natural and historical heritage (M8.2 and M8.5).

Given this close policy alignment, the Authority feels that the above-mentioned measures proposed in the GRDS could be considered for funding under the Cohesion Policy Programme.

Priority 5 – Fostering sustainable urban development in Gozo

Indicative total funding - €60 million

Cohesion Funds Public Consultation Document – Brief Overview

This priority stands out as focused wholly on Gozo, calling for an integrated yet targeted approach to “improve the island’s social, economic and environmental development, while fostering integration and inclusion.” This follows key observations advanced by the European Commission in its 2019 Malta Country Report related to Gozo’s double insularity, as well as the territorial imbalances and regional differentiation between the two islands. On this basis, the Document also proposes investments in natural and cultural heritage, with the spin-off benefits this entails for sustainable tourism.

It is stated that this priority will promote a holistic approach in interventions supporting Gozo’s development, integrating the economic, environmental, climatic, demographic and social challenges which affect the island. The Document in fact states that the ultimate aim of these integrated measures is “to make Gozo more environmentally friendly, more accessible and more responsive to people’s needs.”

Possible initiatives under this priority include:

- the upgrading and restoring of physical buildings, with an eye on any commercial and innovation opportunities that this may provide, particularly for the business sector on the island.
- Investment in projects that improve accessibility.

- Sustainable and innovative environmental measures.
- Preservation of cultural heritage.
- Increased/upgraded natural and urban public spaces (reference is made here to the underlying aim here of using such facilities to boost social cohesion- facilitating the integration of emerging resident communities is referenced here).

Finally, the Document clearly states that measures indicated under this priority axis “will be determined through Gozo’s Development Strategy – this was still in drafting stage at the time of the preparation of this Document but has now been finalised and launched by the Authority.

The stated objective in this regard is “to avoid duplication of efforts and to optimise the development opportunities for Gozo under the Programme.”

[Alignment with Consultative Document - Gozo Regional Development Strategy 2021-2030 \[link\]](#)

The Authority welcomes the definition of sustainable urban development in Gozo as a specific priority axis of the Cohesion Policy Programme. This prioritisation reflects the value assigned to this policy area by the Authority, particularly in the GRDS in which the same strategic objective is listed as the first priority area of the proposed strategy and one that is key to Gozo’s sustainable economic growth as well as to the quality of life of its citizens.

The Authority further notes the Document’s conclusion that the measures under this priority will be selected and defined in line with the GRDS, not only to avoid any duplication of resources and effort, but more importantly, to ensure the best possible outcomes that will drive further elements of the GRDS which are not necessarily and directly catered for by the Cohesion Policy Programme. This is a very positive stance.

As mentioned above, the Document therefore does not list any specific measures but only outlines some possible areas for investment, ranging from the renovation of buildings in urban centres to the conservation of natural heritage. The unifying theme is that any investment must ultimately contribute to Gozo’s optimal land use while safeguarding the island’s unique natural and cultural heritage. The importance of an integrated approach across all interventions is also emphasised.

These considerations dovetail neatly with the stance proposed under this priority in the GRDS, which calls for a “focused approach towards an integrated system where land use, planning and sectorial policies are in synergy with Gozo’s characteristics.”

- Regeneration of low-end real estate (M1.1)
- Regeneration of Victoria’s core (M1.9)
- Introduction of a Gozo-specific design according to context policy (M1.11)

- Removal of wires from building facades (M1.12)
- Regeneration of Gozitan Piazzas and Squares (M7.15)
- Piloting Sustainable Villages (M7.16)

Based on the Authority's assessment of the Document, it is anticipated that the above measures may be considered for funding under the Cohesion Policy Programme.

Priority 6 – Facilitating a Just Transition

Indicative total funding - €33 million

Cohesion Funds Public Consultation Document – Brief Overview

Priority 6 is focused on one strategic objective: enabling Malta and Gozo to address the social, employment, economic and environmental impacts of the transition towards the Union's 2030 target for climate and a climate neutral economy by 2050, based on the Paris Agreement.

It is indicated in the Document that Malta's just transition investment will mainly target the two main ports of Valletta and Marsaxlokk, focusing mainly on the provision of the necessary infrastructure and capacity for electrification. The importance of these measures in terms of reducing emissions to improve the health and wellbeing of residents in the relative areas is noted.

In terms of land transport, additional investment in the charging point network for electric vehicles is proposed.

Alignment with Gozo Regional Development Strategy 2021-2030

While carbon reduction measures under this priority axis appear to be restricted largely to the two main Malta seaports of Valletta and Marsaxlokk, the shift to cleaner, greener transport is also highlighted as a key dimension of this priority axis. Gozo has a busy seaport too and GRDA is recommending that studies to look at Mgarr harbour is also considered for electrification.

The GRDS features two measures aimed at facilitating and where possible accelerating this shift. These include:

- The construction of a Green Car Park in Victoria (M1.2)
- Greening commercial and private vehicles (M1.6)

Given this close policy alignment, the Authority feels that the above-mentioned

measures proposed in the GRDS could be considered for funding under the Cohesion Policy Programme.

4.0 Conclusion

GRDA believes that its Regional Development Strategy for Gozo 2021-2030 is very well aligned to the EU Funds for Malta 2021-2027 public consultation. This alignment is referenced and tabled in Table 1 which matches the measures of the Regional Development Strategy for Gozo to the priorities identified by the Cohesion Fund strategy.

The document and the funding programmes can be seen as an important catalyst for Gozo to achieve its vision. The ring-fencing of 10% is critical yet GRDA emphasis the need for a robust and Gozo-specific Measurement & Evaluation framework to ensure and to track the disbursement of funds and the true socio-economic impact on Gozo's economy and society.

5.0 Annex A - Mapping of measures under the Regional Development Strategy for Gozo (Consultation Document) to the priority areas of the European Funding programme.

Priority	1	2	3	4	5	6
GRDA Measures	M1.5	M1.2	M1.2	M2.7	M1.1	M1.2
	M3.6	M1.3	M2.1	M4.9	M1.2	M1.3
	M3.9	M1.4	M2.2	M6.1	M1.3	M1.4
	M3.10	M1.5	M2.4	M6.5	M1.4	M1.5
	M4.1	M1.6	M2.8		M1.5	M1.6
	M4.2	M1.7			M1.6	M1.7
	M4.4	M1.8			M1.7	M1.8
	M4.8	M1.10			M1.8	M1.10
	M4.10	M4.8			M1.9	M4.8
	M5.4	M7.1			M1.10	M7.1
	M5.7	M7.2			M1.11	M7.2
	M7.8	M7.6			M1.12	M7.6
	M7.16	M7.8			M2.1	M7.8
	M8.1	M7.10			M2.2	M7.10
		M7.13			M2.3	M7.13
		M7.16			M2.4	M7.16
					M2.5	
					M2.6	
					M2.7	
					M2.8	
				M3.6		
				M3.9		
				M3.10		
				M3.11		
				M4.1		
				M4.2		
				M4.4		
				M4.8		
				M4.9		
				M4.10		
				M5.3		
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				M7.10		
				M7.11		
				M7.13		
				M7.14		
				M7.15		
				M7.16		
				M8.1		