Forewords
Foreword

Gozo’s economic and social development remains at the heart of this Administration’s key priorities. During the past years, Government has embarked on EU-funded investments with a view to valorising Gozo’s economic potential, foster its cultural and traditional strengths, as well as facilitate a better quality of life for the residents.

In the years ahead, the strategic direction for Gozo’s integrated territorial development will continue to build on these achievements. The Partnership Agreement with the EU Commission governing the implementation of the European Structural and Investment (ESI) Funds for the 2014-2020 period specifically establishes that some 10% of the funds will be invested towards Gozo’s development endeavour.

Our ambition is to realise tangible results on the ground. We aim to continue developing the necessary infrastructural facilities and support schemes for entrepreneurs in Gozo to establish and expand their businesses, thus creating more and better quality jobs. This can be done through different actions, including incentives for new job creation, enhancing accessibility, support towards a shift to a low-carbon economy, as well as measures that would further promote RDI and back-office operations. Particular focus will also be given to upgrading the Gozo tourism product, developing Gozo’s distinct attraction as a tourist destination, upgrading and valorising of key cultural and natural sites, and support for the further development of specific niche tourism markets.

The ultimate aim is to enable Gozo to become more self-sustainable, to flourish in its potential to attract quality tourism and other investments through its unique identity, and to offer a better quality of life for its residents. In the final analysis, we want that, through EU funds, we secure a better quality of life in Gozo, not only through more and better jobs, but also through better educational, health and social support measures. This will translate in enhanced future prospects for the people.

I therefore encourage interested stakeholders to provide us with views in reaction to this document. Our aim is to finalise this integrated territorial development strategy for Gozo in 2017 in order to implement on the ground the measures that will enable Gozo to further thrive in the years ahead.

Hon. Dr. Aaron Farrugia
Parliamentary Secretary for EU Funds and Social Dialogue
Foreword

The Ministry for Gozo is the principal actor and leading agent in the execution of the "Integrated Territorial Strategy" for the island. It is our responsibility to promote and implement initiatives that will address the socio-economic development of Gozo, whilst protecting the inherent and distinctive natural features that distinguish the island.

The formulation of the strategy forms part of the Government's commitment to ensure that Gozo absorbs adequate funding from the 2014-2020 European Structural and Cohesion funds, so that we could address the island's specific needs. In concrete terms this translates into earmarking for Gozo ten percent (10%) of the country's respective allocation. These are intended to address the specific realities of Gozo and the incorporation of its concerns and realities as they are reflected in the respective Operational Programmes.

The drafting of this strategy is consistent with the spirit of the integrated territorial approach advocated by the European Union. The importance of this strategy indicates that interventions implemented in Gozo that are part-financed by the European Union must be in line with the main purposes of the strategy itself. Through this perspective, the strategy is expected to encourage a co-ordinated approach towards the ongoing socio-economic development of Gozo. It is also meant to contribute towards the maximization of economic, social and environmental benefits to the island and its community.

The Ministry for Gozo is taking this task with firm commitment and basing its workings on information diligently collected through various consultation phases with stakeholders involved. With the collaboration and responsible involvement of all concerned, this will not only secure a strategy with a clear vision for the coming years but will also monitor its progress and see to the implementation of its recommendations. In real terms, it should be a tailor-made action plan for Gozo and its people, their wellbeing and their aspirations for the future.

Hon. Dr Justyne Caruana
Minister for Gozo
1. Introduction .................................................................................................................. 1
   1.1.1. Integrated Territorial Development Strategy for Gozo ........................................ 1
2. Gozo’s socio-economic analysis .................................................................................. 2
   2.1. Demography .......................................................................................................... 2
   2.2. Competitiveness .................................................................................................... 3
   2.3. Education and Research ....................................................................................... 7
   2.4. Labour market ....................................................................................................... 8
   2.5. Social and health disparities .................................................................................. 12
   2.6. Accessibility .......................................................................................................... 13
   2.7. Environment ......................................................................................................... 13
   2.8. Strategic approach for Gozo .................................................................................. 14
3. SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis ................... 15
4. Strategic direction for Gozo ........................................................................................ 20
   4.1. Integrated approach for Gozo’s development ....................................................... 20
   4.2. Potential Development Areas ............................................................................... 20
5. Way forward ............................................................................................................... 31
1. Introduction

The development of the Island of Gozo hinges upon maximising the inherent strengths of the Island including its geo-physical and social characteristics. During the 2017-2020 period, economic growth, social prosperity, accessibility and the creation of new and better jobs in Gozo will remain a key priority. The objective is to contribute towards improving the quality of life of Gozitans.

Government’s efforts to increase Gozo’s productivity have started to reap results. However, regional disparities between Malta and Gozo remain clearly pronounced, particularly in terms of contribution towards the gross domestic product (GDP), share of youth population, tourism seasonality and prosperity of businesses. Thus, with this strategy, Government aims to build a policy framework for Gozo’s development that incorporates a series of complementary development options that aim to boost the economic and social dimension of the Island. This new impetus will aim to foster both private and public sector investment in relevant key areas of the economy whilst enhancing Gozo’s potential and preserving its natural environment.

1.1. Integrated Territorial Development Strategy for Gozo

The Integrated Territorial Development Strategy for Gozo provides an assessment of the development needs and identifies potential development areas for the Island. The objective is to finance interventions that contribute towards the development of the island from an economic, environmental and social perspective. More specifically, the Strategy:

- portrays the situation analysis of Gozo’s socio-economic context, including a SWOT analysis;
- sets out potential development areas for the Gozitan economy over the period 2017 – 2020; and
- provides strategic direction regarding the achievement of such development areas, including through the use of EU funds.

This strategy is being developed in line with the partnership principle and aims to provide synergies whilst ensuring a co-ordinated approach for measures and initiatives in Gozo, thus contributing towards the maximization of economic, social and environmental benefits to the Island. Within this context, a series of individual consultation meetings with key stakeholders, including Line Ministries, Government entities and Non-Governmental Organisations have been undertaken. Nevertheless, given the importance of ensuring that the needs of the island of Gozo are addressed in a holistic manner, Government is embarking on a public consultation process following which the strategy will be finalised.
2. Gozo’s socio-economic analysis

Gozo is the second largest island of the Maltese Archipelago situated in the north-west of mainland Malta, with a land area of approximately 67km\(^2\) and a population of 31,683 persons.\(^1\) The latter represents 7.29%\(^2\) share of the total population of the Maltese Islands making Gozo (including Comino) one of the smallest NUTS\(^3\) III regions in Europe in terms of population size. Whilst Gozo is located 6km off the north coast of Malta, its insularity and peripherality distinguish it from Malta, mainly through its smaller size and its relatively smaller scale economic development.

2.1. Demography

 Whilst Malta’s population has been increasing, reaching a 4.96%\(^4\) increase between 2010 and 2015, Gozo’s population has remained relatively stable during the same period with a total population of 31,683\(^5\) in 2015 representing an increase of 1.21%\(^6\) over 2010 figures. In terms of age profile and distribution, Gozo is moving towards an ageing population at a faster rate than Malta, which is putting added pressure on Gozo’s socio-economic development.

In recent years, Gozo’s economy has struggled to attract fast-growing and high value-added services when compared to mainland Malta, notwithstanding the high levels of tertiary education levels attained by Gozitans. The daily commute between the two islands, including the relatively long journey between Ċirkewwa and the main working hubs in Malta, is also resulting in more Gozitans opting for permanent residence in Malta. This is reinforced by the fact that at present there is no permanent infrastructure connecting Gozo to Malta, which reinforces Gozo’s double insularity.\(^7\)

Gozo’s relative serenity and tranquillity make it an ideal setting for retirees. This trend is evidenced in the Island’s population by age group whereby the 20-49 population represents 37.64%\(^8\) of Gozo’s population, which is lower than the 41.39%\(^9\) found in Malta. On the other hand, the 50+ population living in Gozo represents 43% of its total population, which is higher than the 38.87% registered in Malta.\(^10\)

---

2 This section has been compiled on the basis of statistics sourced from the National Statistics Office. Note: The total population includes all Maltese and foreign persons residing in Malta/Gozo.
3 The Classification of Territorial Units for Statistics (NUTS; French: Nomenclature des unités territoriales statistiques) is the geocode standard for referencing the subdivisions of countries for statistical purposes.
5 IBID.
6 IBID.
7 Government is currently in the process of carrying out relevant studies in relation to a permanent link.
8 This section has been compiled on the basis of statistics sourced from the National Statistics Office. The total population includes all Maltese and foreign persons residing in Malta/Gozo.
9 IBID.
10 IBID.
Within this context, whilst aiming to reverse the trend of younger generations moving away from Gozo, the need to provide more targeted services for Gozo’s more elderly population also remains relevant. In this respect, such efforts will be in line with the National Strategic Policy for Active Ageing Malta: 2014-2020. This approach will ensure complementarity between the framework being set for Gozo as well as the national approach towards this sector.

2.2. Competitiveness

Gozo’s economy so far remains heavily dependent on Malta for its economic development in various sectors. Whilst Malta is already an insular state and is heavily dependent on air and maritime connectivity with mainland Europe, Gozo is characterised by an additional level of insularity since at present it is only connected to Malta through a maritime service. Gozo’s current reliance on a ferry service connectivity, which is subject to weather conditions and connects Gozo solely to the northernmost part of Malta, has deterred businesses to invest in Gozo. This dependence has also limited the Island’s social development with evermore young generations shifting their permanent residence to Malta or abroad. Critical infrastructural limitations, such as a lack of broadband redundancy and security of supply have also rendered Gozo less attractive for local and foreign direct investment.

Gozo’s Gross Value Added (GVA) at basic prices increased by 29.64% between 2010 and 2015.\textsuperscript{11} The increase was registered in nearly all industries with the most gains registered in the information and communication sector and the professional, scientific, technical administrative and support service sector. However, Gozo’s contribution in terms of GVA dropped from 4.64% in 2010 to 4.28% in 2015.\textsuperscript{12} This may be attributed to a number of factors including Malta’s more rapid development, particularly in certain value-added services. Gozo’s lowest contribution towards the total gross value added in 2015 was registered in the financial and insurance sector (0.09%)\textsuperscript{13}; followed by the arts, entertainment and recreation; repair of household goods and other services, at 0.14%\textsuperscript{14} share. By contrast, Gozo’s highest contribution to total GVA for the same year was registered in the Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities at 1.13%\textsuperscript{15} representing 26.45% of Gozo’s total GVA. The latter is significantly higher than the same sector in Malta, which represents 17.23% of Malta’s GVA. On the other hand, whilst the contribution of the private sector in Gozo and Comino accounted to 72.0% of the total GVA, Malta’s contribution reached 84.7%.

\begin{footnotes}
\item[11] This section has been compiled on the basis of statistics sourced from the National Statistics Office.
\item[13] IBID.
\item[14] IBID.
\item[15] IBID.
\end{footnotes}
of the total GVA.\textsuperscript{16} This shows a significant difference in private sector investment between the region of Malta and that of Gozo and Comino.

Gozo’s characteristics as a more rural island have led to the continued development of the agricultural and fishing sectors particularly when compared to Malta. In 2015, Gozo’s contribution to the agriculture, forestry and fishing sectors constituted 4.35\%\textsuperscript{17} of the Island’s GVA, which is significantly higher than the 1.14\%\textsuperscript{18} registered in Malta for this sector. The latter is also representative of the fact that Gozo boasts a higher share of land under cultivation, which increased from 37.4\% in 2010 to 39.7\% in 2015, particularly when compared to that of Malta, which for the same period decreased from 36\% to 33\%.\textsuperscript{19} Within this context, efforts to improve synergies between the agricultural, fisheries, maritime and tourism industries will be explored in order ensure the long-term sustainability of these sectors whilst exploiting the potential that such sectors in Gozo have to offer.

In terms of GDP per capita, the growth registered between 2010 and 2015 for both islands is similar however, whilst in 2015 GDP per capita in Gozo stood at €21,951\textsuperscript{20}; GDP per capita for Malta stood at €21,508\textsuperscript{21} during the same year showing a gap between the islands that has been relatively constant throughout the years.

The structure of business units in Gozo also reflects the same trends as those registered in Malta, with a high predominance of micro-enterprises. Over the past decade, the Gozitan manufacturing industry has been decreasing and related employment has fallen. This necessitates further studies in order to identify and attract potential manufacturing sectors, which may prove successful in Gozo. On the other hand, the traditional activities (including crafts and cottage industries as well as the artisanal food industry) are performing in a more pronounced manner than Malta thus contributing to the rurality of the Island. Whilst commendable, the contribution of these activities to the Gozitan economy has so far not reaped significant economic growth even though they provide an opportunity for further investments in the chain of local and artisanal food production. In this respect, efforts to preserve Gozo’s rural environment whilst attracting more consistent niche tourism markets, extending the tourism season, which impinges on the performance of the tourism sector, as well as enabling and encouraging entrepreneurs and small and medium-sized enterprises (SMEs) to set up shop and develop remain a priority.

The tourism sector remains one of the major contributors to the Gozitan economy, which affects various other sectors including the retail and wholesale, public transport, education, and the accommodation

\textsuperscript{16} National Statistics Office, Regional Gross Domestic product, 2016.
\textsuperscript{17} National Statistics Office, Regional Gross Domestic product, 2016.
\textsuperscript{18} IBID
\textsuperscript{19} This information was compiled based on statistics found in the Farm Structure Survey (FSS) carried out in 2013, and statistics sourced from the National Statistics Office.
\textsuperscript{20} This information has been compiled on the basis of statistics sourced from the National Statistics Office.
\textsuperscript{21} IBID.
and food sector. In 2015, the total average length of stay in collective accommodation in Malta stood at 5.7 nights, while in Gozo; it averaged 3.8 nights for the same year, which is considerably lower. Inflows of non-residents represented 73.14% of nights spent in collective accommodation in 2015, showing that the foreign market leverages significant economic growth in Gozo.

Between 2011 and 2015, the main arrivals were registered from the United Kingdom, Germany, Italy and France representing 60.95% of the total visitors. The number of total visitors to Gozo increased from 729,394 in 2011 to 1,014,292 in 2015 of which 16.3% (165,581 persons) were tourists. During the same year, 54.98% of tourists (91,032 persons) visited both Malta and Gozo with Malta serving as the main place of accommodation whilst 45.02% of tourists (74,549 persons) visited Gozo and Comino only. Out of the latter, as outlined in figure 1, 67.18% of visitors resided in private accommodation, which shows a higher preference for this segment rather than collective accommodation.

Figure 1. Tourists to Gozo and Comino as a single-centre destination by type of accommodation and year

22 This information has been compiled on the basis of statistics sourced from the National Statistics Office.
23 IBID.
24 Non-residents refer to foreigners who do not necessarily follow the definition of a tourist and check into/out of collective accommodation establishments.
25 This information has been compiled on the basis of statistics sourced from the National Statistics Office.
26 IBID.
27 IBID.
28 IBID.
29 IBID.
30 IBID.
31 Comprising owner-occupied, rented and non-rented establishments.
32 This information has been compiled on the basis of statistics sourced from the National Statistics Office. Note: Collective accommodation refers to hotels, guesthouses, hostels, tourist villages, B&Bs and campsites.
Moreover, according to a study carried out by the Malta Tourism Authority, 48% of tourists opting for a Gozo-based trip in 2014 were repeat tourists, most of whom had visited the islands several times and had visited Gozo in previous trips.\(^{33}\)

Gozo has also seen a significant increase in the cruise liner industry. The passengers in transit passing through Gozo increased from 1,021 in 2011 to 9,868 in 2015.\(^{34}\) Conversely to other type of tourists, cruise passengers are mostly non-EU citizens. In fact, in 2015, 53.79% (5,308)\(^{35}\) of cruise visitors where non-EU with the majority being from the United States (3,228 passengers).\(^{36}\) This shows that the cruise liner industry has the potential to attract another segment within the tourism sector, which would otherwise remain untapped.

As outlined in figure 2, the largest share of inbound tourists was registered in the 45-64 age cohort, followed by the 25-44 age group.

![Figure 2. Tourists to Gozo and Comino as a single-centre destination by age group and year](image)

In addition, 83.7%\(^{37}\) of total visitors to Gozo were same-day visitors in 2015. These trends show that Gozo is still considered as an annex to Malta’s tourism product offering and that Gozo is more appealing to older age groups as a single destination. The distribution of bed stock in Gozo, which in 2014 represented 72.5%\(^{38}\) of all accommodation provision in Gozo, shows a dominance of self-catering

---

33 Malta Tourism Authority: Gozo Market Profile, 2014.
34 This information has been compiled on the basis of statistics sourced from the National Statistics Office.
35 IBID.
36 IBID.
37 IBID.
38 Malta Tourism Authority, Tourism in Malta: 2014.
accommodation. This shows a significant imbalance between the two main types of accommodation provision, which might necessitate further targeted approaches towards attracting further investment as well as visitors to Gozo.\textsuperscript{39} Such investments will build on the proposals identified in the Gozo Tourism Policy that was developed in 2014.

Cultural heritage is a key contributor towards the tourism sector in Gozo. In 2014, 23.6\% of tourists visiting Gozo opted to visit the island for its history and cultural heritage whereby the main cultural activities sought after were sightseeing, visiting historical sites and churches. Cultural events such as festas/folk/festivals also represented the main cultural events sought by tourists. The outcomes of the investments related to the preservation of cultural heritage sites including the Ġgantija Temples and the Citadel Master Plan are continuing to improve Gozo’s offering. Building on these projects, further investments in cultural heritage remain necessary as these contribute directly to the island’s identity and economic growth.

2.3. Education and Research

The total\textsuperscript{40} Gozo resident student population has remained relatively stable throughout the years with an overall decrease of 7.02\%\textsuperscript{41} in the 2015/2016 scholastic year when compared to 2013/2014 academic year. Between 2012/13 and 2014/15 the number of vocational education graduates amongst Gozo residents increased marginally from 221 to 243 students\textsuperscript{42} whilst the number of academic education graduates at tertiary level\textsuperscript{43} remained stable for the same period at around 378\textsuperscript{44} students. These figures compare favourably as a proportion of the total population when compared to the national average, with the share of vocational education graduates standing at 5.9\%\textsuperscript{45} of the national total and the share of tertiary academic graduates standing at 10.6\%\textsuperscript{46} of the national share in the scholastic year 2015/2016.\textsuperscript{47}

The primary areas of studies followed at the University of Malta (UoM) by Gozo residents remained relatively constant between the 2013/14 and 2015/16 academic years with social science, business and law registering the highest number of students, followed by health and welfare. The primary areas of study followed at the Malta College of Arts, Science and Technology (MCAST) are similar to the ones registered at the UoM with the primary fields of study being community services and applied sciences,

\textsuperscript{39} National Statistics Office, Gozo in Figures, 2015.
\textsuperscript{40} Covering pre-primary, primary, special school, post-secondary, vocational (MCAST and ITS full-time students) and tertiary education (UoM full-time and part-time students).
\textsuperscript{41} This information has been compiled on the basis of statistics sourced from the National Statistics Office.
\textsuperscript{42} Covering students at the Malta College of Arts, Science and Technology and the Institute for Tourism Studies.
\textsuperscript{43} Covering graduates from the University of Malta.
\textsuperscript{44} This information has been compiled on the basis of statistics sourced from the National Statistics Office.
\textsuperscript{45} ibid.
\textsuperscript{46} ibid.
\textsuperscript{47} University of Malta
ICT, engineering and business and commerce between 2012 and 2014. 48 Whilst there is no definitive figure for the rate of Early School Leavers in Gozo yet, it is being estimated that the rate in 2015 revolved around 16.1%.49 This estimate is lower than the national average that stood at 19.8% for the same year.

With the Maltese Islands having a relatively small research and innovation (R&I) industry, Gozo’s potential to delve into this industry is still marginally undeveloped. The small size of the Gozitan market allows the island to serve as an ideal test-bed for new and innovative ideas and provides opportunity for the setting up of new high-value added industry.

Various initiatives aimed at strengthening the participation of Gozo students in vocational and academic further and higher education have been supported. These include the development of the MCAST campus in Gozo; the increase in Virtual Learning Environment (VLE) possibilities, the introduction of new courses; as well as campaigns to attract Maltese students to study in Gozo in order to create the necessary quantum to make such partings feasible. Nevertheless, more efforts aimed at addressing skills mismatches, ensuring educational success is met with employment opportunities, and preserving the skills of traditional trades, particularly through vocational education remain necessary.

In order to improve the quality of education, increase the tertiary participation rate, increase research and development (R&D) and innovation and reduce the share of early school leavers, Government has embarked on a series of policy documents which aim to provide the necessary strategic direction for measures in the education sector, particularly in view of the national 2020 targets. 50 Whilst acknowledging that further efforts are necessary to continue to strengthening the performance of Gozitan students as well as to provide more learning opportunities for Gozitans, such measures will be in line with the relevant sectoral national strategies.

2.4. Labour market

In 2015, full-time employment of persons residing in Gozo and Comino amounted to 11,735 an increase of 14.2% when compared to 2010 figures. The private sector comprised 55.2% of the total. For the period between 2010 and 2015, an average of 2,568 persons51 where commuter workers who are Gozo residents working in Malta. This implies that one out of every five employed persons resident in Gozo

---

48 Gozo student population- information provided by MCAST.
49 This figure is under-represented due to the small sample size. NSO has provided the figure and information.
50 These include: The National Literacy Strategy (June 2014), The National Lifelong Learning Strategy (October 2014), The Strategic Plan for the Prevention of Early School Leaving in Malta (June 2014), Higher Education Strategy (April 2015), National Educational and Training Policy for Malta (April 2015), and National Research and Innovation Strategy 2020 (June 2014).
51 Full-time and part-time status is determined by the employer's declaration (or that made by a self-employed person) in the engagement form which is required to be sent to JobsPlus upon commencement of employment. Employment by place of work takes into account those persons who effectively work in the regions of Malta and Gozo and Comino respectively, irrespective of their locality/region of residence. Employment by place of residence is based on employee residence as declared by the employer upon engagement, with JobsPlus.
worked in Malta. On average, the number of commuter workers resident in Gozo and the Comino region, continued to increase.\textsuperscript{52} Within this context, it is clear that there are limitations in Gozo when it comes to the availability of employment opportunities within the Island. This phenomenon has also contributed towards a significant brain drain from the Island.

NSO figures 3 and 4 below show the employment changes between 2010 and 2015 by sector with respect to employment of Gozo and Comino residents by place of residence and place of work, respectively.\textsuperscript{53}

\textbf{Figure 3. Full-time employment of Gozo and Comino residents by sector, industry and place of residence: 2010 and 2015}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3.png}
\caption{Full-time employment of Gozo and Comino residents by sector, industry and place of residence: 2010 and 2015}
\end{figure}

\textsuperscript{52} This information has been compiled on the basis of statistics sourced from the National Statistics Office.

\textsuperscript{53} NSO News Release 180/2016: Regional Labour Supply by Place of Residence and Work, 2010-2015. The classification of economic sectors, as outlined in the NSO news release, is as follows: A = Agriculture, forestry and fishing; B+C+E = Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewerage, waste management and remediation activities; F = Construction; G+H+I = Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities; J = Information and communication; K = Financial and insurance activities; L = Real estate activities; M+N = Professional, scientific and technical activities; administrative and support service activities; O+P+Q = Public administration and defence; compulsory social security; education; human health and social work activities; R+S+T+U = Arts, entertainment and recreation; repair of household goods and other services.
In 2015, 110,185 of the total employed persons in the Maltese Islands worked in Valletta (including the Northern and Southern Harbour Area). The share of employed persons who reside in Gozo and who commuted to Valletta accounted to 14.3%.\(^{54}\)

When considering the total number of persons employed in the public sector in 2015 (44,454), the proportion of Gozitans working in the public sector was relatively high, standing at 11.83% (5,258).\(^{55}\) This is contrasted with the lower share registered for persons gainfully employed in the private sector which stood at 5.02%\(^{56}\) of the total for the same year. In addition, this trend is also registered in the higher share of self-employment in Gozo when compared to Malta, which in 2014 stood at 8.6% of the total when compared to the 5.7% share of employees for the same year.\(^{57}\)

In terms of employment growth, between 2010 and 2015, the financial sector and the real estate sector employment in Gozo remained stable while Malta experienced growth. Gozo lagged behind the growth of jobs in Malta in the Public administration and defence; compulsory social security; education; human health and social work sector where Malta had a 23.40% growth between 2010 and 2015 while Gozo registered a 17.38% growth in the same period. Gozo also experienced less growth in the Arts, entertainment and recreation; repair of household goods and other services with a 22.12% growth compared to the 44.38% in Malta. However, Gozo has outpaced Malta in the creation of jobs in the Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service sector with an 18.04% growth to the 15.38% registered in Malta, in


\(^{55}\) This information has been compiled on the basis of statistics sourced from the National Statistics Office.

\(^{56}\) iBID.

\(^{57}\) National Statistics Office, Gozo in Figures, 2015.
the Information and communication sector with a 53.56% growth compared to 33.65% in Malta, and the Professional, scientific and technical activities; administrative and support service sector with a growth of 71.36% while that in Malta was 62.40%.58

A snapshot of full time employment in Gozo vis à vis Malta for the year 2015 is portrayed in figure 5.59

![Figure 5. Percentage distribution of full-time employment by region, industry and place of work: 2015](image)

In 2015, the number of unemployed persons residing in Gozo was 648 persons representing 14.04% of total unemployment. When compared to other regions in Malta, the unemployment rate in Gozo is the third lowest. The largest share of unemployed persons was found in the above 50-year age group, which is comparable with the remaining Maltese districts. However, whilst in Malta the second cohort with the highest unemployment rate was registered in the 40-49 year age group, the second highest cohort in Gozo was registered within the 20-29 year group.60 This may mean that, notwithstanding the overall relatively low unemployment rate, Gozo has not managed to maximise its strengths in order to diversify its economy and adapt to its demographic trends and industry needs. In particular, the

employment needs of today’s young adults who reside in Gozo are not being adequately matched by the labour market.

The female participation rate in the labour market has been increasing steadily reaching 53.6% in 2015,\(^{61}\) for both Malta and Gozo. Whilst these results are encouraging, further efforts to encourage more females to enter and move within the labour market, as a means of increasing the sustainability of families remain necessary.

Within this context, efforts to increase the quality and quantity of job offerings in Gozo, upgrade the level of qualifications of the current workforce (including those in the hospitality industry) and attract an educated and skilled workforce in Gozo remain important. This will also aim to leverage economic development and mitigate Gozo’s ageing population trends.

2.5. Social and health disparities

In 2015, Gozo had the lowest average household disposable income when compared to other districts. According to NSO figures, the average household disposable income for Gozo increased from €19,335 in 2010 to €22,053 in 2015.\(^{62}\) This is also reflected in the percentage share of the population, which is mostly at risk of poverty, whereby in 2015 with an at-risk-of-poverty rate of 19.9%, Gozo stood as the second-highest district after the Southern Harbour.\(^{63}\) This is particularly high, especially when compared to the share for 2011, which stood at 12.6%, placing Gozo as the second district with the lowest at-risk-of-poverty rate.\(^{64}\) In 2014, Government launched a National Strategic Policy for Poverty Reduction and for Social Inclusion 2014-2024. Building on this strategy, further development possibilities aimed at mitigating Gozo’s challenges with respect to the at-risk-of-poverty rates will be considered.

With respect to public health services, Gozo is currently served by a hospital, which primarily provides general hospital care and acute care wards. Whilst also providing emergency services, patients requiring specialised treatment would need to resort to services provided in Malta. Acknowledging the needs and challenges posed by the health sector, which is one of the main social pillars for Malta, Government embarked on the development of a National Health Systems Strategy for Malta 2014 – 2020. Amongst others, the document highlights the need for further investment in primary healthcare in Gozo. Such measures are necessary in order to continue the provision of high quality health treatment in Gozo, as well as to prepare for future challenges posed by Gozo’s ageing population. Within this context, measures to mitigate health and social disparities increase the responsiveness of health systems and to minimise the effects of double insularity on the residents of Gozo will be considered.

\(^{61}\) Eurostat Employment and activity by sex and age - annual data.
\(^{62}\) This information has been compiled on the basis of statistics sourced from the National Statistics Office.
\(^{63}\) NSO Statistics on Income and Living Conditions (SILC).
\(^{64}\) NSO News Release 180/2016: Regional Labour Supply by Place of Residence and Work, 2010-2015.
2.6. Accessibility

Gozo’s limited accessibility, also poses difficulties in terms of the economic and social development of the Island. Between 2010 and 2015, the total number of vehicle crossings between Malta and Gozo increased from 1,104,370 to 1,348,502.\textsuperscript{65} This increasing trend was also registered in the number of passenger crossings, which increased from 4,031,480 to 4,739,672 during the same period. The number of trips carried out also increased from 20,008 in 2010 to 20,823 in 2015 to accommodate the larger number of pedestrian and vehicular passengers\textsuperscript{66}. The number of crossings remained on the increase during 2016 whereby the number of trips, passenger crossings and vehicle crossings increased by 7.6%, 8.3% and 8.2% respectively.\textsuperscript{67}

Notwithstanding these developments, Gozo is dependent upon Malta for its accessibility and the only connection is restricted to a ferry service operating to and from Ċirkewwa only, which leads to long travel times as well as traffic congestions from Ċirkewwa to the central areas of Malta. Moreover, the current inter-island transport system is also reliant on the Mgarr Port, which currently remains the sole designated multi-purpose port in Gozo. This approach and the lack of redundancy create bottlenecks and increase the burden on the port infrastructure. Whilst in recent years, Gozo has benefitted from various road infrastructural projects, which have led to a relatively good primary road network; further efforts to continue improving road infrastructure are deemed necessary to increase the Island’s quality offering.

Gozo’s accessibility is also measured in terms of digital connectivity. At present, a single fibre optic cable provides Gozo with high-speed internet access whereby the broadband service and connectivity is of the same quality as that offered in Malta. Nevertheless, there exists no redundant infrastructure to ensure uninterrupted broadband connectivity, and therefore security of supply remains a main issue, which may impinge on the competitiveness of the Island. In this respect, and in line with the ambitions of Malta’s National Digital Strategy,\textsuperscript{68} which identifies Information and Communications Technology (ICT) as an enabler to foster economic development, efforts to improve Gozo’s digital accessibility are also envisaged.

2.7. Environment

Gozo’s environment is synonymous with the Island’s distinct offering. The socio-economic development envisaged should complement the importance of Gozo’s natural areas and biodiversity, which should continue to be preserved.

\textsuperscript{65} NSO News Release 007/2017: Sea Transport between Malta and Gozo.
\textsuperscript{66} IBID.
\textsuperscript{67} IBID.
Over the years, the annual water consumption in Gozo has remained steady. Water demand is primarily met through groundwater production. The remaining supply for the additional water demand is transferred from Malta to Gozo and is mostly carried out during the summer months in order to make up for the increase in demand registered owing to an increase in the influx of tourists to the Island. This approach shows a strain on the current infrastructure as well as a dependence on Malta for security of supply, which needs to be mitigated.

In an effort to shift towards a low carbon economy, a series of measures focusing on renewable and energy efficiency have been implemented successfully in terms of take up and reduction in emissions. Between 2010 and 2015 the stock of photo-voltaic (PV) installations in Gozo increased from 17 to 2,825 respectively. The vast part of such installations and productions throughout the years were registered in the domestic sector. The total kwh produced by connected PVs in Gozo increased from 62,725 in 2010 to 13,191,290 in 2015. The increasing trends were in line with developments in other districts in Malta as part of Malta’s efforts to move towards a low carbon economy. Building on these positive trends and taking into account the priorities identified in Malta’s NREAP and NEEAP, Government aims to continue support towards a greener economy and environment.

Significant investment in the field of waste management is also contributing towards a better environment within the Island. Government has been investing in projects in Gozo such as the development of waste transfer stations for the receipt, sorting, processing, storage and transfer of waste. Moreover, in line with the Waste Management Plan for the Maltese Islands, the promotion of waste management schemes, bring-in sites and civic amenity sites, as well as the potential for pilot projects such as the organic waste pilot project in this sector remain important.

2.8. Strategic approach for Gozo

In order to address the territorial challenges faced by Gozo, particularly its socio-economic characteristics and geophysical specificities, Government will adopt a tailor made approach which is specific to Gozo’s needs and which exploits the island’s strengths. This approach will aim to boost the island’s economic activity, protect the distinctive features that distinguish the island from Malta and improve the quality of life of its residents. In this regard, Government will continue to incorporate Gozo through a strategic horizontal approach within national and sectoral strategies whilst at the same time set up the necessary framework, which is specific to Gozo’s scenario.

---

70 This information has been compiled on the basis of statistics sourced from the National Statistics Office. Data on this sector is still provisional and subject to revision.
3. **SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis**

The following SWOT is based upon the situation analysis outlined under section 2 of this document and takes into account the feedback received from the stakeholders consulted in preparation of this document. Through this SWOT analysis, Government aims to identify the strengths which will be built upon, the weaknesses which will be addressed, the opportunities which will be exploited and the threats which will be mitigated during the 2017-2020 implementation period of this strategy. This section thus aims to serve as a bridge between the development needs and the potential areas of development identified within this strategy.

Government recognises that Gozo suffers from intrinsic challenges, in particular those emanating from its small size and double insularity, which impinge on the economic development of the Island and necessitate long term planning. In this regard, Government will ensure that mitigating measures are also implemented in the near future to start addressing such longer-term matters.

Within this context, Government will aim to maximise the utilisation of national and ESI funds for the current programming period in those areas that are of strategic importance to Gozo’s development. Government will thus give priority to areas of development, which aim to foster an environment that is conducive to Gozo’s economic growth, environmental promotion and social development.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good climatic conditions</td>
<td>Double insularity</td>
</tr>
<tr>
<td>Attractive geo-physical characteristics</td>
<td>Limited infrastructure capacity and feasibility</td>
</tr>
<tr>
<td>Rich in historical, religious and cultural assets</td>
<td>Lack of economies of scale</td>
</tr>
<tr>
<td>Good stock of craftsmen and artisanal workers</td>
<td>Perceived as an extension of Malta</td>
</tr>
<tr>
<td>Numerous traditions and activities</td>
<td>Limited occupancy rate in terms of tourism accommodation</td>
</tr>
<tr>
<td>High share of repeat tourist visitors and multiple visits</td>
<td>Cultural sites needing an upgrade</td>
</tr>
<tr>
<td>Higher tourist expenditure when compared to Malta</td>
<td>Limited cultural awareness and appreciation</td>
</tr>
<tr>
<td>Strong diving market</td>
<td>High input costs for businesses</td>
</tr>
<tr>
<td>Improved inter-island ferry transport services</td>
<td>High transport costs for business and frequent commuters</td>
</tr>
<tr>
<td>Strengths</td>
<td>Weaknesses</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Good public transport system</td>
<td>Limited accessibility options with reliance on multi-purpose Mgarr port and current ferry service</td>
</tr>
<tr>
<td>Good primary road network</td>
<td>Low employment opportunities</td>
</tr>
<tr>
<td>Skilled workforce</td>
<td>Skills mismatches and brain drain</td>
</tr>
<tr>
<td>Safe and secure island</td>
<td>Lack of broadband redundancy</td>
</tr>
<tr>
<td>Good share of graduates</td>
<td>Low salaries</td>
</tr>
<tr>
<td>Relatively low illiteracy rate</td>
<td>Low female employment rate</td>
</tr>
<tr>
<td>Good primary health care provision</td>
<td>Limited interest in high risk investments</td>
</tr>
<tr>
<td>Adequate number of sports organisations</td>
<td>Lack of R&amp;I facilities</td>
</tr>
<tr>
<td>Good supply of energy</td>
<td>Limited emergency and specialised health services</td>
</tr>
<tr>
<td>Various rural areas</td>
<td>Dependence on healthcare facilities and professionals in Malta</td>
</tr>
<tr>
<td>Rich biodiversity</td>
<td>Dependence on Reverse Osmosis plants in Malta</td>
</tr>
<tr>
<td>Geological features prone to retain water</td>
<td>Small variety of agricultural produce</td>
</tr>
<tr>
<td>Short producer-to-consumer distances</td>
<td>Small scale farming</td>
</tr>
<tr>
<td></td>
<td>Poor soil quality</td>
</tr>
<tr>
<td></td>
<td>Limited water resources</td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>Develop niche markets</td>
<td>Environmental depletion and overdevelopment</td>
</tr>
<tr>
<td>Increase the quality of the tourism product offering</td>
<td>Loss of heritage sites and traditional skills</td>
</tr>
<tr>
<td>Enhance infrastructure</td>
<td>Ageing population</td>
</tr>
<tr>
<td>Preserve and enhance skills</td>
<td>Competition from the Maltese market</td>
</tr>
<tr>
<td>Promote cultural sites and events</td>
<td>Lack of entertainment hubs</td>
</tr>
<tr>
<td>Extend the tourism season</td>
<td>Ageing ferry fleet</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Further develop Gozo’s identity</td>
<td>Increasing strain on Gozo’s road, port and ancillary infrastructure</td>
</tr>
<tr>
<td>Improve Gozo’s physical accessibility</td>
<td>Changing regulatory obligations</td>
</tr>
<tr>
<td>Attract high value added services industries</td>
<td>Shifts in the global and national economy</td>
</tr>
<tr>
<td>Increase the SME base</td>
<td>Decrease in birth rates and working population</td>
</tr>
<tr>
<td>Create enterprise clusters</td>
<td>Increase in the number of persons with health and social issues</td>
</tr>
<tr>
<td>Attract foreign direct investment</td>
<td>Increasing demand for water supply</td>
</tr>
<tr>
<td>Create niche educational hubs and services</td>
<td>Severe changes in weather patterns and sea conditions</td>
</tr>
<tr>
<td>Increase access to medical treatments</td>
<td>Loss of biodiversity and ecological land cover</td>
</tr>
<tr>
<td>Promote active and healthy ageing</td>
<td>Introduction of pests and diseases</td>
</tr>
<tr>
<td>Establish specialised sub-regional health and social services</td>
<td></td>
</tr>
<tr>
<td>Shift towards low-carbon methods</td>
<td></td>
</tr>
<tr>
<td>Designate more parkland and natural areas</td>
<td></td>
</tr>
<tr>
<td>Excel in the diving industry on an international basis</td>
<td></td>
</tr>
</tbody>
</table>

Gozo’s good climatic conditions, island features, small size and natural habitats, which make up Gozo’s distinctiveness, provide an excellent scenario to attract tourist inflows all year round. Such features are complemented with good workmanship and skills, and various traditions and activities that are synonymous with Gozo, such as religious activities, the Opera and Carnival festivities amongst others. Nevertheless, the island’s small size and double insularity continue to present intrinsic weaknesses, which hinder Gozo’s development such as the limited infrastructure capacity and economic feasibility for various interventions in Gozo. Whilst the island boasts a robust education system with a high share of further and higher education graduates, the island’s characteristics often lead to low skilled employment opportunities and a limited economic diversification on the island. These impinge on the increasing brain drain from Gozo, which leaves the island with skills mismatches and a shortage in
labour supply. Thus, Gozo is not fully reaping the benefits of the success achieved in the education sector.

The loss of youths from Gozo who seek better employment opportunities in Malta or abroad is also leading to an increasing ageing population as well as a limited entertainment industry, which cannot fully operate and flourish without this cohort. In this respect, efforts to attract more youths to Gozo and the organisation of activities aimed at attracting quality entertainment facilities and services remain necessary for economic development. In addition, building on Gozo’s unique identity the development of niche markets particularly in areas such as medical, rural and religious tourism will enable Gozo’s shift towards more quality tourism (both domestic and foreign) which is focused on better value.

Whilst the challenges posed by Gozo’s geo-physical dimension cannot be fully addressed and since Gozo cannot operate in isolation, measures aiming to foster SME development remain imperative. The lack of broadband redundancy and limitations related to SME growth potential in Gozo continue to limit the island’s economic development. In this respect, building on ongoing investment and by attracting new investment, including foreign direct investment, these weaknesses will be mitigated. Thus, the provision of the necessary infrastructure, equipment and incentives for enterprises and entrepreneurs with the objective of diversifying Gozo’s economy will remain a top priority. Other possible interventions that are being considered include R&I and educational hubs and collaborations with private sector institutions in an effort to attract direct investment and high value added sectors, increase employment rates and address skills mismatches.

Addressing Gozo’s challenges with respect to its economic development must also be met with advances with respect to health, education and social infrastructure and services. Whilst the lack of economies of scale might not lead to the economic viability of interventions in this regard, measures aimed at providing better health, education and social services in an effort to ensure a better quality of life will be supported. In this respect, acknowledging the importance of providing quality services in these sectors and novel methods to create the necessary quantum to ensure the viability of initiatives will be supported.

In recent years, Gozo’s primary road network has been improved and the public transport system has been operating successfully. Moreover, the inter-island ferry transport services have improved significantly, particularly with the increase in car space capacity. Efforts to improve Gozo's accessibility will remain a priority particularly in order to decrease the reliance and strain on the Mgarr port, which is currently the only port used for inter-island transfers, as well as the dependence on the current ferry service, which is the only service connecting Gozo to Malta and to the rest of the world. In this respect, Government is exploring possible alternative means of accessibility. Such measures will aim to provide a better service and mitigate transport costs and travel time, particularly for daily/frequent commuters and businesses in order to boost Gozo’s competitiveness and to bring the region on a more level playing field when compared with Malta.
The effects of surges in Gozo’s population, particularly during the summer months and on weekends, are also increasing the strain on infrastructure. Whilst Gozo’s topography does not facilitate a complete shift towards low carbon means of transport such as walking and cycling, other measures such as the promotion of renewable energy sources and energy efficiency to mitigate carbon footprint remain necessary. In addition, efforts to capture and preserve rainwater as well as the designation of natural open areas, amongst others, will aid to protect and further promote Gozo’s environment.

Gozo’s small size limits agricultural produce spoilage since distances from producer to consumer are minimal. However, the island’s size and insularity, as well as the small parcels of agricultural land, also limit the scale and productivity of farming practices. Thus, diversification within the operations of the agricultural sector, including through better cooperation amongst farmers, incentives to attract new and full-time green jobs, particularly for young farmers, and better water management for agricultural purposes, also aim to provide the potential for further development within this sector. In addition, improved synergies between the tourism, agricultural, fisheries and maritime sectors are also necessary to fully exploit the potential emanating from the combination of these sectors. The diversification of fishers from the industry into tourism related practices will continue to enable the preservation of traditional skills and techniques, which are part of Gozo’s heritage. Furthermore, efforts to attract new industries and further develop already established markets within the maritime sector, such as the diving sector, will continue to facilitate Gozo’s shift towards a blue economy.

By focusing on economic development, accessibility, environmental sustainability and inclusion, and building on the investments, which have been rolled out thus far, Government will aim to address current needs, mitigate long-term challenges and leverage the necessary economic growth for Gozo to develop as a region with a distinct and sustainable offering.
4. Strategic direction for Gozo

The challenges faced by Gozo will be addressed through an integrated strategic approach based on the development needs and SWOT analysis outlined earlier in this document. In order to face up to these challenges, a series of potential development areas are being proposed based on the preliminary consultation meetings held with stakeholders thus far as well as taking into account other relevant policy documents.

4.1. Integrated approach for Gozo’s development

Whilst Gozo’s dimension will continue to be included and implemented in a horizontal manner across sectors within national policies and strategies, the aim of this strategy is to set a holistic framework for Gozo’s specific needs whereby national and ESI funds can support complementary and self-reinforcing interventions to increase Gozo’s competitiveness. This approach will also lead to better coordination and management in the implementation of Gozo related interventions.

4.2. Potential Development Areas

Based on the preliminary consultation meetings undertaken with relevant stakeholders, the following potential development areas have been identified:

- Fostering economic growth and job creation;
- Developing Gozo’s unique identity;
- Facilitating accessibility; and
- Promoting new services for a better quality of life.

4.2.1. Fostering economic growth and job creation

Growth in Gozo’s competitiveness and labour market hinges on the ability to create the right environment for businesses to operate and flourish. This requires adequate facilities and equipment as well as adequate access to finance for enterprises including specific public support measures that are tailor-made for the needs of these undertakings.

- Support for SMEs

Government will continue to foster the development of facilities and schemes, including the provision of advisory support, which aim to encourage entrepreneurship and facilitate the establishment of new enterprises as well as the further development of established SMEs. Amongst others, Government will continue to encourage enterprises to move towards e-commerce practices in order to go beyond the physical constraints of the Island. Such measures will make Gozo based businesses more autonomous and not solely dependent on the population living on the Island population or tourist influx.
Nevertheless, Government will continue its efforts to develop apposite facilities to attract new enterprises as well as provide the necessary space for established SMEs in Gozo to grow and delve into innovation, artisanal internationalisation and R&D, amongst others. In this context, Government will be extending the Xewkija Industrial Park. This extension is intended to provide the necessary space for businesses to operate.

Furthermore, Government acknowledges that e-commerce can only flourish if there is secure and reliable supporting infrastructure, which is vital to ensure the viability of the industry. In this respect, Government is exploring the potential to secure a secondary broadband connection for Gozo as well as ensure energy reliability and security of supply. Such measures will also be met with efforts to increase Gozo’s accessibility.

- Job Creation in Gozo

The creation of more and better job opportunities in Gozo remains a priority. Within this context, Government aims to continue supporting businesses in order to increase employment in Gozo.

In an effort to ensure that Gozo’s economy grows beyond its current limitations, Government also aims to encourage collaborations and networks with research institutions and private sector entities in order to maximise the size and characteristics of Gozo for pilot projects, particularly in sectors such as aviation, maritime, health, agriculture, energy, software development and gaming amongst others. Such measures will also lead to spin offs such as the development of specialised rehabilitation centres, technical diving academies, business English centres, specialised R&D studies in agricultural produce, gaming and aviation academies. Building upon Government’s strategic direction to promote Gozo as a distinct destination with an offering based on quality, efforts to attract tourists to the Island, particularly during the shoulder months, will be undertaken. Moreover, in an effort to address skills mismatches and to provide job opportunities in Gozo, priority will also be given to those areas, which currently register the highest participation rates at further, and higher education level by Gozitan students.

Government will also consider the development of disaster recovery sites and back office work in Gozo whilst at the same time promoting the diversification of such operations in order to offer career progression opportunities and attract highly skilled and educated workers.

- Facilitating working conditions for frequent commuters

Bearing in mind the high share of Gozo residents who commute frequently to Malta for work purposes, and acknowledging that Gozo’s limitations cannot be addressed through a replica of Malta’s offering in terms of job opportunities; Government will study possible measures aimed at encouraging Malta based enterprises to provide flexibility in working arrangements for persons permanently residing in Gozo. This will aim to contribute towards attract/ retain more permanent residents to Gozo. Moreover, Government’s efforts to increase the female participation rate within the labour market will continue. Government will continue its efforts to provide further childcare facilities and improve existing childcare
services in order to boost female employment in Gozo. This will be complimented with other community based services to alleviate caring duties with regards to older parents or other family relatives.

- **Investment in human capital**

The establishment of business clusters and support for human resource exchanges with other private sector entities (both in Malta and abroad), particularly in the hospitality sector, will also be explored and will aim to train human resources during the shoulder months, whilst securing additional trained resources during the peak season. Government will also continue to provide training, particularly in the hospitality industry, as well as aim to preserve and maximise the skills related to the agriculture, fisheries and artisanal sectors with a view to contributing towards the provision of high quality services. Within this context, closer collaboration between Jobsplus, educational institutions, training providers and entities within the tourism sector will be encouraged.

- **Bringing policies in line with industry trends**

Government recognises Gozo’s potential to have its own brand and identity. In recent years, the rural nature of the Island has led to the development of various new niches within Gozo’s economy, particularly in the tourism sector, which has seen an increase in the development of boutique hotel facilities, guesthouses, host families, bed-and-breakfasts (B&B’s), holiday furnished premises and agri-tourism activities amongst others. In this regard, Government will thus aim to maximise the industry trends and, where necessary, update relevant policies in order to address the needs of the sector as well as facilitate growth.

### 4.2.2. Developing Gozo’s unique identity

The reliance on the tourism industry for economic growth is not only important for the Maltese Islands as a whole but is ever more crucial for Gozo’s contribution towards the national economy. Acknowledging the importance of this sector towards Gozo’s GDP and building on the Island’s geo-physical strengths, Government aims to develop and promote a unique identity for Gozo as a distinct destination.

- **Creating a brand for Gozo**

Government will foster the development of an integrated marketing programme for Gozo that will focus on Gozo’s distinct offering. This approach will aim to identify Gozo as a rural escape from city life particularly targeting tourists from the UK, Italy, France and Germany in line with recent tourist inflow trends. Such developments will be in line with the framework outlined in the National Tourism Policy.

---

- Focusing on a quality tourism offering

Understanding the limitations to accommodate high volumes of visitors and tourists, Government believes that Gozo's future lies in the shift towards the provision of a tourism product offering which leverages growth based on quality and not volumes. In order to ensure that Gozo will have a high quality tourism product offering, Government will seek to identify appropriate measures with a view to incentivising private sector investment.

Such measures may include the promotion of artistry and artisanal products, boutique facilities, 6 star hotels, boutique cruise liners and ancillary facilities, yacht marinas, high-end gastronomy practises, rural tourism activities, sports tourism, specialised medical services, cultural and religious events and targeted educational and leisure activities. In addition, efforts to ensure high standards in accommodation premises, including self-catering accommodation will also be enhanced. Such measures will also aim to foster investment in the Gozitan tourism product, attract repeat and multiple visitors and extend the tourism season.

- Overcoming the dependence on seasonality

As outlined in the National Tourism Policy, 2015-2020, potential areas in which Gozo could prove to be competitive and thus increase tourism related activities during the off peak period tourism include: cultural and Rural-tourism; activity holidays and sports tourism; corporate business; health and wellness; weddings; religious; elderly travel and domestic tourism, amongst others. In recent years, Government has been investing heavily in Gozo’s tourism offering, particularly through the preservation and upgrade of historical sites and facilities. The Ċittadella Master Plan has seen a complete restoration of Gozo’s Citadel to preserve its cultural and historic significance and increase its value for tourists.

Building on these successes, Government will continue to invest in Gozo’s cultural heritage and in the preservation of the Gozitan identity. Such initiatives include the establishment of a Regional Museum and the restoration of the Xewkija Windmill, amongst others.

Other interventions aimed at further strengthening village core offerings, such as the upgrading of village squares aimed at creating a different tourism experience within the village cores will also be undertaken. Such investment will also contribute to stimulate private sector investment. These initiatives, coupled with Government's efforts to develop and promote leisure activities and recreational areas, aim to go beyond Gozo’s natural offering of ‘sun and sea’ with the objective of having Gozo as an all year round destination.

- Enhancing traditional and cultural events and activities

In recent years, various activities have become synonymous with Gozo such as Carnival activities, Operas as well as religious events such as ‘Bethlehem f’Għajnsielem’. Acknowledging Gozo’s potential

---

74 National Tourism Policy 2015-2020, pg. 64.
to develop other events, which have the potential to attract a successful response from both domestic and foreign tourists alike, Government will encourage the organisation and promotion of traditional and cultural events (including those organised by local councils). Moreover, measures aiming to preserve Gozo’s cultural and heritage sites, which form an integral part of Gozo’s identity, will also continue to be supported.

- Maximising tourist day trips and introducing evening trips

Whilst the share of tourists who reside in Malta but also visit Gozo is commendable, Gozo has so far not managed to reap the full benefits of organised day trips. Government acknowledges that more needs to be done in this regard and will thus promote measures aiming at increasing the length of day trips on Gozo, introduce evening trips and encourage longer retail opening hours in order to provide a better experience during the evenings. Such measures will also necessitate better coordination between tour organisers and the Gozo community to develop better packages and offer a better service to this segment of Gozo’s tourism sector.

- Preserving Gozo’s natural environment

Government understands that whilst efforts to develop and promote Gozo’s identity are important, such efforts would not lead to the desired results if Gozo’s rural setting and environmental characteristics are not equally preserved and promoted. Within this context, measures to mitigate environmental depletion and land fragmentation, ensure better urban and rural planning and enable a shift towards a low carbon island remain a priority. In this respect, Government is continuing to support renewable energy sources and energy-efficient measures in Gozo, whilst at the same time preserving the island’s biodiversity, rehabilitating natural areas and designating parkland and open areas, amongst others. In addition, in line with the country’s national commitments, measures will also be undertaken with a view to ensuring better water, waste and soil management. In 2016, the Water Services Corporation completed works at the Ras il-Hobż polishing plant to treat urban wastewater and transform it into an alternative source of water for agricultural practises. Furthermore, a waste management plant was also inaugurated at the transfer station in Tal-Kus. Building on the impact of these initiatives, measures to improve water quality and fresh water supply as well as promote better waste management, including through appropriate infrastructure and campaigns, will also continue to be explored.

The aimed extension of the tourism season and the better distribution of tourist inflows throughout the year will also serve as a means to decrease the burden on water, waste and energy infrastructures during the summer months and thus enable a better utilisation and maximisation of resources.

Government remains committed to reducing the environmental impact of transport. In this regard, as outlined in the Transport Master Plan, Government will aim to shift towards a more sustainable mode of transportation in Gozo by introducing electric buses. In addition, solar vehicle charging ports will be
installed at the Victoria Bus Terminus as well as other charging infrastructure in key locations around the Island to ensure this shift is implemented successfully.  

- Maximising the potential of the agricultural, fishing and maritime sectors

Government will continue to nurture the development of the agricultural and rural sectors including through better cooperation amongst farmers, with a view to creating the necessary economies of scale in order to enable these industries to flourish within the tourism sector. Efforts to ensure better farming practices (including organic farming and better pest management) and encourage green jobs (particularly for young farmers to enter and move up the industry) will be explored. Moreover, in a bid to increase the standards and quality of the Gozo produce, measures aimed at ensuring product traceability as well as the promotion of the local brand will also be fostered.

Government believes that the characteristics of Gozo may also contribute towards the further development of the blue economy on the Island and maximise its potential through the tourism industry. In this respect, Government will continue supporting measures aimed at diversifying fishing practises into tourism services, establishing better ancillary facilities such as ports and berthing places as well as further developing the maritime industry. Building on the success registered within the diving sector, Government will explore the development of relevant ancillary facilities in order to increase this market and to establish other niches related to this sector such as technical diving for engineers as well as collaborations with prestigious international institutes, which specialise in the diving sector, amongst others.

**4.2.3. Facilitating accessibility**

The limitations and setbacks posed by Gozo’s double insularity and current means of accessibility remain key weaknesses that impinge on the island’s economic development and current inability to retain many residents within the junior adult cohort. Government believes that efforts to improve Gozo’s accessibility will need to be stepped-up in order to reverse this socio-economic trend.

- Introducing alternative inter-island transport services

Government is committed towards the provision of alternative inter-island transport services through measures such as the introduction of a fast ferry connection to Malta. This service will aim to target frequent commuters between the islands amongst others. Whilst acknowledging that over the years, several improvements have been registered with respect to the current inter-island ferry services, it is recognised that additional services that take Gozo residents closer to their end destination particularly their work place, main health services, main education facilities, airport, etc. remains a priority. Such measures will be tailored to the different travel patterns in order to ensure their effectiveness and

---

75 Transport Master Plan 2025, page 91.
sustainability. These measures will be complemented with appropriate public transport services in order to ensure a holistic approach towards mitigating this challenge posed by Gozo’s double insularity.

Moreover, this service will also contribute to offload traffic coming from Gozo through northern and central Malta thus decreasing travel time, emissions and travel congestions in these areas. It is expected that the introduction of this service will also reduce the dependency on the current ferry fleet that so far remains the only one of a significant capacity servicing the Island. At the same time, the potential to upgrade and ensure the long-term sustainability and use of the current ferry fleet will also be explored.

In addition, Government will continue to study the possibility of developing a physical link between Malta and Gozo. Geological studies on the channel’s seabed as well as seismic and other studies will be undertaken with a view to determining the relevant feasibility parameters for the design, build and operation of a sub-seabed tunnel connecting Gozo and Malta.

Further investments to improve Gozo’s accessibility, coupled with incentives for citizens to set up their residence in Gozo (such as the scheme launched by Government for buyers of property in Gozo) will create the necessary framework, which will aim to support the number of permanent residents in Gozo. The latter remains important to ensure long-term development in Gozo.

- Improving port infrastructure and increasing port capacities

In an effort to reduce Gozo’s dependencies on current port infrastructure, Government understands that the provision of an alternative port to the Mgarr harbour is crucial particularly since Mgarr is a multi-purpose port with limited capacity. At present, the Mgarr port is the sole designated port on which Gozo is fully dependent, thus, the provision of an alternative port will provide the necessary security, in terms of connectivity, as well as additional capacity. Nevertheless, the potential of the Mgarr port to accommodate additional capacities and facilities through expansion is also being explored in order to ensure the full maximisation of the port’s potential. Moreover, the development of yacht marinas and a cruise liner berthing facility are also being considered with the aim of maximising the relevant economic potential through such interventions.

- Air connectivity

Government believes that in order to attract quality tourists and to promote Gozo as a distinct destination, there should also be the possibility for Gozo to be accessed directly through an air link. In this respect, based on lessons learnt and in view of the strategic direction envisaged for the development of Gozo, Government is also considering the development of an air link. An air link will not only provide additional inter-island connectivity service but potentially will also connect Gozo directly with other regions. This connection may also provide additional opportunities within the hospitality sector that may further boost Gozo’s tourism offering.
- Upgrading the road network

Whilst cognisant of the significant investment in road infrastructure in recent years, Government believes that further efforts are required to ensure the adequacy of road infrastructure. Government will focus on the development of alternative links between Victoria and the Mgarr Port to reduce the burden on the current infrastructure and foster the development of contingency routes as well as promote roads bypassing the centre of Victoria to remove any bottlenecks and to reduce traffic from within the urban activity area.⁷⁶

Upgrades in the road network infrastructure, the development of additional port related infrastructure, the introduction of a fast ferry service and the development of an air link are all complementary measures which will ameliorate the transport sector and will enable Gozo to shift towards a higher quality destination. In this respect, during the 2017-2020 period, Government will focus on the consolidation of such measures, as they will serve as the backbone to leverage developments in Gozo’s economy.

Bearing in mind the long-term sustainability of the Island, as outlined earlier on in this document, Government will continue to explore the possibility to develop a permanent link between Malta and Gozo and to study the implications of such a link with respect to Gozo’s socio-economic development.

- Improving digital accessibility

Gozo’s accessibility should also be viewed in terms of digital and energy accessibility and thus, Government will be exploring the potential to improve relevant infrastructure in this regard. In order to reinforce Gozo’s digital infrastructure, Government will be supporting the provision of a fibre optic link between Malta and Gozo, which will aim to attract more industries related to the digital economy to Gozo and remove the dependence on the single cable, thus ensuring security of supply.

4.2.4. Promoting new services for a better quality of life

The well-being of the residents of Gozo has also been identified as a potential development area for the 2017-2020 period. The characteristics of Gozo are not only evidenced in the island’s geo-physical characteristics but also in the lifestyle of its people. Just as Gozo has so far retained various skills and traditions, due to its small size and relative seclusion, it has also retained a strong sense of community and safety.

- Improved health and social services

Government will continue to invest in the provision of adequate health and social services. Cognisant that replicating all services that are available in Malta in these two sectors is not feasible, Government aims to review the current operations, particularly in the health sector, in order to offer improved, new

⁷⁶ Transport Master Plan 2025, page 98.
and specialised health services in Gozo, through collaborations with prestigious health institutions. Moreover, Government will continue exploring the possibility of providing additional treatments in Gozo, such as chemotherapy. In this regard, the Gozo General Hospital will be rebuilt to new and higher standards together with the support of the private sector. The hospital’s revamp will aim to increase and improve medical services in Gozo as well as create more jobs and business opportunities. As part of this project, a new air ambulance, which will be based in Gozo and which will improve the emergency service, was also launched in 2016.

- Adequate social infrastructure including sports and leisure facilities

Government will also aim to promote a healthy lifestyle amongst Gozo residents through the development of a sports village (including infrastructure related to water sports). In this respect, in November 2016, Government signed a Memorandum of Understanding for the development of a Gozo Natatorium, which set in motion the development of infrastructure hosting athletic and rehabilitative pools in Gozo. This project will also aim to encourage students to pursue water sports as a form of physical activity. Moreover, the upgrade of the sports complex in Victoria, which was launched in April 2016, will aim to promote healthy lifestyles. Building on these investments, efforts to ensure active and healthy ageing will remain a priority. In this respect, relevant campaigns and services aiming to increase healthier lifestyles amongst the population will continue to be explored. In addition, apart from the ongoing development of a home for the elderly in Ghajnsielem, Government will continue to support the development of facilities and services for the elderly in Gozo, both residential and community based. Particular focus will be given to dementia needs considering the ageing population situation in Gozo. However, the challenges of an ageing population may also present an opportunity to create new services which will eventually create more employment opportunities in Gozo.

- Reducing social disparities through increased services and apposite training

In recent years, the large share of unused or non-residential buildings, particularly during the winter months and in tourist areas, has led to relatively low rental prices when compared to Malta. This has been attracting vulnerable groups, including persons with drug issues and behaviour problems as well as low-income earners leading to an increase in social disparities.

In an effort to start addressing such social issues in Gozo, in August 2016, Government launched the first residential shelter for domestic violence victims in Gozo. During the 2017-2020 period, Government will continue exploring the provision of services and facilities for disadvantaged groups.

As a means of preventing persons from becoming vulnerable groups and taking into account the higher unemployment rates in Gozo when compared to Malta, measures will continue to be undertaken to educate youths and adults on possible entrepreneurship prospects and adopt pro-active approaches

---

77 The strategy will address vulnerable groups including persons with disabilities, women, children, migrants etc.
towards education and the labour market. In this regard, Youth Work Services were introduced to address the needs of youths and to promote youth and social clubs within the Gozitan community.

- Fighting illiteracy and providing modern facilities for primary education

In 2017, Government will launch a new programme to fight illiteracy, which will aim to promote reading through sports. In this respect, Gozo has been chosen as one of the locations where a pilot project would be launched. In addition, new premises will be built to accommodate the Victoria public primary school. The shift towards modern infrastructure will provide better quality education for students. Building on these initiatives, Government will continue to support measures that aim to improve education provision in Gozo.

- Further and higher education

In recent years, Gozo has registered significant success in its share of graduates. These efforts will continue to be sustained whilst at the same time it will be ensured that the investment undertaken in skills matches the needs of the labour market.

Most of Gozitan students attend courses in Malta and thus they either relocate to the main island or commute regularly between the islands, which may pose additional strain (both financial and social) on these students and their families. In this respect, Government will continue to support students in providing access to educational opportunities both in Malta and beyond its borders.

With respect to academic education, Government also aims to explore the possibility of setting up a hub for doctoral and post-doctoral fellowships in Gozo as the island’s size and environment provide an ideal setting for such research-intensive studies.

- Promoting centres of excellence

Measures to promote Gozo as an international academic centre will also be undertaken. In this regard, Government will explore the possibility of establishing agreements with private partners to set up educational hubs in targeted areas, such as health and community related services, hospitality, ICT, financial services and educational diving. Such measures will also contribute to an increase in Gozo’s economic development and achieve economies of scale of such operations as well as aim to regenerate the island with younger generations.

Moreover, efforts to explore the potential of establishing R&D centres of excellence in targeted areas such as earth sciences, marine conservation, rural development and local agricultural produce as well as satellite installation systems, amongst others will also be explored.

- Consolidating Gozo’s administration

In the coming years, Government will aim to strengthen Gozo’s administration to reap its full potential, maximise management of resources and ensure a consolidated approach towards development in Gozo. To this end, new approaches will be promoted to improve on joined-up national strategy and
policy design, planning, and implementation processes so that decision making takes due account of Gozo’s regional needs. The use of regional impact assessments will be explored as appropriate with a view to bringing to light opportunities that capitalise on Gozo’s unique character and strengths while at the same time minimise unintended consequences.

Government will be issuing a white paper to set in motion a consultation process on the devolution of certain responsibilities to the island of Gozo. With this process, Government aims to give a stronger voice to Gozo and even assume a regulatory role to ease the dependence on central entities. Within this context, Government will support the shift towards a decentralised process for measures that are deemed feasible for such a transition.
5. **Way forward**

This public consultation document provides a general overview of potential development areas for Gozo and provides a basis for discussion.

The strategic direction outlined in this consultation document is the result of a first round of consultations that was carried out with relevant stakeholders and the support of external consultants. In line with the partnership principle, Government is proposing this document for public consultation whereby the public is being invited to provide relevant reactions and suggestions. Government will review and assess the feedback received prior to finalising the strategy document.

Feedback may be submitted electronically on email address gozostrategyconsultation.meae@gov.mt by Friday, 29th December 2017 or by post at Strategy & Implementation Division, 32, House of Catalunya, Marsamxett Road, Valletta.

This consultation document is available online on: [www.konsultazzjoni.gov.mt](http://www.konsultazzjoni.gov.mt)