



SMES' NATIONAL FORUM 2021

# SMES AND GREEN GROWTH THE JOURNEY AHEAD



# TOGETHER

we can work for a  
sustainable future in

# TRANSPORT

Adapting to innovation in transport  
can be a game changer.

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REPORT

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## FOREWORD

*Joanne Bondin*  
*MEA President*



As part of its strategy to offer leadership, guidance and support to members on various employment issues, the Malta Employers' Association (MEA) organised a National Conference in November 2021 to discuss "SMEs & Green Growth – The Journey Ahead".

Employers are increasingly becoming involved in matters that are indirectly related to employment and we felt the need to organise an event dedicated specifically to the Environment pillar of ESG. This conference also complemented our previous conference which was organised in June 2021, which discussed the balance between Sustainable Economic Growth and Quality of Life. So, within the space of a few months, it was deemed opportune by our association, to tackle the sensitive matter pertaining to the effect of economic growth on environmental sustainability. Or put differently, the balance between production and the planet within the context of companies' corporate sustainability motives or ESG responsibilities. Such balance, is key to ascertaining harmony between these two existential objectives whilst safeguarding citizens' quality of life.

The MEA intended to derive concrete and lasting benefits from its Conference, which benefits would be accessible to a wider audience, well beyond the group of people who participated actively in its event. To this end, it has compiled this publication which presents the outcome of the discussions in the context of the opinions put forward by business and the various authorities represented. The document, in fact, presents the highlights of all the interventions made during the event by means of over 80 footnotes of direct quotations made by the various Speakers. The publication is divided into six sections presenting the context, the position of the MEA and then further capturing the general substance of the positions brought forward at the Conference by the speakers who ably outlined the needs and challenges of each sector. Such needs are compared in the document, which highlights the levels of support available, to facilitate the green transition of business at the micro and/or sectoral level. In the interest of completeness, the Document also includes the full speeches or transcripts, which are presented according to availability, which have been annexed to this publication. We felt that such detail is important to highlight the state of affairs, so as to enable the changeover to green.

I am positive that this publication will support the MEA in making the necessary representations to the Authorities, in seeking to iron out the remaining gaps in institutional support required for business to implement the "twin transition" towards green and digital growth, whilst always providing leadership and support to members on the matter.



## **BUILDING SYNERGIES THROUGH GREEN GROWTH**

*Joseph Farrugia*  
*Director General - MEA*

The concept of green growth relates to numerous interconnected issues, and this is why it was felt necessary to organise the conference 'SMEs and Green Growth – the Journey Ahead' which included contributors from different disciplines. We had educators, scientists, businessmen, economists, politicians and others who tackled particular aspects of the issue from their own area of specialisation.

This publication is an important follow-up to the conference, as the Malta Employers' Association firmly believes that the outcomes of the conference should be the basis of actions that need to be taken. Even the publication itself is not a final outcome. It is intended to generate further debate which will bring about the necessary changes to make our economy sustainable, one that will continue generating wealth without doing irreparable harm to our natural resources. The major challenge to our society is that we are not dealing with a change that can be brought about by one or a few stakeholders. Rather, the required transformation can only materialise through a concerted effort from all players in the country's socio-economic environment, which also has to run parallel to international developments and obligations.

My hope is that this publication has managed to bring all the different facets of the issue together so that operators in one area of activity will be conscious of the links and synergies required in order to be more effective in attaining established targets. For example, achieving carbon neutral goals for businesses involves changes in the internal culture of many enterprises, but it can be expedited through funding and fiscal measures to incentivise change. It can also be supported by spreading awareness of this transformation in our education institutions, starting in the early stages. Our human resources need to be shaped and geared to bring about this transformation through the generation of new skills and competences that will be required to install and operate new technologies. Digitisation and an innovative business culture make our enterprises more competitive as they evolve as part of the new realities of the European Green Deal and the Sustainable Development Goals.

MEA has an important role to play in all this, by supporting members as participants in the transition from a linear to a circular economy. It can achieve this by constantly connecting with its expanding membership and also through its lobbying efforts with local and international authorities and institutions to build and maintain the required infrastructure through which this transition will be as frictionless as possible, thus generating investment and job creation.

Although many targets have been mentioned in this conference, we must all be aware that change is an ongoing, perpetual process with no specific end in sight. Most entrepreneurs see this not as a challenge, but as a motivating factor that can be a source of new business. Finally, I thank Mr. Anton Vella who is in charge of our SME help desk at MEA, for both the successful conference and also for co-ordinating this publication.





## ONE YEAR ON, THE FUTURE IS BRIGHT

*Dr Jeannette Axisa*

*Director General Foundation for Transport*

*FFT – co-sponsors of this publication*



The Foundation for Transport during its first year of operation has engaged with its cofounders and a wide range of international and local stakeholders to become synonymous with smart, green, innovative drive the local transport industry is experiencing. It is positioned hand in hand with the industry players to initiate transformation to innovative and greener mobility from within the industry itself. It is also exposing the employers and employees in the transport industry to new and cleaner technologies and acting as a catalyst to various initiatives and pilot projects that educate, create awareness, reskill and upskill.

Through this series of events, the Foundation is on the ground with industry players gauging feedback and operating on three fronts:

- Enabling the industry players to experience the new technologies and measure their impact. The measurement of tangible key performance indicators, periodic reporting and systematic monitoring of performance and the final results will be shared with cofounders and stakeholders to set the basis for other trials and with policymakers so that realistic scenarios are known to long term planners.
- Working hand in hand to introduce new transport practices that will reduce carbon emissions and will also commence the process of decarbonization the industry practices in general
- Nurturing and developing the transport industry as a natural attraction of multi-talented resources addressing the shortages and mismatches. So besides embarking in the reskilling and upskilling, the Foundation will be also actively participating in the generating the need for new skills so that the transport industry will grow in green jobs too. The regeneration of the human capital will require a better use of the Work based Learning Act, a precious legal instrument direly needed for the smooth introduction of unexperienced but vibrant younger generations into various professional levels in the transport industry



The Foundation through its wide-ranging initiatives, intends to add value to the transport industry entrepreneurs' direct and indirect experience as they can gauge first-hand experience on how new green technologies impact the business, can understand safety through gained confidence, gain understanding of what works best for their enterprise, identify skills gaps and seek solutions to meet training requirements.

It is imperative that we can join forces as we are going through this historic time together to emulate best practices and searching for international benchmarks so that we do not waste precious time reinventing the wheel.

To substantiate our creed, we are reiterating that green growth needs the integration of multi sector needs and a holistic multi-disciplinary platform to structure the discussions on strategic decisions in the field of mobility. Changes in the mobility sector are accompanied by far-reaching technical, legal and social changes, so a holistic platform brings together all relevant stakeholders, technical expertise and policy makers, who can all visualise the dashboard of all key factors in the greening process of Malta and Gozo.

Places of work and private residences need to share cleaner and safer environment and a holistic approach can enable a shared neighbourhood concept whereby businesses' and residences' needs for spaces are complementary and not competing. The adoption of new technologies needs a national awareness campaign giving insights and on the ground assistance.

We can all work together to game change transport in our country.

## MALTA'S PROMOTIONAL BANK TO SUPPORT A GREENER AND MORE RESILIENT ECONOMY

*Prof Josef Bonnici*  
*Chairman Malta Development Bank*  
*MDB - Co-sponsors of this publication*



Albeit being set-up only four years ago, the MDB has rapidly evolved in line with the changing economic and financial scenarios and public policy priorities. The MDB has shown nimbleness and adaptability in developing into an innovative provider of financing solutions that effectively address market gaps in Malta.

The MDB provides a counterbalance to the decline in commercial banking activity during a downturn in economic activity or during periods of higher risk aversion. With its remit to boost access to finance for start-ups and SMEs and for the economy more generally in situations where such financing would otherwise be lacking, as well as its positioning as a public policy instrument, the MDB is in a favourable position to act countercyclically, enhance access to finance and catalyse long-term finance during such times. Recent events showed that during the Covid-19 pandemic the MDB was able to roll out tailored products quickly and flexibly. It also expanded its remit to support businesses of all sizes in all economic sectors and to provide a broader range of financing that fits the needs of businesses during such unprecedented circumstances. The loans supported by the MDB under the Covid-19 programme reflect close to 12.0% of the overall currently outstanding loans extended by the banking system to non-financial corporations in Malta. The milestones achieved in such a short-time frame in response to the pandemic is testament to the role of the MDB in Malta's economic fabric.

In performing its promotional banking role, MDB's remit of activities covers a wide range of possible operations where there is evidence of market failure. To this end, promoting inclusive and environmentally sustainable economic growth, is considered a priority area for the Bank. Throughout 2021, the MDB built a value-laden relationship with various local and international entities and held several meetings to discuss how the Bank can adopt ESG principles and help in encouraging other entities to adhere to these standards. Moreover, the MDB is also discussing the design and development of joint schemes targeting green mobility and climate action. The objective is to fill in market gaps, such as the financing of intangible investments in the digital economy, where the lack of collateral may hamper the investors' ability to access the required financing.





During the past months the MDB worked on developing financing tools to push Malta's economic regeneration and renewal. These initiatives aim to promote a greener and more resilient economy which are not only prepared for today's realities but also for the future. Over the coming weeks, the MDB will launch two new schemes supported by the EIF's European Guarantee Fund which will make available around 180 million euro additional financing facilities for businesses. Whilst these schemes will be available to all economic sectors, the MDB will be prioritising those investment projects that aim to build a greener and more digitally oriented economy. The Bank is committed and strongly believes that this is the way forward to truly propel Malta into the next level of growth.





# 1. PREAMBLE

The Malta Employers' Association (MEA) organised a National Conference to advance and promote the Environment, Social and Governance (ESG) mindset amongst the local business community. In so doing, the Association pledged its full support towards the implementation of the necessary transformations within its membership in the context of the risks and challenges associated with the process.

## 1.1 THE DEFINITION OF ESG AND THE GREEN ECONOMY

"By definition, Corporate Sustainability is an approach aimed at creating long-term stakeholder value through the implementation of a business strategy that focuses on the ethical, social, environmental, cultural and economic dimensions of doing business. The strategies created are intended to foster longevity, transparency, and proper employee development within business organisations. This therefore requires a fundamental shift in mindset: whereas traditionally businesses were solely focused on the 'bottom line' and on bringing 'value' to shareholders, today the expectation is to bring value to a wider range of stakeholders. It ties in with the concept of corporate social responsibility, which entails companies taking responsibility for their impact on society. The terminology has now evolved further towards the concept of 'ESG'. ... The implementation of sustainability within an enterprise needs to be holistic in order to be effective – that is, it needs to factor in all the 3 ESG pillars. This kind of approach is what is required for the fostering of the Green economy."

"A green economy is defined as 'low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.'<sup>1</sup> Thus the term 'green' does not only relate to environmental considerations, but it also takes into account the social dimensions, not to mention the tenets of good governance.'<sup>2</sup>

Indeed, "going green means creating a balance between people's need to grow and develop, to have comfortable homes, to have good education with the other need to have access to nature based recreational space where our children can appreciate the world as nature intended and not as man has fashioned it.'<sup>3</sup>

***"Going green means creating a balance between people's need to grow and develop".***

1 <https://www.unenvironment.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-economy> as quoted in footnote 3

2 Article by Dr Roberta Lepre' entitled "ESG for SMEs – the only way forward"

3 Speech by Minister, Hon Aaron Farrugia



## 1.2 CONTEXT

Naturally, the discussions were framed in the context of the recent revisions of policy by the European Commission, in particular through its European Green Deal which is intended to make Europe “the first climate-neutral continent” in the world by 2050. This must be done by reducing our continent’s emissions at least by 55% by 2030, compared to 1990 as laid out in the Commission’s “Fit for 55” package adopted on 14 July 2021.

## 1.3 KEY CONSIDERATIONS AND WAY FORWARD

“Change is not an option...we have to reinvent ourselves”<sup>4</sup>. “Companies that are not preparing themselves for... the future ... will see their businesses suffer. Businesses were previously sheepish in investing in green measures as the return on investment was hard to quantify, but going green has been repeatedly shown to improve an enterprise’s bottom line. It increases a company’s attractiveness to prospective employees and customers, reduces business costs, improves reputation, and leads to faster growth.”<sup>5</sup>

***“Change is not an option...we have to reinvent ourselves”.***

Indeed, “we need to prepare ourselves for adaptation to climate change, how our lives will be affected by climate change, how our businesses will be affected by climate change and this is a risk we need to understand. Therefore, the risk factors that will emerge as a result of this existential threat.”<sup>6</sup>

Indeed, the conference put forward some very pertinent questions referring to existential issues we are facing and which the Islands can ill afford to ignore.

Some even suggested that “we must not justify reform to combat climate change by pointing at the economic opportunities... climate change is an existential issue”<sup>7</sup>. The conference was aimed at encouraging the leveraging of ideas and resources for businesses to carry their share of responsibility with the appropriate support of the authorities. The conference proceedings, in fact, were designed to bring together different stakeholders to discuss future actions that would render economic players to “being more sustainable, be more green, think green and act green”<sup>8</sup> for the benefit of the present and future generations.

4 Transcript of closing Speech by Joseph Farrugia

5 Article by Anthony David Gatt entitled “Sustainability is the New Brand Wagon”

6 Speech by Prof Simone Borg

7 Article by Prof Alex Torpiano

8 Joanne Bondin Opening Speech



## 2. MEA POSITION

The position of the MEA on this matter, as expressed by the President, Ms Joanne Bondin, is that balance must be sought between the protection of jobs and the planet. “Without a planet, there will be no jobs, no humans. For decades, we thought these two objectives were antagonists.

Today, we acknowledge that we do not need to sacrifice our planet for progress. We need to rethink the way we work and also the impact we, as humans who dominate earth, have. We also need to keep in mind that our ways of working will also generate new jobs and the need for new skills. We have to be flexible enough to be able to change and adapt accordingly.<sup>9</sup>”

Besides the obvious environmental benefits, the MEA deems the green transition as an opportunity to climb up the economic value-chain, presenting new opportunities for the Maltese business community to exploit by diversifying into new innovative products and/or entering into emerging sectors.

Moreover, the unique geographic, social and economic characteristics of Malta together with the size and composition of its permanent and tourist population have, in the past, enabled it to act as a test bed for international firms to conduct technology and product-related testing. In the context of Green Transformation and Growth, Malta may continue to position itself as a global test bed for businesses to pilot with speed and to scale up for controlled experimentation, testing, and lead adoption of breakthrough technologies and solutions. With the appropriate support infrastructure, new economic and environmental opportunities may be created within Malta out of a test bed concept for new renewable energy generating technologies and applications such hydrogen-powered vehicles. With that, “Green entrepreneurship for the companies of the future - these SMEs can actually be a testbed for the introduction of innovation and research.... We are seeing a lot of enterprises, also smaller ones, which are actually focusing on the effects of research innovation and how they can actually bring what has never been tested also in Malta.”<sup>10</sup>

***“Keep in mind  
that our ways  
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also generate  
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new skills”.***

***“SMEs can actually be a testbed for the introduction  
of innovation and research”.***

9 Joanne Bondin Opening Speech

10 Transcript of intervention made by Ing Abigail Cutajar

That said, the MEA acknowledges the significant challenges faced by businesses in the implementation of the required transformations – which challenges are mainly posed by financial restrictions, skill shortages and limitations in available technologies and solutions brought about by the crude reality that the necessary research breakthroughs for specific applications and circumstances have yet to be made.

## 2.1 SKILLS

The MEA's principal role in this context is, in fact, to ensure that as businesses and other stakeholders transition towards greener and more sustainable operations, parallel transitions would be made at the level of people's talents and abilities to ensure that employers would find the necessary skilled and qualified people to enable them through the successful transition of their business models and methods of operations. "For example, if we are going to shift to electric cars, then we need to make sure that our mechanics have new skills, that we actually have trained individuals, incentives that encourage people to change mentality and more importantly have the infrastructure that will allow us to do so. It will require a change in mentality by each and every one of us. Not only thinking about short term convenience and gratification but also our contribution to saving the planet<sup>11</sup>".

Indeed, it is also being proposed that "government supports in the Upskilling and Re-skilling of workers for the acquisition of more Green Jobs and that it establishes a Sustainability Mark for enterprises<sup>12</sup>" because "Change brings with it friction and in the coming years we will see a trend which is already happening, whereby there will be, in the field of employment which is MEA's specialisation, both job destruction but also job creation. Now if this happens overnight, clearly, there will be a lot of pain... We must implement such changes in such a manner that all stakeholders will benefit and in a manner that we will no-one is left behind..., for example, because they've lost their job. We need to ensure that we provide the necessary opportunities through training and through education. Therefore, the more we are proactive, the more we anticipate these changes, the more likely we will be to have this just transition into a greener and more sustainable economy. And this has to come from all sectors of the economy. It is something which has to be mainstreamed, even mainstreamed into our educational system. I don't really think that we should have a unit somewhere about greening the economy but this is something that implies a changing culture. It's a different way of looking at things and the more we start at an early age with our citizens, the more we have an acceptance of the new way of life, of embracing new technologies and therefore to bring about the change which is expected of us"<sup>13</sup>.

***"We must implement changes in such a manner that all stakeholders will benefit and in a manner that we will no-one is left behind."***

<sup>11</sup> Joanne Bondin Opening Speech

<sup>12</sup> Quote taken from PPT slide-deck by Ing Abigail Cutajar entitled "SMEs and Green Growth"

<sup>13</sup> Transcript of Closing Speech by Joseph Farrugia





## 2.2 TECHNOLOGY

So as far as the MEA is concerned, it is more than clear that technology is to play a crucial part in supporting companies to become more environmentally friendly.

In fact, the key towards reducing their carbon footprints lies in the adoption of technological solutions and the optimization that technology renders possible. “Technology can be a threat to well-being but it can also be an ally. These are things that we have to reflect upon as a society, both as a Maltese society and also as a global society. How can we turn technology into an ally, an ally that gives us a better standard of living.”<sup>14</sup>

The MEA, in fact, has little doubt that the chances of business achieving its carbon-neutral ambitions without the adoption of technology would be very slim, so the road ahead is, indeed, a “twin transition”.

## 2.3 INSTITUTIONAL ENCOURAGEMENT

It is equally clear to the MEA that in proceeding in its journey towards the green and technology transitions, business requires “the right dose of encouragement from the authorities, in terms of targeted finance and resource support. The authorities, particularly the European Union, must also ensure that implementation timelines are aligned with competitiveness considerations<sup>15</sup>”.

“In order to support green entrepreneurs to develop their sustainable and circular businesses, complementary supporting services are needed as well as the engagement of multiple stakeholders. Sustainable entrepreneurs need a huge variety of support services such as green business model development, green business plan development, coaching and mentoring, technical assistance, networking support, access to markets and access to finance support, as well as enabling policies. For this purpose, multiple actors have to be engaged such as business support organisations, trainers and experts, financial institutions and policy makers.”<sup>16</sup>

In this context, even BusinessMed - the main representative Body of the private sector in the Mediterranean region – emphasized the important “role of Business Support Organisations (BSOs) in bringing to the attention of policymakers and investors, the

***“Technology can  
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***“Multiple actors have to be engaged such as business support organisations, trainers and experts, financial institutions and policy makers”.***

<sup>14</sup> Transcript of Closing Speech by Joseph Farrugia

<sup>15</sup> Article by Kevin J. Borg entitled “The Role of Technology in Enhancing the Progress towards Carbon-Neutrality”

<sup>16</sup> Article by Giorgio Mosangini “The Switchers Support Programme: enhancing sustainable business development”



need for innovative, technical and logical solutions and also use of renewable energy technologies and also economic prosperity of SMEs. So we encourage a partnership with BSOs and their inclusion in policymaking processes when formulating renewable energy policies, innovation policies and programs.”<sup>17</sup>

## 2.4 FINANCING THE TRANSITION

In line with the above, the assistance of the authorities is justifiable and necessary in cases of market failure which is most often the case in the encouragement of private business to transform their business models and green their operations rendering them more environmental, social and economically sustainable.

“Whilst we call it a market failure, this doesn’t mean that someone is failing to do something. It’s just a situation that is intrinsic to the banking sector. So basically, when it comes to the financing of large infrastructure projects, banks are financed by short term deposits. So it is always going to be a problem to finance a large project with a long gestation period over a long repayment period. And sometimes if we want these projects to succeed and to make them financially feasible, we need to provide a longer gestation period.”<sup>18</sup>

<sup>17</sup> Transcript of intervention made by Khadija Dorra Essghairi

<sup>18</sup> Transcript of intervention made by Joseph Darmanin



***“Green growth needs the integration of multi sector needs and a holistic multi-disciplinary platform”.***

So business requires a wide variety of financing support options to seek the right solution for the project involved especially in cases where a given project is not bankable because of the size, risk and/or gestation period associated with the “transformation” project in question.

**2.5 DIFFERING SECTORIAL NEEDS AND OBLIGATIONS**

The Association appreciates that needs and obligations differ across different sectors of business which may have their own specific set of legal targets such as those set for transport. The challenges faced by businesses in rendering their operations greener differ considerably across different industries and sectors as is evident, for instance between those in which work is intrinsically office-based such as professional services, banking and insurance at one extreme and maritime transport and aviation on the other where research and technology has not yet provided the necessary alternative solutions. From an ownership point of view, there has been observed an increased commitment on the part of family businesses “to work(ing) with environmentally sustainable practices as an important focus of business. However, at times, local family businesses can be somewhat resistant to change and this very simple fact, along with, the expense in implementing certain green practices, may sometimes hold back a family business from forging ahead and grasping the longer-term benefits. This may lead to the related challenge that “inter-generational conflicts may peak as older generations are reluctant to quickly adopt digital technologies, while younger generations push for instant adoption.”<sup>19</sup>

The MEA believes that focus and priority is to be given to the “low-hanging fruit” represented by those areas where the challenges are lower and a green transition is rendered relatively more straight-forward. Nevertheless, “green growth needs the integration of multi sector needs and a holistic multi-disciplinary platform. This will structure further discussions on strategic decisions<sup>20</sup>”. In this regard, one needs to learn from experiences and best practice models that “exist in other countries to evaluate uncertainties and vulnerabilities, challenges, and opportunities, operationalize green growth holistically across multiple sectors and outline green policies and programmes that increase national and/or private sector productivity and job creation<sup>21</sup>.”

If the above safeguards and considerations are firmly in place, the MEA is optimistic and enthusiastic about adapting to the new environmental realities to fulfil the ambitious carbon-neutral objectives for business.

19 Speech by Dr Joseph Gerada entitled “Family Businesses and Green Growth – dealing with resistance and encouraging acceptance”

20 Article by Dr Jeannette Axisa entitled “Green Growth Fosters a Multi-Disciplinary Platform”

21 Article by Dr Jeannette Axisa entitled “Green Growth Fosters a Multi-Disciplinary Platform”







### 3. THE ROLE OF THE AUTHORITIES – THE EUROPEAN UNION, MALTESE GOVERNMENT, THE OPPOSITION, REGULATORS AND PARASTATAL BODIES

“SMEs within Malta, based on Eurostat and NSO verifications account for 99.8% of all enterprises...They also account for 77.5 of the overall employment. This means that if SMEs fail, the Maltese economy would fail.”<sup>22</sup>

On the other hand, “In Europe, there are 25 million SMEs, consuming around 13% of the total energy production. In Malta, over 99% of businesses are classified as SMEs, 97.3% of which are micro-enterprises with less than 10 employees. The prevalence of SMEs at a European and national level makes it critical to actively engage them in the transformation that Europe needs to achieve climate-neutrality<sup>23</sup>”.

In general, there is broad recognition amongst the Authorities for the primary role to be played by business including SMEs for the achievement of Sustainable Development Goals (SDGs) at both the European and local levels. “SMEs are drivers of growth, and they can also be green catalysts transforming their orientation towards the new realities of the European Green Deal and prosperity through sustainability, building back better through the integration of climate considerations into the business design.”<sup>24</sup>

#### 3.1 THE EU'S SUPPORT FRAMEWORK FOR GREEN GROWTH

To this end, the targets – though still at a high-level – have been clearly delineated by the European Commission as well as via other multilateral organisations (most notably the UN) and national governments through various strategies, binding laws and regulations.

At the same time, the Commission “is providing the ways and means for every member state to make the transition from a linear to a more circular economy, increasing resource efficiency, while maintaining competitive economies for the years to come<sup>25</sup>”. “One of the main EU instruments that will support investments in the green transition in the immediate future is the Recovery and Resilience Facility (RRF). It aims to foster economic recovery and long-term resilience across the EU by

***“Make the transition from a linear to a more circular economy, increasing resource efficiency, while maintaining competitive economies for the years to come”.***

22 Transcript of intervention made by Ing Abigail Cutajar

23 Article by Perit Karmenu Vella entitled “The Role of SMEs in Achieving Climate Neutrality”

24 Speech by Minister, Hon Aaron Farrugia

25 Article by Perit Karmenu Vella entitled “The Role of SMEs in Achieving Climate Neutrality”



providing large-scale financial support to the Member States.”<sup>26</sup> This “€750 billion fund will assist European regions to develop skills and competencies, help SMEs to transform to green processes, facilitate start-ups and incubators with innovative ideas to create new economic opportunities, and support investments in the overall clean energy transition<sup>27</sup>.”

### 3.2 EU FUNDS TO PROMOTE GREEN GROWTH FOR MALTA

Closer to home, the Commission “President Ursula Von Der Leyen was in Malta on the 16th September (2021), to give the government the approved Maltese plan under which Malta will be benefitting from €316m in grants from the European Union, in order to target certain objectives which it needs to address in order to be able to meet the challenges of the Fit for 55 regulations which include also afforestation, reducing carbon emissions, digitalization and improving mobility, in terms of reducing emissions from cars. Malta’s plan was hailed as one of the most ambitious because whereas the requirement was that at least 30% of the allocation be dedicated to greening projects, Malta’s plan is to allocate 54% of the allocation to these targets.”

“One of the most important is digitalisation projects which Malta will be focusing on, in order to improve digital education of citizens and businesses in order to improve the efficiency of the public service in terms of digital access by everyone who need to access government. Also, digitalisation in terms of improving networks....There is also funding available to reduce carbon emissions from the carbon emissions trading scheme wherein, year by year, countries will be obliged to reduce the carbon emissions they emit in terms of everything they do on daily basis.

There is what is called the just transition fund to provide businesses as well as governments with financial assistance to adapt their working methods and structures to the requirements established by the Fit for 55 Package....There is the social climate package, which will allow those most vulnerable, the economically poor strata of the society and financially disadvantaged businesses to catch-up with what they need to do in terms of greening their business, greening their life styles to adapt themselves using EU Funds as grants and loans, in both senses to help the, to meet the goals which the European Union has established for all 27 Member States.<sup>28</sup>”

### 3.3 A UN SUPPORT PROGRAMME FOR GREEN GROWTH

Furthermore, the UN, through its Environment MAP Regional Activity Centre for Sustainable Consumption and Production (SCP/RAC), has made available a special initiative called [the Switchers Support Programme](#). This initiative is aimed at “supporting sustainable business development. In order to create enabling ecosystems for sustainable enterprises, the programme works closely with green

26 Article by Carm Cachia entitled “The Progress in Technology and the Green Economy”

27 Article by Perit Karmenu Vella entitled “The Role of SMEs in Achieving Climate Neutrality”

28 Speech by Dr Elena Grech - Head of the European Commission Representation in Malta

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and circular entrepreneurs and companies, business support organizations, trainers and mentors, financial institutions, policy-makers and other relevant stakeholders.<sup>29</sup>

### 3.4 INSTITUTIONAL FINANCIAL SUPPORT TO MALTA-BASED BUSINESSES

In parallel to EU and other multilateral strategies and initiatives, at the national level, the Maltese Government launched its Low Carbon Development Strategy and the Long-Term Renovation Strategy. Besides, a number of support measures were also announced in the 2022 Budget. These are, or shall be, accessible by SMEs through Malta Enterprise, Malta Development Bank (MDB) and other similar entities. At the same time Government is ensuring “that SMEs are provided with technical and fiscal assistance to make the leap towards the new model of growth<sup>30</sup>” Government claimed that “Budget 2022 was created in the spirit of incentivizing the necessary change through various grants which shall serve as the appropriate impetus for a more proactive and visionary mindset to take root within our business community.... Budget 2022 also aims to guide as well as provide the relevant tools through several measures to ensure a smooth digital transition for our businesses<sup>31</sup>.”

Government assistance is available in the form of “aggressive investment aid scheme for investment in smart and sustainable business models through substantial cash grants and tax credits.<sup>32</sup>” In the following manner, “Malta Enterprise is supporting

***“SMEs are to be provided with technical and fiscal assistance to make the leap towards the new model of growth”.***

29 Article by Giorgio Mosangini “The Switchers Support Programme: enhancing sustainable business development

30 Speech by Minister, Hon Aaron Farrugia

31 Speech by Minister, Hon Silvio Schembri

32 Speech by Minister, Hon Miriam Dalli



businesses as they “go green” – supporting their operations to create a net positive impact on their environment”.

#### **INCREASING ENERGY EFFICIENCY**

In collaboration with the Energy and Water Agency, assistance is provided via Investment Aid for Energy Efficiency Projects to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the company.

#### **SECURING A LOAN FOR A SUSTAINABILITY-CENTRED INVESTMENT**

The Soft Loan measure is designed to support undertakings accelerate plans addressing environmental concerns such as water usage, water treatment, waste treatment, reduction and reuse to achieve a high level of sustainability. Such undertakings may be supported through a soft loan covering part of the funding requirements of up to €1,000,000.

#### **RECRUITING EXTERNAL ADVISORS**

The scope of the Change to Grow scheme is to support SMEs to realign their business activity to optimise the use of technology and embrace green technology and practices. SME's with a vision to develop can seek support from external advisors to assist them in carrying out significant changes that will enable them to accelerate development and improve market access.

#### **SECURING A GRANT FOR A SUSTAINABILITY-CENTRED INVESTMENT**

The Smart and Sustainable Investment grant introduced by Malta Enterprise aims to support business' projects that lead to more sustainable and digitalised processes. The investment project must aim to achieve sustainability, improved environmental performance or digitisation leading to growth potential. The incentive is disbursed in the form of a Cash Grant of a maximum €50,000 covering up to 50% of eligible expenditure.”<sup>33</sup>

Besides the above mentioned Malta Enterprise incentives, other schemes have recently been made available, some of which are sector specific to address unique realities faced by certain industries as opposed to others. Special support targeted to the Construction industry, for instance, helps businesses “improve or replace the machinery to become greener”. The €4 million “budget was taken up immediately... so there is the will by the industry to change. So if pushed a bit and helped, the industry is ready to change”.

Similarly, an Eco-friendly Retail Scheme “targeted at retail and wholesale ... aims to reduce packaging and the use of single plastics. So the aim is to help... entrepreneurs invest in the purchase of equipment, in I.T., in software and also for paying the rent of extra (retail) space that might be needed for a year<sup>34</sup>.”

<sup>33</sup> Article by Anthony David Gatt entitled “Sustainability is the New Brand Wagon”

<sup>34</sup> Transcript of intervention made by Marika Tonna



### 3.5 ADDRESSING MARKET FAILURE IN PROJECT CREDIT AND FINANCE

On its part, “MDB’s mission is to contribute towards sustainable economic development that benefits the Maltese people in line with public policy objectives by (i) promoting inclusive and environmentally sustainable economic growth, (ii) supporting infrastructure development and (iii) linking entrepreneurship, investment and economic growth to improved living conditions, a higher quality of life, and better social inclusion.

MDB’s remit...covers a wide range of possible operations where there is evidence of market failure... Priority will be given to those projects focusing on innovation, digitalisation, green investment and other socially oriented initiatives. In this regard, the MDB has sought the support of the European Investment Fund (EIF) and is now Malta’s gateway to the Pan-European Guarantee Fund. Such EIF instruments enabled the MDB to develop products that offer a higher transfer of benefit to Maltese businesses by providing more intensive credit risk coverage as well as more effective and transparent capital relief to the intermediating banks.<sup>35</sup>”

*“Priority will be given to those projects focusing on innovation, digitalisation, green investment and other socially oriented initiatives”.*

### 3.6 SUPPORT FOR THE DECARBONISATION OF TRANSPORT

Furthermore, the Low Carbon Development Strategy includes active transport plans which Government is in the process of developing. These include alternative sea transport initiatives, the incentivization of shared mobility including e-bikes and

<sup>35</sup> Article provided by the Malta Development Bank covering Speeches made during the Conference by Deputy CEO, Paul V. Azzopardi, and Chief Business Development Officer, Joseph Darmanin



pedelecs. “In terms of transport, electrification is the future and the government is all for the electrification of vehicles. In fact, one of the main targets till 2030 is to have all the public transport fleet electrified; a total of 370 vehicles. The government is investing €40 million from European Funds to reach this goal.<sup>36</sup>”

Transport Malta participated in an EU funded project entitled Civitas Destinations with the aim of studying the feasibility of consolidating the deliveries of various companies with the use of a shared electric goods vehicle. The concept behind the project was to render deliveries to Valletta more organised, efficient and sustainable as well as to promote cross-collaboration between businesses. “There are a number of benefits associated with consolidated last mile delivery, some of which are underestimated.... Such initiatives optimize delivery routes, increase flexibility and support business scalability, ultimately such practices also increase productivity”. From this, “a large national project can possibly be developed, through the creation of delivery hub and the support of regular delivery service to Valletta and the surrounding localities. Support may include the allocation of a logistics centre, the purchase of Electric Vehicles (EVs) catering to the different needs and requirements, IT infrastructure involved in the setting up of a common platform..., delivery personnel and the inclusion of advanced software solution which would automate and make the process as efficient as possible, possibly through the use of AI via Predictive Route Planning software<sup>37</sup>.”

<sup>36</sup> Speech by Minister, Hon Ian Borg

<sup>37</sup> Article by Paul Abela entitled “From Concept to Reality – A Multimodal Shift”



***“Businesses still need to analyse if such solutions fit within their business model and would cater for their business needs.”***

“Although the general public has embraced the idea of shifting to EVs as opposed to conventional Internal Combustion Engined (ICE) vehicles, businesses still need to analyse if such solutions fit within their business model and would cater for their business needs.”

“Electric vehicles are being promoted as a way forward even locally with hefty government grants being offered to do the switch... If one decides to take this path, one must look at what is on offer and how this car is going to be used in the sense of distance covered per week. EVs come with different specs like any other vehicle... One might also opt for a hybrid.<sup>38</sup>”

At the time of writing, Business First announced that plans were being finalized for a scheme aimed at “distribution and logistics... to help businesses change from traditional vehicles to electric vehicles<sup>39</sup>”.

### **3.7 THE ROLE OF THE OPPOSITION**

Green Growth, or the balance between continued economic expansion and environmental sustainability naturally transcends electoral legislatures and party politics.

To this end, the conference gave due exposure to the opinions of the Island’s alternative government through an intervention made by the Leader of the Opposition who declared that his Party perceives “the Maltese as leaders in climate change and environmental protection. Rather than negotiating with Europe to procrastinate emissions targets we want our businesses to be leaders in deployment of EU funds relating to the Green and digital transitions. We see Maltese business as leaders in attracting innovation to our shores founding ourselves on our re-established proud reputation as a centre for excellence in the Mediterranean<sup>40</sup>”. Malta must “retain competitiveness by anticipating change...(and) we stand ready to use a whole series of economic and fiscal tools which have been little used of late to attract new growth to open up new opportunities for Maltese business<sup>41</sup>”.

***“Rather than negotiating with Europe to procrastinate emissions targets we want our businesses to be leaders in deployment of EU funds relating to the Green and digital transitions”.***

38 Article by Pierre Vella entitled, “Electric Cars – Safer Roads”

39 Transcript of an intervention made by Marika Tonna

40 Speech by Leader of the Opposition, Hon Bernard Grech

41 Speech by Leader of the Opposition, Hon Bernard Grech









## 4. THE ROLE & POSITION OF PRIVATE SECTOR ECONOMIC OPERATORS

“Corporate sustainability has gone from an optional task to score points with a small pool of customers, to a responsibility that can no longer be ignored and mainstream. The growing climate crisis, rapid innovation in clean-tech and increasing pressure from many stakeholders have made the acronym ESG ordinary and part of contemporary business plans.<sup>42</sup>”

Indeed, the private sector is switching on to the benefits of environmental sustainability. Going forward, “the growth which industry wants is of the green and sustainable type, not merely because it is being expected to do so by International regulatory frameworks and ESG considerations but because the industry itself is a victim of grave, climate change consequences<sup>43</sup>”. Besides from a demand-side point of view, “customers today are becoming much more sensitive to the environmental impact of the products they acquire and the services they make use of<sup>44</sup>”. At the same time, from a supply-side point of view, business is mindful of the challenges it faces, which challenges are mainly posed by resource limitations and the lack of feasible alternative solutions.

“Clearly, there can be little doubt that the Industry’s chances of achieving its carbon-neutral ambitions without the adoption of technology would be very slim, so the road ahead is, indeed, a “twin transition”<sup>45</sup>”.

Beyond the challenging factors posed by resources, technology limitations and skills, another obstacle is posed by misconceptions held by some businesses which “perceive technology and innovation as expensive and this is a very wrong perception because nowadays with Subscription Based software, costs are actually lower than having your own custom-made solutions or buying a whole system for yourself<sup>46</sup>”.

This misconception must be addressed through the efforts of competent public entities and business associations because in reality “going greener will mean decreasing costs and bring about more competitiveness<sup>47</sup>”. Businesses know that “energy efficiency is a clear investment in sustainability which has a direct positive

***“Energy efficiency is a clear investment in sustainability which has a direct positive impact on lower costs and therefore higher profits for our companies”.***

42 Article by Anthony David Gatt entitled “Sustainability is the New Brand Wagon”

43 Article by Kevin J. Borg entitled “The Role of Technology in Enhancing the Progress towards Carbon-Neutrality”

44 Article by Steve Ellul

45 Article by Kevin J. Borg entitled “The Role of Technology in Enhancing the Progress towards Carbon-Neutrality”

46 Speech by Dana Farrugia, Tech.mt

47 Article by David Abela entitled “Why is the Government Refusing to Make Cargo Transport Greener?”

***“Clearly, there can be little doubt that the Industry’s chances of achieving its carbon-neutral ambitions without the adoption of technology would be very slim, so the road ahead is, indeed, a “twin transition”.***

impact on lower costs and therefore higher profits for our companies<sup>48</sup>. In fact, “studies have shown that business leaders are beginning to understand technology’s strategic importance as a critical component of their business, not just a source of cost efficiencies. Businesses that have successfully executed digital technology implementation have seen a wide range of benefits, including greater customer retention, optimised processes and a positive impact on their ESG (Environmental, Social and Governance) metrics.<sup>49</sup>”

Business is encouraged by “ongoing research which has been taking place and continues to take place in order to find new engineering and digital solutions aimed at rendering Industry more digital, autonomous, better integrated and, above all, less polluting.<sup>50</sup>” “Emerging technology in the form of Artificial Intelligence (AI), Internet of Things IoT), 5G telecommunications, nanotechnology and others have propelled digital transformation<sup>51</sup>” which is widely recognized to be the major lever for the green transition.

“Digitisation has begun to transform many industries and businesses, as they build a path towards future growth. Green technologies are a key aspect of this journey, as they can deliver an attractive return of investments, optimise business processes whilst playing a key role in facilitating the smart environment that we all need....IoT solutions that leverage cloud computing, wireless sensors and Artificial Intelligence are undoubtedly capable of creating a smarter, more sustainable planet. Environmentally-conscious companies and organizations can reap great benefits by investing in green technology to accelerate growth whilst having a direct impact on minimizing the effects of climate change<sup>52</sup>.”

Indeed, “Emerging technologies such as artificial intelligence, cloud computing, and IoT have been maturing over the past few years and seem poised for continued growth in Malta. This growth is expected to be driven by multiple sectors such as transportation and logistics, telecommunications, and manufacturing. The benefits of growth within such sectors are consequently leaving a positive impact on Maltese businesses and the environment by reducing operational costs, minimizing traffic congestion, and ensuring lower carbon emissions.<sup>53</sup>”

#### 4.1 CREATIVE INDUSTRIES AND ARCHITECTURE.

It is worth noting that the drive towards ESG and the Green Deal is also extending to Creative Industries including Architecture. In fact, “Together with the Green Deal, the EU has launched the New Bauhaus initiative. This is very interesting because it acknowledges the link that exists, or should exist, between sustainability and aesthetics, as well as with “inclusivity”.

48 Article by Steve Ellul

49 Article by Ing Darryl Schembri entitled “Green Technology is the Key to Business Growth”

50 Article by Kevin J. Borg entitled “The Role of Technology in Enhancing the Progress towards Carbon-Neutrality”

51 Article by Carm Cachia entitled “The Progress in Technology and the Green Economy”

52 Article by Ing Darryl Schembri entitled “Green Technology is the Key to Business Growth”

53 Article by Isaac Sammut - Tech.mt





The initiative is promoting a new, community-based, approach to design, and hence industry. This concept is not limited to building, but extends to other aspects, such as fashion, or cultural activities, (and cultural heritage). The desire is to make Europe a leader in “design” related to energy efficiency, and sustainability, as a way of promoting a strong economy.<sup>54</sup> It is sincerely hoped that this initiative “will not become a buzzword without meaning. If it does not become a buzzword, and politicians understand what we are talking about, then it could be a very exciting thing for Europe, and for Malta. Basically, we could start reversing all the ugly things that we have done to Malta in the name of economic growth - or rather, we could start by not continuing to do ugly things.”<sup>55</sup>

#### 4.2 CONSTRUCTION

The Construction industry suffers from a negative perception due to its high consumption of natural resources and the generation of high quantities of waste with a trend that shows there is an increase in the consumption and production of concrete. Efforts, however, are underway in an effort to render the industry greener by turning waste into the generation of useful by-products leading to lower consumption of non-renewable resources. Aggregate is being recycled and alternatives to cement are being used in order to avoid “its high embodied energy and impact. It was realised that when we go for this approach there is also an improvement in durability performance. This leads to an important point. Through the exploitation of these alternative materials that contribute to a greener concrete there is a large improvement in the impacts, therefore a reduction in global emissions but a longer life-cycle approach that encourages improved durability of structures. This is beneficial because it leads to lower needs of maintenance, improved and safer infrastructure and therefore in the end there are benefits. You gain by reducing waste, you gain by reducing consumption of non-renewable natural resources and at the same time, you have a longer lifetime performance with improved durability. This leads to lower maintenance costs and also generates new opportunities because there is the need for the retrofit of structures.”<sup>56</sup>

*“Make Europe a leader in “design” related to energy efficiency, and sustainability, as a way of promoting a strong economy”.*

With these developments comes the need for measurement of their impacts through sustainability assessment tools. Such measurement is key to avoid falling into the trap of greenwash ie. when a company or organization spends more time and money on marketing themselves as environmentally friendly than on minimizing their environmental impact.

#### 4.3 MANUFACTURING

Rapid and encouraging developments are also taking place in the Manufacturing industry. Such changes are being made both in terms of materials as well as in terms of processes and plant.

<sup>54</sup> Article by Prof Alex Torpiano

<sup>55</sup> Article by Prof Alex Torpiano

<sup>56</sup> Transcript of intervention made by Ruben P. Borg

***“By reducing waste, you gain by reducing consumption of non-renewable natural resources and at the same time, you have a longer lifetime performance with improved durability.”***

From the material side and specific to the furniture sector for which interventions were made during the conference, it was mentioned that forward-looking producers are “moving towards sustainable materials. In the past, furniture was produced from solid material. Nowadays, most furniture is made of sustainable material. The change in material brought also a big change in the factories. Factories evolved ... (into) connected factories. Mainly the biggest change was the amalgamation of technology with traditional machinery.... Before you had to invest in separate machinery with each machine doing a different function. Today we are moving towards connected lines meaning that we are moving away from a situation where efficiency is measured by how many hundreds of the same models you can produce.... With Malta being a small economy, it is a very important aspect of an investment”. An important factor in investment towards connected factories is “not solely the amount invested but the return on investment. We are not solely focusing on the profit bottom line return because with an investment that incorporates technology, you are also enhancing the quality of the work environment for our employees. There is also CSR which clients are also considering as well when making their purchases”.<sup>57</sup>

Rapid and encouraging developments are also taking place in the Manufacturing industry. Such changes are being made both in terms of materials as well as in terms of processes and plant.

#### 4.4 WASTE MANAGEMENT

Whilst Government announced it “will sustain schemes towards models of circular economy, reducing waste and improving waste management investing more than half a billion euro<sup>58</sup>”, the Conference heard that Waste Management was not being given its due importance at the level of national policy despite this being “a major player in a sustainable and healthy quality of life... Manufacturing industries are well regulated ... (but) the same cannot be said for some small services and some garage industries, which escape the enforcement net, and get away with ‘an arrangement with the council’, or otherwise free-ride the domestic waste stream”... Licenced Contractors (which can be counted on one hand... are fighting an everyday battle when they have to compete with the government and the cowboys in the market. There is no level playing field, and the law enforcement seems to apply only to the established few compliant companies, while everyone else does their own thing...

It seems that legislation like ‘Fit and Proper Person Act’ and ‘Duty of Care’, crucial regulations adopted by most European countries, have been waylaid, or stuck in

57 Transcript of panel intervention made by Mark Cassar

58 Speech by Minister, Hon Aaron Farrugia



the pipeline. Result being that companies who want to upgrade and give compliant service, instead of being encouraged to do so, are instead weighed down by costly bank guarantees, on-site inspections, record keeping and auditing, up to standard training, and constant vigilance, while others get their cake and eat it...Europe talks of the circular economy, which shall see the product on the market retain as much life as possible, bearing in mind that the initial design, material, and repairability are incorporated in an effort to minimise wastes, and move towards the Green Deal. Soon we'll be looking at central, more regulated and tracked shipments of waste, not just the hazardous (ones). Europe insists that the proximity principle, where wastes are managed where produced, where possible, is applied. Recycling and other targets are in place, whether we reach them or not, depends on each and everyone of us doing their little bit for greener Malta, and Europe.<sup>59</sup>

***“There is no level playing field, and the law enforcement seems to apply only to the established few compliant companies”***

#### **4.5 THE MARITIME INDUSTRY**

“The maritime industry is already the most energy efficient mode of transport of goods and people giving the lowest emission cost per ton mile. This efficiency results from the critical mass it enjoys – transporting 23,000 containers at one go, on a single ship. However, the critical mass and sheer magnitude associated with the industry serves as a double-edged sword when it comes to progress in achieving environmental targets. Ships, on average, take a minimum of 3 years to build and have an average life-span of around 25 years. The cost of investment (around €130m) for a new container ship is not comparable to the capital outlay of a few thousand euro for any road-going vehicle.

59 Intervention from the floor by Dolores Sammut Bonnici

***“Extensive coordination is required between all the various components in the industry and all the different countries they take place in...”***

Moreover, the industry is vast and diverse and extensive coordination is required between all the various components in the industry and all the different countries they take place in... That said, 2021 saw an annual record for orders placed on new ships. Advancements in fleet modernisation is having positive knock-on effects on terminal operations in Malta. In order to accommodate CMA CGM's new LNG powered Jacques Saade, in fact, the Malta Freeport invested €20m in six new German technology megamax quay cranes which besides the necessary stacking capability are more energy efficient and less noise polluting. Besides, the Freeport invested in separate technologies that optimise job distribution whilst reducing idling, undesired truck turnarounds and container re-handling.

Moreover, through “The Grand Harbour Clean Air Project” at a cost of €50m, Infrastructure Malta is investing in a Shore to Ship Power project that will allow cruise liners and eventually Ro-Ro vessels to switch off their on-board power generation plants and plug in to shore-side electricity points to power their on-board services. This project complements Exhaust Gas Cleaning Systems... which... turn the gases into liquids which are treated before they are disposed of.

Besides, the industry is already implementing numerous breakthrough technological and operational measures, such as slow steaming, weather routing, contra-rotating propellers and propulsion efficiency devices, can deliver breakthrough advancements towards lower emissions and fuel consumption... For instance, the maritime industry is now adopting Digital Performance Optimization Platforms incorporating several participating vessels. These developments evidence the fact that the maritime industry is serious in implementing its transition towards a digital and carbon-neutral future.

There is no denying that the game changer in reducing the Industry's environmental impact even further would be via a stronger shift towards renewable and alternative fuels. Scientists around the world are, in fact, testing new propulsion methods capable of replacing fuel oil in ships. However, according to research,... there is no widely available alternative fuel that can be used for powering ships. Some of the alternative fuel options analysed have the potential, but only if key barriers can be overcome. LNG's GHG performance represents a major step forward when compared to conventional fuels... (and) provides a viable solution for the long term. On the other hand, its adoption is hampered by limitations in distribution channels. Whilst it is readily available in bulk at circa 150 locations worldwide, LNG-powered ships are still unable to refuel in and around Malta.

Further afield, the Industry is experimenting with Ammonia and Hydrogen which both produce Zero Emissions but their use continues to be hampered by on-board storage limitations and critical supply and distribution issues. That said, heading towards 2050, Hydrogen and Ammonia are considered as the climate-neutral ship propulsion system of the future especially because retro-fitting conversions projects on existing ships are possible, even in Maltese yards. These alternative fuels are perceived as key contributors to shipping's future energy transition for





implementing new environmental friendly technology on both existing vessels and even on new builds.<sup>60</sup>

With this in mind, and in the context of “heavy investment in ports and facilities which in part, or in whole, are done by private investors.... there has to be more. For example, we still don’t have a bunkering facility for LNG vessels. It’s being planned, but it’s not an easy one. There is a lot of investment to be done in that respect”. In the maritime industry, “the main target is always going to be the level of investment, which is typically very high in this type of business, because you’re speaking about long term plans. So there are longer processes that need to be factored in. And this makes investment difficult, and we obviously need more help from the government to do to support that<sup>61</sup>”.

#### 4.6 ROAD TRANSPORT

As part of the Low Carbon Development Strategy, the Government has been gradually introducing an array of measures as part of a 10-year plan to mitigate greenhouse gas (GHG) emissions from transport, including an extension of free public transport

***“According to research, ... there is no widely available alternative fuel that can be used for powering ships. Some of the alternative fuel options analysed have the potential, but only if key barriers can be overcome.”***

<sup>60</sup> Article by Kevin J. Borg entitled “The Role of Technology in Enhancing the Progress towards Carbon-Neutrality”

<sup>61</sup> Transcript of panel intervention made by Matthew Sullivan

as of October 2022, incentives to walking, cycling and other active transport such as e-bikes and e-Kickscooters and generous fiscal incentives for greener transport including grants to incentivize the electrification of vehicles.

Business however, is more than conscious of the fact that the road to full electrification is a long and winding one and that interim solutions will be necessary over the next decade or so in order to ensure a smooth transition from a socio-economic point of view in order to provide breathing space for commercial fleet owners in their fleet modernization journey. These solutions include “the retrofitting of Euro 3 or Euro 5 heavy vehicles <sup>62</sup>” by means of an installation known as HDDF (Hybrid Diesel Dual Fuel) that enables the engine to run on both diesel and LPG rendering it more fuel-efficient whilst drastically reducing the emissions of Particulate Matter and other green house gases. Besides extending the lifetime of a vehicle by rendering it compliant with new emission standards, the incentivisation of these innovative solutions by Transport Malta (TM) encourages the creation of new Green Jobs on the Island.

Business is also responding to the recent reform undertaken by TM for its Public Service Garage (PSG) permitting system which has “streamlined the process, as much as possible, and made it much more efficient for new operators to come into the field.<sup>63</sup>” Over the past three years, in fact, Malta has registered significant in-roads in sustainable mobility with a number of companies emerging on the market offering both the car-sharing and car-pooling services. Other companies transformed their business models from providing taxi services to fleet and platform operators. “one of the (car-pooling) operators which said that they covered more than 1.8 million kilometres with the benefit of having a reduction of 450 tonnes of CO2 from our atmosphere. So that’s quite good<sup>64</sup>”.

“The road to full electrification is a long and winding one and that interim solutions will be necessary over the next decade or so in order to ensure a smooth transition” Whilst this transformation is already conducive to the reduction of traffic congestion and pollution from local roads, further positive externalities could be generated if the vehicles used in the provision of such services are “changed to either Electric Vehicles (EVs) or hybrid vehicles”. Companies in this sector have begun to “collate and also share data to be able to make the right decisions when it comes to investments and charging infrastructure with all the stakeholders involved... The biggest challenge at this stage is the charging infrastructure, whereas whilst there are a lot of grants in order for companies and private individuals to invest in EVs, ultimately, there is a deficit when it comes to the charging infrastructure.

And also, tied to this is the fact that when it comes to grants, we have to make a distinction between private use and fleet use. And at this stage, when it comes

62 Transcript of panel intervention made by Pierre Montebello

63 Transcript of panel intervention made by Pierre Montebello

64 Transcript of panel intervention made by Pierre Montebello



***“Skilling, re-skilling, education and awareness are important topics for a greener economy - We must prepare for the workforce of tomorrow, and education must change to introduce this topic from an early age as an introduction of this topic, as a mandatory subject”***

to both charging infrastructure and also grants given to purchase vehicles, a clear demarcation should be made between the cars to be used for fleets because they are called vehicles that are being used 24 hours a day, seven days a week, compared to private usage, which based on global statistics, 95% of the time the car is always lying idle”.<sup>65</sup>

#### 4.7 RESEARCH AND SKILLS

“We will not only rely on new technology to effect decarbonisation but we must also ensure that we have the necessary capacity building requirements in order to secure that we have the right expertise in effecting the transition<sup>66</sup>”

“We must prepare for the workforce of tomorrow, and education must change to introduce this topic from an early age as an introduction of this topic, as a mandatory subject, and then including green topics across the whole subjects. Any subject will affect the carbon footprint in the future, and hence, apart from ‘Digital by Design’, Curriculums must become ‘Green by Design’.

Skilling, re-skilling, education and awareness are important topics for a greener economy. It’s a challenging proposition, but unless training and education are given to organisations at different levels, then future decisions taken to implement a less-energy intensive technology stands to fail<sup>67</sup>.”

<sup>65</sup> Transcript of panel intervention made by Matthew Bezzina

<sup>66</sup> Speech by Prof Simone Borg

<sup>67</sup> Article by Carm Cachia entitled “The Progress in Technology and the Green Economy”

For example, the Conference heard that the Automotive Department within MCAST's Institute of Engineering and Transport was preparing people "to service and maintain Electric and Hybrid Vehicles" within various courses and programmes leading "up to MQF Level 4 certification in either electrical, electronics or automotive engineering" and other programmes that provide training "related to motor-cycles, marine engines, heavy vehicles and agriculture machinery"<sup>68</sup>.

"Specific awareness and skilling sessions about Green Economy and its sustainability would be critical for Education stakeholders to understand their impact on the environment and its future....Malta must look afar from our shores to identify strategies and best practices. For example, UNESCO's Decade of Education for Sustainable Development (ESD), is a good example of a holistic and transformational approach to education addressing the learning content, outcomes, pedagogy and the learning environment.

Proper training should also be sought during the career development of professionals and practitioners in the IT sector. There are invaluable Industry certifications about green technology, and apart from reducing the energy cost, tech leaders would be developing the tech industry of the future."<sup>69</sup>

"Tech.mt will continue to encourage tech companies and research and development companies to increase their efforts to develop new green technologies that can contribute to emission reductions, such as clean energy, clean transportation, develop new techniques to improve resource and energy efficiency, and improve products and performance design to reduce carbon footprint... Tech.mt pledges its commitment to continue working towards boosting Maltese SMEs and start-ups in their development and mission towards ensuring a greener and more digital future.... Considering the importance of developments in the various areas of technology and innovation within the Maltese tech ecosystem, there is a dire need but also a mutual desire for enhanced cooperation amongst various stakeholders. Tech.mt recognises that the key to stay ahead of the game lies in the agility of implementing new innovative and greener technologies."<sup>70</sup>

68 Speech by Ing. Longino Dingli entitled "Exciting times at the Automotive Department within the Institute of Engineering and Transport at MCAST"

69 Article by Carm Cachia entitled "The Progress in Technology and the Green Economy"

70 Article by Isaac Sammut - Tech.mt





***“It is very important that all stakeholders come together, share data and information in order to reach these extremely ambitious targets, both on a local level and also on a European level.”***

From a business collaboration point of view, the creation of the necessary clusters and pooling of scarce resources, it is equally encouraging to note that tech companies are being “encouraged to reach out to Tech.mt and explore different avenues of growth together. Tech.mt pledges its commitment to continue working towards boosting Maltese SMEs and start-ups in their development and mission towards ensuring a greener and more digital future.<sup>71</sup>” “It is very important that all stakeholders come together, share data and information in order to reach these extremely ambitious targets, both on a local level and also on a European level. The isolated initiatives that are being taken by institutions both public and even private should hopefully create a synergy that will dovetail into one grand initiative that will hopefully help us achieve an environment that is sustainable for future generations”.<sup>72</sup>

“It’s also important to promote partnerships with North Mediterranean and South Mediterranean countries. And also this could be very beneficial to countries like Malta.... We also encourage regional forums where examples of success stories are shared, where information is disseminated and the role of Business Support Organisations (BSOs) is very critical as they are the bridge between the private and the public sector. And so the BSOs would also have this informative role to their SMEs about policies.”<sup>73</sup>

71 Article by Isaac Sammut - Tech.mt

72 Transcript of video intervention made by Matthew Bezzina

73 Transcript of intervention made by Khadija Dorra Essghairi









## 5. CHALLENGES AND RISKS

The process of decarbonisation for business merits serious planning in order to mitigate the real and present danger of the “Twin Transitions” resulting in asymmetric progress or a new form of digital divide between economic players that:

- (i) operate in sectors where climate action measures are complicated to implement and/or
- (ii) lack the necessary resources to invest in the skills and technology that the transformation necessitate.

This inherent risk can be mitigated by a concerted effort from all stakeholders aiming at:

- Planning and preparing the necessary skills for the future
- Enable collaboration between businesses to render transition faster, smoother and less painful,
- Making resources available to businesses and ensuring judicious distribution of same,
- Provide information on specific support measures at granular level including guidance on how to tap them
- Engage with businesses to give the necessary explanations that digitalisation may not be prohibitively expensive in the medium-long term especially if use is made of funding opportunities
- Safeguard the competitiveness of our companies at all times

Malta's Climate Action Ambassador Prof Simone Borg, treated this aspect of Green Growth in her intervention. She said, “if we are going to put into effect the change in the economic model from what we have today to a decarbonised economy model, then we need to create the level playing field and we can do this by addressing the social economic and environmental costs, risks and vulnerabilities involved in implementing the transition.

***“if we are going to put into effect the change in the economic model from what we have today to a decarbonised economy model, then we need to create the level playing field and we can do this by addressing the social economic and environmental costs, risks and vulnerabilities involved in implementing the transition”.***



It will be the sectors that are mostly negatively affected that need to be supported most. So, the first thing that we need to do is to ensure that we identify which are these sectors and then understand which are the jobs that are mostly at risk, what kind of upskilling and reskilling we need to carry out.

We need to ensure that to prevent the widening of disparities we must make sure that recovery is not uneven but (that) there is a level playing field. We also need to look out how our long-term growth will lead to resilience and avoidance of future shocks. (This requires) prioritisation and (the) acceleration of targeted support.

Our economic diversification will require that we finance the necessary investments, we nudge the behavioural changes and the way our businesses run their course, in the sense that we need to award those businesses. We need to direct our businesses our private sector to take the right options and one of the ways how Government perhaps is considering doing so, is to dive into a further and have granular stakeholder's dialogue.<sup>74</sup>"

74 Transcript of speech by Prof Simone Borg











## 6. CONCLUSIONS & MEA RECOMMENDATIONS

ESG and climate change realities have become extremely important considerations for business. This is why the MEA is championing this cause with its members in the local business community. In opening this event, the MEA President, Ms Joanne Bondin, quoted President Obama who said, “We are the first generation to feel the effect of climate change and the last generation who can do something about it.”

Indeed, decarbonisation initiatives as part of a wider ESG consciousness are becoming visibly more prevalent in business nowadays, to the extent that “It can be safely said that in the last few months the concept of sustainability has moved from the fringes to the mainstream.”<sup>75</sup>

“Corporate sustainability approach ultimately makes good business sense. A well thought out and executed sustainability programme can not only help the enterprise make substantial cost savings, but if done strategically, it can also help the enterprise become more efficient and profitable by attracting and retaining the best employees, innovate its product and service offering, and attracting a wider client base – not to mention attracting partners and investors. All this has been amply studied and the correlation between sustainability and profitability cannot be ignored. This approach is not just for the larger corporations. Being smaller and leaner, SMEs enjoy a substantial advantage in that they can better leverage the power of a well- executed sustainability strategy to compete with the larger players.”<sup>76</sup>

Indeed, the way forward is two-pronged. Businesses are truly facing a “Twin Transition” because “Environmental sustainability cannot happen without going digital. Going digital will save us a lot (of money) and will optimize a lot in our lives”<sup>77</sup>.

At the same time, we are advantaged by the fact that the technology is becoming more accessible to business, especially with the onset and prevalence of subscription-based software or SaaS (Software as a Service).

“Going greener will mean decreasing costs and bring about more competitiveness” Business is increasingly realising that “Going greener will mean decreasing costs and bring about more competitiveness”<sup>78</sup> also because besides the relative decrease in

***“Environmental sustainability cannot happen without going digital. Going digital will save us a lot (of money) and will optimize a lot in our lives”***

<sup>75</sup> Article by Dr Roberta Lepre’ entitled “ESG for SMEs – the only way forward”

<sup>76</sup> Article by Dr Roberta Lepre’ entitled “ESG for SMEs – the only way forward”

<sup>77</sup> Speech by Dana Farrugia, CEO Tech.mt

<sup>78</sup> Speech by David Abela entitled “Why is the Government Refusing to Make Cargo Transport Greener?”

***“With all these tools and resources in place, it would be just madness for an SME to delay the adoption of a corporate sustainability strategy, which can be the main strategic tool that would enable it to not only survive, but thrive, in the new ‘Green’, post-covid economy”.***

the price of technology, the authorities are putting substantial amounts of financial support on the table for those who need it and are able to tap into it.

Nevertheless, the challenges to implement the transitions are not insignificant. Major barriers are posed by issues relating to the availability of the skills, technology and access to finance which are all required to make the “Twin Transitions” happen. Besides, a “just transition” needs to be ensured to mitigate the inherent risk of creating a new form of digital divide.

As already outlined above, the transition of business towards green growth must be rendered as seamless and risk-free as possible by securing the following approach:

- Mapping, Planning and Preparing the necessary skills for the future
- Enabling collaboration between businesses to render transition faster, smoother and less painful,
- Making financial resources available to businesses and ensuring judicious distribution of same,
- Providing information on specific support measures at granular level including guidance on how to tap them
- Engaging with businesses to give the necessary explanations that digitalisation may not be prohibitively expensive in the medium-long term especially if use is made of funding opportunities
- Safeguarding the competitiveness of our companies at all times

That said, the MEA has “seen the diversity of actions that are being taken and also the diversity of actions that as a country we are required to take in order to have the necessary transition to a green and sustainable economy”<sup>79</sup>.

“With all these tools and resources in place, it would be just madness for an SME to delay the adoption of a corporate sustainability strategy, which can be the main strategic tool that would enable it to not only survive, but thrive, in the new ‘Green’, post-covid economy<sup>80</sup>”.

“We have seen so many companies, coming from different backgrounds, some are technological companies; some are manufacturing; logistics etc; they are all already taking actions to reorient their businesses in order to be more green. This is very positive.”<sup>81</sup>

“It is of great pleasure to hear SMEs coming to the government telling us but how can we attain climate neutrality within our operations or within how we actually operate or carry out our day-to-day activities or within how we are carrying out the operations with regards the employees, remote working, etc.?<sup>82</sup>”

79 Transcript of closing Speech by Joseph Farrugia

80 Article by Dr Roberta Lepre’ entitled “ESG for SMEs – the only way forward”

81 Transcript of closing Speech by Joseph Farrugia

82 Transcript of intervention made by Ing Abigail Cutajar



"We know that history has shown us that one cannot resist change. Adaptation, as Darwin used to say, is the secret of success and in fact new economic model arguments show that once there is an alternative, it is not justifiable to persist because others are still doing the same thing. Once something is harmful, we would be advantaged if we are innovative, because we are piercing through a new system a new economic model and change should be seen as an opportunity to unleash new jobs new business opportunities where the dependent sectors can be retained and restructured. The important thing is to ensure a "just transition" that no one is left behind, everyone is given the chance to make a, to improve and become part of the new economic model.<sup>83</sup>"

***"The important thing is to ensure a "just transition" that no one is left behind, everyone is given the chance to make a, to improve and become part of the new economic model."***

We must also be "proactive. The more we anticipate these changes, the more likely we will be to have this just transition into a greener and more sustainable economy<sup>84</sup>". Lastly, "it is very important that the stakeholders and the government work hand in hand so that there would actually be the need for this shift. The private and public sector must work in unison to "pursue in creating demand...and actually spearhead this shift. We cannot expect always the government to spearhead change. If there is no demand, then obviously there will not be supply.<sup>85</sup>"

Ultimately, "it's about the generation of wealth. We work and we invest to generate wealth. Through that wealth then, we enjoy a decent or a good standard of living. Investors expect a return on their investment in terms of profit and employees expect fair wages and compensation. That is all the result of the generation of wealth and now we're saying it is a result of the sustainable generation of wealth. This is something which has to be ongoing, something which we know that we are not just draining finite resources, but we are creating an eco-structure which is self-sustainable....It is evident that we need to look not just at short-term growth or immediate gratification from our economic activities but we need to re-orient ourselves towards a more sustainable economy; one which also carries with it intergenerational justice because we owe it to our children in order to inherit a better society than the one we have at the moment, unfortunately, with its many challenges.<sup>86</sup>"

***"It is evident that we need to look not just at short-term growth or immediate gratification from our economic activities, but we need to re-orient ourselves towards a more sustainable economy"***

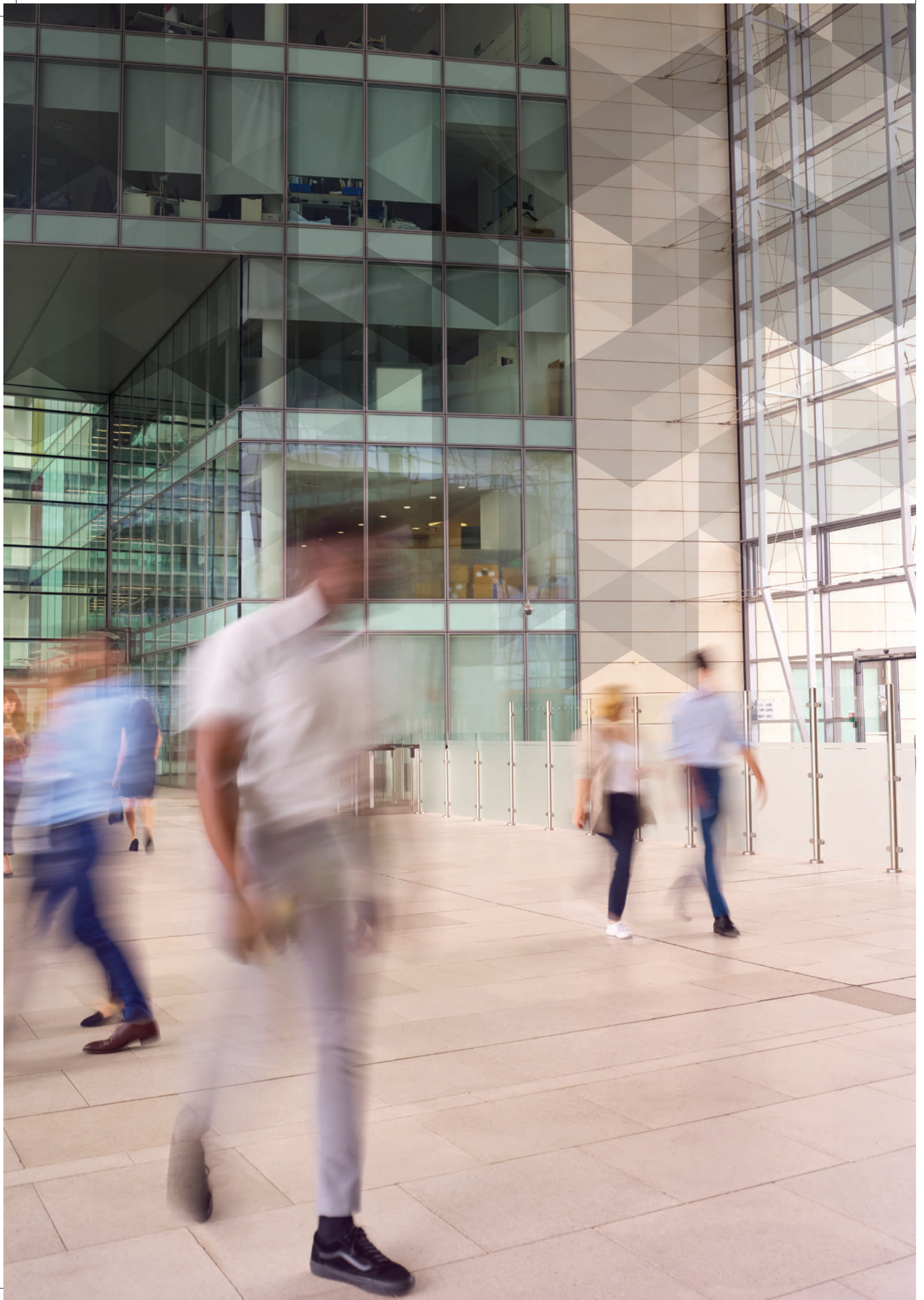
83 Speech by Prof Simone Borg

84 Transcript of Closing Speech by Joseph Farrugia

85 Transcript of intervention made by Ing Abigail Cutajar

86 Transcript of Closing Speech by Joseph Farrugia







SMES' NATIONAL FORUM 2021

# SMES AND GREEN GROWTH THE JOURNEY AHEAD

**ANNEX - FURTHER READING**







## ANNEX / SECTION 1

### INTRODUCTORY CONTRIBUTIONS TO THE SMES NATIONAL FORUM 2021 SMES AND GREEN GROWTH – THE JOURNEY AHEAD

*SMES' National Forum 2021*

*Opening Speech by Joanne Bondin, President at MEA*

In 2014, President Obama stated that “We are the first generation to feel the effect of climate change and the last generation who can do something about it.”

This statement left an impact on me, a sense of responsibility that needs to be actioned. If we do not do something about it, then who will. Just as every individual action has landed us in the current situation then every action, every movement and every thought need to be channelled to do something about.

And this conference aims to do just that. To bring together different stakeholders to be able to generate discussion about what we are going to do about being more sustainable, be more green, think green and act green. This is not a short-term action plan, and we need to be prepared to reap the benefits of what we are going to do in the longer term. We will be devising a plan for the future, for our children, for humanity to live in harmony with nature and not impose or work against it.

Over the coming years, the European Commission will be revising some of its major policies to ensure they respect sustainability fundamentals. The European Green deal is about protecting jobs and more importantly, the planet. Without a planet, there will be no jobs, no humans. For decades, we thought these two objectives were antagonists. Today, we acknowledge that we do not need to sacrifice our planet for progress. We need to rethink the way we work and also the impact we, as humans who dominate earth, have. We also need to keep in mind that our ways of working will also generate new jobs and the need for new skills. We have to be flexible enough to be able to change and adapt accordingly. For example, if we are going to shift to electric cars, then we need to make sure that our mechanics have new skills, that we actually have trained individuals, incentives that encourage people to change mentality and more importantly have the infrastructure that will allow us to do so. It will require a change in mentality by each and every one of us. Not only thinking about short term convenience and gratification but also our contribution to saving the planet.

This is all about being human and thinking long term. It is an opportunity for Malta to seek to move up the value chain. We have the opportunity to think afresh on a number of economic sectors.

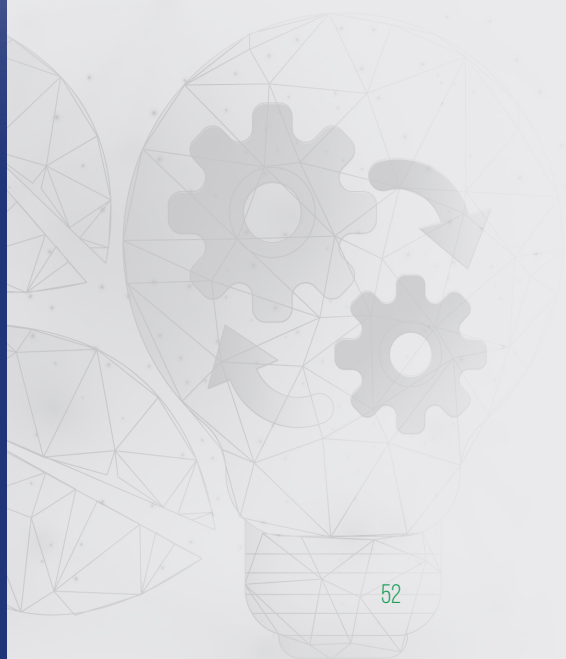
As I was nursing my daughter yesterday evening, I was thinking about what I was going to say in the opening speech for the conference. And I thought, why is this worthwhile, we have been given this world to live in and use the resources it has – wisely. I think that this is

the most important thing that we need to keep in mind. There is a balance that we need to maintain. What world do we wish to have in the future and how do we wish the future generations to live? If we think about it, we have 3 main elements which make change possible today, awareness, knowledge, and technology.

We should also ensure that all social partners are involved and participate as this is a long-term project that needs to have everyone on board including anyone in decision making positions who might be tempted to reverse policies at a national level in the future.

The pandemic has shown us that we can work differently, and we have adapted successfully. So, this new way of working needs to be seen not as a new burden, but a means of creating sustainable solutions which will deliver new opportunities for growth. We also need to see how our country needs to adapt to make it a place worth living in for generations to come.

It is encouraging to note the strong attendance for this conference, together with the diversity of speakers, because this is, in itself an indicator that this is an issue that resonates with the concerns of all Maltese society. We have been presented with a challenge and targets, and every little step towards achieving these will make our world, our country, our home a better place to live in. It is also about our wellbeing and protecting our national and international environment.



## INTRODUCTION BY HON. SILVIO SCHEMBRI, MINISTER FOR THE ECONOMY AND INDUSTRY

SMEs and industry are at the core of our economic vision – a vision that is underpinned by a formula based on the strong collaboration between business and government. This, we believe, remains the only way forward towards a legitimately sustainable future.

The pandemic has propelled us into the future, both from a digitalization as well as an environmental conscience perspective. Both issues need to progress in tandem.

This is a crucial moment for businesses to look within and start adapting and adopting new methods. The time is ripe to strategize and build a vision for the coming years based on these foundations. It is also time to be bold at this very specific moment in history, which positions businesses at a very delicate juncture. It is a 'do or die' moment, where businesses can either choose the status quo, which in this fast-moving scenario could perhaps sound the death knell on their operations, or take the next leap forward and reinvent themselves, where and when necessary.

Budget 2022 was created in this spirit – the incentivizing of necessary change through various grants, which shall serve as the appropriate impetus for a more proactive and visionary mindset to take root within our business community. But not only. Budget 2022 also aims to guide as well as provide the relevant tools through several measures to ensure a smooth digital transition for our businesses.

Along with digitalization, we must also remember that the circular economy and green growth go hand in hand. With great pleasure I note that reconstituted stone, a project researched by the University of Malta and supported by Indis, takes full advantage of construction and demolition waste as a secondary raw material to create a new 'stone' which can be utilized in the construction of buildings as an alternative to limestone, bricks and concrete.

It is no secret that Malta has a monumental problem with the disposal of construction waste, topped with the recent doubling of dumping charges, which has placed a bigger burden on developers both big and small.

After years of research, we have finally arrived to where we are today - the construction and completion of the first ever room made out of recycled limestone building waste near the Ta' Qali Crafts Village.

The recycled limestone blocks are made from crushed recycled quarry waste, and it is a load bearing product similar to the traditional 'franka' stone. This innovative product will possibly provide a solution to the challenges faced by the construction industry, as globigerina limestone is becoming an increasingly limited resource. This without considering the fact that the construction industry generates the island's largest volume of waste. The purpose of this 'prototype' room is to monitor how the recycled stone performs



in actual real-world conditions – it is ultimately a work in progress, but one which we hope will deliver our projected results.

It is said that 'Big changes start with small steps'. And it is to this end that with regard to the wellbeing of our planet, we must be ultra-vigilant. In the coming months world leaders must take bold decisions that shall shape humankind for the coming century. Therefore, without underestimating the challenges involved, we must all bear in mind that it is critical that we make the right choices now – choices which will have repercussions on generations to come.

Addressing climate and environmental challenges clearly requires natural scientific knowledge as well as engineering expertise concerning the various technical solutions that can be adopted to mitigate the negative impacts on the environment (e.g., carbon-free energy technologies). However, pursuing sustainable technological change is also a societal, organizational, political, and economic endeavour which involves several non-technical challenges.

It is therefore hugely satisfying when meeting big companies which are well known within the manufacturing industry, to note their efforts to embark on this transition. The enhancement of research within the sector, and the discovery of automated operations that could be beneficial is a true eye-opener and a clear pointer that the very use of technology and green growth are at par.

Improving resource efficiency as a contribution to sustainable development and a green economy is one of the most important challenges Society is facing today. A challenge which technology can squarely tackle, primarily because it provides an important perspective which deals with scarce and diminishing resources.

However, new opportunities invariably require new skills. While addressing the skills' deficit remains a constant challenge and given the rapidly evolving work environment, an uphill struggle, we shall, as a government, continue to strive to provide the necessary tools and a myriad of education prospects as well as attractive incentives to our workforce, which will address both the challenges of today and even more those of tomorrow.

Nevertheless, let me conclude with a heartfelt appeal. Over the past months, as I am sure several of those present can attest, we have journeyed together through intense, uncharted territory. But we have prevailed. It is now time to look to the future with a fresh sense of enthusiasm, it is now time to reinvigorate, think outside the box and take a giant leap forward. Ultimately, it is only by truly overhauling our decades' long mindset and challenging the status quo, that we can truly transition into a more successful and a more prosperous future, which benefits our businesses, our employees, and most of all our families.

## ANNEX / SECTION 2

### FIRST PANEL DISCUSSION - SMES NATIONAL FORUM 2021

#### ENSURING A GREENER AND MORE DIGITAL FUTURE

*Article by Keynote Speaker*

*Isaac Sammut, Senior Manager at Tech.mt*

The digital and green economy are undisputedly the top two subjects on the political agenda at both national and European level. Malta's green and digital efforts have increased in recent years, with the 2022 budget explicitly focusing on a green recovery and the government reaffirming its commitment to renewing Malta's digital strategy.

Established on four key pillars of promotion, innovation, talent, and assistance, Tech.mt works closely with local businesses within multiple sectors of Malta's economy to expose their innovative technologies and showcase their work. Undoubtedly, the sector Tech.mt has been mandated to represent plays an essential role in the green economy. Existing and emerging technologies and innovations are being leveraged to monitor data and improve efficiency in multiple sectors of our economy.

Unfortunately, not enough attention is given to the high level of innovation and talent among the local tech sector. From waste monitoring solutions using next-generation Internet of Things technology and smart agriculture systems to power monitoring within the gas sector and sustainability projects in the hospitality sector, Maltese businesses are already exploiting the use of technology within various aspects of their operations.

Emerging technologies such as artificial intelligence, cloud computing, and the Internet of Things have been maturing over the past few years and seem poised for continued growth in Malta. This growth is expected to be driven by multiple sectors such as transportation and logistics, telecommunications, and manufacturing. The benefits of growth within such sectors are consequently leaving a positive impact on Maltese businesses and the environment by reducing operational costs, minimizing traffic congestion, and ensuring lower carbon emissions.

Through industry and technology-specific research and studies over the past twelve months, Tech.mt has engaged and consulted with multiple businesses creating innovative solutions within the tech sphere. In fact, Tech.mt has recently finalized a national report regarding the adoption of IoT among Maltese businesses, ultimately paving the way for businesses to redefine the way they manufacture or design products, optimize processes, and enable enhanced sales.

Since its inception in 2019, Tech.mt has pledged its expertise, resources, and commitment to collaborating with different stakeholders, from ministries and educational institutions to the business community at whole, ranging from large enterprises to SMEs and start-ups. Tech.mt continues to commit itself to help the environment and to tackle the issue

of climate change through the use of digital technologies. During 2021, Tech.mt has supported accelerator programs to boost innovation in relation to climate change solutions by supporting and funding local start-ups. Tech.mt has also signed collaborative agreements with stakeholders such as the Ministry for Environment, Climate Change and Planning to recognize and celebrate the actions and achievements taken by local businesses, public and private organisations, groups and individuals in the fight against climate change across the Maltese Islands.

Tech.mt will continue leveraging the opportunity to involve itself in various areas where tech can be beneficial to the community, environment, and society at large. Tech.mt will continue to encourage tech companies and research and development companies to increase their efforts to develop new green technologies that can contribute to emission reductions, such as clean energy, clean transportation, develop new techniques to improve resource and energy efficiency, and improve products and performance design to reduce carbon footprint.

Considering the importance of developments in the various areas of technology and innovation within the Maltese tech ecosystem, there is a dire need but also a mutual desire for enhanced cooperation amongst various stakeholders. Tech.mt recognises that the key to stay ahead of the game lies in the agility of implementing new innovative and greener technologies. To this end, tech companies are encouraged to reach out to Tech.mt and explore different avenues of growth together. Conclusively, Tech.mt pledges its commitment to continue working towards boosting Maltese SMEs and start-ups in their development and mission towards ensuring a greener and more digital future.



## THE PROGRESS IN TECHNOLOGY AND THE GREEN ECONOMY

Article by

*Carmelo Cachia, Chief Administrator at Eskills Malta Foundation*

Over the last ten years, the need to satisfy the digital requirements of industry, education and society has grown enormously. Emerging technologies have pushed the bar further up, with business leaders recognising that this will make their business more efficient and profitable. E-Commerce has increased enormously, and most businesses of any size are conducting business electronically in one way or another. And emerging technology in the form of Artificial Intelligence (AI), Internet of Things (IoT), 5G telecommunications, nanotechnology and others have propelled digital transformation. From the education side, education leaders have recognised the great need for digital literacy in students and their teachers to develop the workforce of the future. With the infiltration of emerging technology, most job roles will change in the near future.

Furthermore, the craving for digital enablement by society has grown to a large extent through the use of social media and other digital means, and this has increased our well-being. The enormous increase in the use of digital equipment and the enormous increase of data and telecommunications centres has brought about a critical increase in the use of natural energy resources. This created high environmental demands due to an enormous requirement for natural energy resources (electricity, fuel, coal, etc.). In return, this has produced enormous amounts of carbon emissions, and apart from the social health decline, it has brought about a drastic climate change.

It is therefore not surprising that country leaders had to get together to address this issue seriously, including agreements such as the Kyoto Protocol and the United Nations Paris agreement of 2015. But over and over again, countries have let their communities by not trying hard enough. The European Union, through the EU Green Deal, has set many targets on the member states towards the Net-Zero approach by 2050. One of the main EU instruments that will support investments in the green transition in the immediate future is the Recovery and Resilience Facility (RRF). It aims to foster economic recovery and long-term resilience across the EU by providing large-scale financial support to the Member States.

The corporate world can do a lot during its digital transformation. They can start by doing this in a sustainable manner and reducing the carbon footprint to a minimum. It can be done by using smart and emerging technology, such as Edge Computing, IoT with low energy consumption, the use of solar power to cool data centres and to recharge batteries and other best practices.

eSkills Malta Foundation has been promoting the development of a green strategy towards the education and training arena. Skilling, re-skilling, education and awareness are important topics for a greener economy. It's a challenging proposition, but unless training and education are given to organisations at different levels, then future decisions taken to implement a less-energy intensive technology stands to fail. Specific awareness

and skilling sessions about Green Economy and its sustainability would be critical for Education stakeholders to understand their impact on the environment and its future.

Additionally, we must prepare for the workforce of tomorrow, and education must change to introduce this topic from an early age as an introduction of this topic, as a mandatory subject, and then including green topics across the whole subjects. Any subject will affect the carbon footprint in the future, and hence, apart from 'Digital by Design', Curriculums must become 'Green by Design'. Malta must look afar from our shores to identify strategies and best practices. For example, UNESCO's Decade of Education for Sustainable Development (ESD), is a good example of a holistic and transformational approach to education addressing the learning content, outcomes, pedagogy and the learning environment.

The proper training should also be sought during the career development of professionals and practitioners in the IT sector. There are invaluable Industry certifications about green technology, and apart from reducing the energy cost, tech leaders would be developing the tech industry of the future.

Another aspect relating to education and training is that a considerable, if not major, percentage of a country's energy use is directly and indirectly used by the education sector. A long-term strategy with reasonable and specific targets should be established to increase virtual distance learning. After COVID this is very challenging, but at the same time, the same pandemic prepared us well to take this step. For example, imagine the impact on the carbon footprint should 50% of the courses followed be conducted virtually, reducing the energy consumption by the education institutions and indirectly by the students using any means of transport to be physically present for their education.

The subject of technology and the Green Economy is wide. Still, there is no doubt that each one of us, whether personally or organisationally, can do much better in reducing our carbon footprint. Leaders must lead by example and become role models for the coming generation. Let no stone be left unturned.

## FAMILY BUSINESSES AND GREEN GROWTH – DEALING WITH RESISTANCE AND ENCOURAGING ACCEPTANCE

*Article by*

*Dr Joseph Gerada, Regulator at Family Business Office*

The business community at large is becoming more aware of the impact business can have on the environment and this has increased the family businesses' commitment to working with environmentally sustainable practices as an important focus of business. However, at times, local family businesses can be somewhat resistant to change and this very simple fact, along with, the expense in implementing certain green practices, may sometimes hold back a family business from forging ahead and grasping the longer-term benefits.

Green approaches to manufacturing and the 'lean manufacturing' ideas that are so prevalent today, and how they can really be ultimately profitable was also discussed. Every family business can look for ways to reduce energy use or reduce packaging by going green. Family business owners are to study their respective marketplaces and look for opportunities. Going green needs to be taken seriously.

This is going to happen so assuming a proactive approach and ways of achieving this to figure out how you can capitalize for your business is a positive mindset into the inevitable.

Another topic discussed was the digital transformation of family businesses. One of the key challenges in our economy being faced is the way today's family businesses implement technology. The innovation technology may be disheartening to many a family-businesses given their preceding years of operation however it is imperative that this transformation takes place rapidly so that the business can remain ahead of its competition or, at least, on a level playing field.

For family businesses, the transformation to digitalisation presents more hurdles than other businesses not involving family members, but it needs to be faced at some point in time. Ignoring the dynamic and fast-paced changes taking place within the local and global business environment is, however, not an option and family businesses need to find the right formula to ensure the continuation

Family businesses need to be open to a transformative culture which encompasses the ability to accept change and do something about it.

Openness to transformation and adaptation is not a matter of choice. Whether digital, technological or a response to market demand, transformation is a necessity on which the very survival of the family business depends.

Technology continues to evolve and redefine business processes, requiring family businesses to find new ways to adapt to the ongoing changes, if they wish to remain competitive. As technology in all of its disruptive incarnations lays the foundation and



determines the rules of business, it is critical that leaders in family businesses adopt an innovation-friendly mentality, and adapt to technology-enabled commerce.

Family businesses have a substantial impact on the world economy. Making up eighty to ninety-eight per cent of all businesses and employing between half and three-quarters of the global workforce.

Given their sheer economic importance, many family firms worldwide will be, and indeed already are affected by the digitalisation movement. Consequently, digitalization could foster family business professionalization. Given that such professionalization has been argued to be important to family business survival, digitalization may in turn affect family businesses long-term survivability. At the same time, family businesses may be confronted with specific challenges. Among these, inter-generational conflicts may peak as older generations are reluctant to quickly adopt digital technologies, while younger generations push for instant adoption.

Moving along, Dr Gerada also then spoke about instituting a well-developed sustainability plan and the tangible and intangible benefits to a family firm.

Sustainability is a serious business. A well-developed sustainability plan will help the family business mitigate risk and will position it to leverage opportunities for value creation. Sustainability is particularly relevant for family-controlled businesses, which are strongly connected to their communities and are oriented toward preserving wealth and ensuring success for future generations.

While some local family businesses regard sustainability issues as no more than required compliance with regulations, other family businesses have embraced it as an opportunity for significant value creation. Nearly all family businesses can reduce operating expenses through increased energy efficiency, reduced water consumption and elimination of waste.

Economic growth patterns, growing populations, and current production and consumption patterns reliant on finite resources have adversely affected the environment, to the extent that a 'business-as-usual' approach, revolving around unsustainable practices, is no longer an option. The environment and the economy are explicitly linked and can no longer be considered in isolation from one another.

Malta's commitment to the shift to a green economy is expressed in the Government's programme of work, through the implementation of a strategy based on best practices that put the environment at the core of decisions made while aiming to achieve economic growth that gives due consideration to sustainable development.

To this end, the Ministry for Sustainable Development, Environment and Climate Change has proactively tackled this issue of Green growth head on and a number of initiatives have been put in place to serve as catalyst to the many family businesses to take on the all important issue of going green.

## THE ROLE OF TECHNOLOGY IN ENHANCING THE PROGRESS TOWARDS CARBON-NEUTRALITY IN THE MARITIME INDUSTRY

*Article by*

*Kevin J. Borg, CEO at Malta Maritime Forum and MEA Consultant*

The maritime industry is already the most energy efficient mode of transport of goods and people. This efficiency results from the critical mass it enjoys – transporting 23,000 containers at one go, on a single ship. Shipping gives the lowest emission cost per ton mile, so therefore, the carbon footprint of transporting, say, a shoe-box is much smaller if transported by sea as compared to road or other forms of transport. For this reason, shipping already transports over 80% of world trade in tonnage terms, but if a larger proportion of traffic continues to be shifted onto waterborne transport, that, by itself, will make this mode of transport even more efficient.

Whilst this gives scope for expansion in the maritime industry, the growth which the industry wants is of the green and sustainable type, not merely because it is being expected to do so by International regulatory frameworks and ESG considerations but because the industry itself is a victim of grave, climate change consequences. Rising sea and air temperatures, shifting sea levels and the frequency of extreme marine events like tropical storms and cyclones are most devastating to the operations of the Industry. Clearly, there can be little doubt that the Industry's chances of achieving its carbon-neutral ambitions without the adoption of technology would be very slim, so the road ahead is, indeed, a "twin transition".

### **The Challenges**

The critical mass and sheer magnitude associated with the industry serves as a double-edged sword when it comes to progress in achieving environmental targets. Ships, on average, take a minimum of three years to build and have an average life-span of around 25 years. The cost of investment (around €130m) for a new container ship is not comparable to the capital outlay of a few thousand euro for any road-going vehicle.

Moreover, the industry is vast and diverse and extensive coordination is required between all the various components in the industry and all the different countries they take place in. Key stakeholders besides Ship-owners here are charterers, ship-builders, port operators, port services, navigation control, fuel and bunker suppliers and several others. Indeed, advancement in research into new alternative fuels needs to be co-ordinated with stakeholders in the fuel distribution network, builders of propulsion systems, training institutions, law makers, insurers, financiers and others.

Needless to conclude, therefore, that the magnitude of the decisions is higher in the maritime industry compared to other modes of transport and the risks are obviously higher

### Current Encouraging Developments

These challenges have been mentioned in the interest of context as opposed to justifying any calls for a status quo. In fact, ongoing research has been taking place and continues to take place in order to find new Engineering and Digital Solutions to render the Maritime Industry more digital, autonomous, better integrated and, above all, less polluting. The industry is already implementing numerous breakthrough technological and operational measures, such as slow steaming, weather routing, contra-rotating propellers and propulsion efficiency devices, can deliver breakthrough advancements towards lower emissions and fuel consumption. These developments evidence the fact that the maritime industry is serious in implementing its transition towards a digital and carbon-neutral future.

To start with, it is interesting to note that 2021 saw an annual record for orders placed on new ships in just the first 8 months of the year. Whilst this development augurs well in terms of the pace of fleet modernisation, it must also be stated that the effect of orders placed in 2021 will not be felt before the three-year lag it takes to commission a new ship. Further gains in the pace of fleet modernisation remain constrained by the fact that there are fewer shipyards around the globe today (120) than in 2008 when the previous record was set (around 300).

In 2017, in fact, CMA CGM, the leading worldwide shipping group, signed a contract with a Chinese shipbuilder to produce 9 LNG-powered ships for a combined cost estimated at USD 1.2 billion. One of these ships– the largest LNG-powered vessel ever built (the Jacques Saade with a capacity of 23,000 TEUs and measuring 400m in length) commenced commercial operations in September 2020 and immediately started operating on the Malta route.

This development had positive knock-on effects on terminal operations in Malta. In order to accommodate the Jacques Saade, in fact, the Malta Freeport invested €20m in six new German technology megamax quay cranes which besides the necessary stacking capability are more energy efficient and less noise polluting. Besides, the Freeport recently invested in separate technologies that optimise job distribution to Terminal Tractors and the efficiency of Rubber Tyre Gantry jobs which reduce idling, undesired truck turnarounds and container re-handling.

Moreover, through a recently announced development referred to as “The Grand Harbour Clean Air Project” at a cost of €50m, Infrastructure Malta is investing in a Shore to Ship Power project that will allow cruise liners and eventually Ro-Ro vessels to switch off their on-board power generation plants and plug in to shore-side electricity points to power their on-board services. This project complements Exhaust Gas Cleaning Systems (commonly referred to as Scrubbers) which is equipment installed on vessels to entrap plumes from the main engine funnels before reaching the air. The scrubbers turn the gases into liquids which are treated before they are disposed of.



### **Further New Green Shipping Technologies**

The industry is now adopting Digital Performance Optimization Platforms incorporating several participating vessels. All such ships are installed with pieces of hardware that read data referring to vessel positioning, speed, RPM which is then transmitted to a central node that aggregates information gathered from all ships. The node then uses AI and complex algorithms involving external data related to forecast weather conditions, tides, currents and traffic to suggest alternative routes to the different ships. The platform helps to reduce operational costs on fuel and maximises fuel-efficiency and emission control. The system also optimises planning at ports giving almost perfect Estimated Times of Arrival.

Research has also resulted in the development of Electric Azipod Propulsion systems that do away with a fixed rudder system on vessels and use a 360 rotating propeller to steer and thrust simultaneously. This type of propulsion is integrated with innovative bridge controls, sensors, digital reporting and automation and propulsion technology. As a result, the vessel achieves around 20% less fuel consumption and emission control

Although electric power has its limitations for Maritime applications in terms of power and-range capabilities, new technologies in Green Dynamic Positioning Systems can be installed on certain categories of vessels to optimise fuel consumption of generators and thrusters. As a result, a vessel may sail more efficiently and save fuel by switching completely to battery-power. The Dynamic Positioning System also enables the vessel to operate more silently and to remain in position without moving allowing certain delicate operations to take place even in offshore rough conditions.

### **Use of Alternative Fuels**

There is no denying that the game changer in reducing the Industry's environmental impact even further would be via a stronger shift towards renewable and alternative fuels. Scientists around the world are, in fact, testing new propulsion methods capable of replacing fuel oil in ships. However, according to a study by researchers at The University of Manchester, there is no widely available alternative fuel that can be used for powering ships. Some of the alternative fuel options analysed have the potential, but only if key barriers can be overcome.

Heavy Fuel Oil (HFO) is increasingly being replaced with Low Sulphur Diesel which is widely available but this is far more expensive compared to HFO and is still a fossil fuel. As already mentioned, Liquid Natural Gas (LNG) is gradually making inroads into the industry and in the process. Although LNG cannot be considered an alternative fuel (because it is not renewable), it reduces Green House Gases (GHGs) by 20% when used to power ships and produces no particulate matter. For this reason, LNG provides a viable solution for the long term. LNG's GHG performance represents a major step forward when compared to conventional fuels. On the other hand, its adoption is hampered by limitations in distribution channels. Whilst it is readily available in bulk at circa 150 locations worldwide and there are huge bulk LNG infrastructures including regasification terminals and liquefaction plants globally, LNG-powered ships are still unable to refuel in and around Malta.

Further afield, the Industry is experimenting with Ammonia which is made up of Nitrogen and Hydrogen, so after burning it produces Zero Emissions. Besides, Ammonia is safer and easier to store than LNG and LPG and is non-cryogenic, however, significant limitations with respect to sourcing and on-board storage still remain. Nevertheless, Ammonia continues to be studied seriously whilst being piloted project on vessels. One such pilot conversion powers a vessel with a 70% ammonia blend as part of an ultimate objective to achieve complete operation with ammonia and with a minimum ignition fuel requirement.

Lastly, one must also consider the advances in Hydrogen as the most basic renewable fuel generated by electrolysis. Hydrogen is carbon-free and generates the lowest emissions from combustion. It is safe in handling, transport and storage processes, however hydrogen needs to be compressed to 700bar or liquefied to -253oC whilst handling. Wider usage of hydrogen as a fuel to power ships is, therefore, hindered by critical supply and distribution issues.

That said, heading towards 2050 and the related carbon-free objectives, Hydrogen and Ammonia are considered as the climate-neutral ship propulsion system of the future especially because retro-fitting conversions projects on existing ships are possible, even in Maltese yards. These alternative fuels are perceived as key contributors to shipping's future energy transition for implementing new environmental-friendly technology on both existing vessels and even on new builds.

In conclusion, it is more than obvious that much more R&D and investment will be necessary in the coming years to allow the maritime industry to address and respond effectively to the current and future climate and environmental challenges, whilst taking into account a safe implementation of technologies and concepts. It is equally clear that in proceeding in its journey towards the green and technology transitions, the Maritime Industry requires the right dose of encouragement from the authorities, in terms of targeted finance and resource support. The authorities, particularly the European Union, must also ensure that implementation timelines are aligned with competitiveness considerations. If these safeguards are firmly in place, the Industry is optimistic and enthusiastic about adapting to the new environmental realities through the adoption of innovative, climate-proof technologies that will allow it to fulfil its carbon-neutral ambitions.

## PANEL INTERVENTION TRANSCRIPT

*Dana Farrugia, CEO at Tech.mt*

A lot of change is happening and I would like to touch base on something very specific which is perception. Businesses perceive technology innovation as expensive and this is a very wrong perception because nowadays, with subscription-based software, costs actually are less than having your own custom-made solutions or buying a whole system for yourself.

We are an SME ourselves and I can vouch for how much cost-effective subscription-based services are. With regards to technology companies and the effect of digitisation on our environment, in Malta sometimes we think that we're not there yet. In reality, we have done a lot. From 2014 till today Malta has advanced in environmental sustainability by over 57%. This is the greatest increase out of all EU member states. There is still a lot that we can do in specific areas, particularly, waste management or pollution management and control and data sharing.

Innovation and technology nurture an environment of collaboration and data and research sharing. However, an island state like us sometimes might tend to suffer from this collaboration and sharing and we need to keep nurturing as an EU block for data sharing the happen as a union, not as isolated countries. This will help us monitor patterns even more and identify practices that are more environmentally sustainable.

To conclude, we as Tech.mt were established to help the technology sector to grow. Environmental sustainability cannot happen without going digital. Going digital will save us a lot, will optimise a lot in our lives. So far, in order to break that perception, we have embarked on a mission to visit companies ourselves, ask them about their processes, and help them identify how they can save and optimise out of digitisation.



## ANNEX / SECTION 3

### ENTREPRENEUR TESTIMONIAL - 01

#### GREEN TECHNOLOGY IS KEY TO BUSINESS GROWTH

Article by

*Ing. Daryl Schembri, General Manager at AIS Technology Ltd*

As companies reflect on the disruptions brought about due to the pandemic, it is understandable that some are still uncertain about the long-term benefits of digital technology. Many business leaders were forced into adopting digital technologies in haste. As a result, they are yet to exploit the full potential that digital technologies such as the Internet of Things (IoT) can bring to their business.

However, to stay competitive in this new business and economic environment requires new strategies and practices. Studies have shown that business leaders are beginning to understand technology's strategic importance as a critical component of their business, not just a source of cost efficiencies. Businesses that have successfully executed digital technology implementation have seen a wide range of benefits, including greater customer retention, optimised processes and a positive impact on their ESG (Environmental, Social and Governance) metrics.

A key driver of this journey is the Internet of Things or IoT. The Internet of Things is a suite of technologies and applications that equip devices and locations to generate all kinds of information—and to connect those devices and locations for instant data analysis and, ideally, “smart” action. IoT brings together Green Technology and digital transformation, by delivering solutions that grow business whilst also leaving a positive impact on the environment around us.

For many companies and organisations, green technology should be a key aspect of their digital strategy, permeating all aspects of their operations. Sustainable practices should be embraced from the top floor to the shop floor, with a continual drive to develop new and more sustainable solutions that use IoT.

Companies that have already invested in green technologies are starting to reap the benefits. Solutions such as Smart waste management, Smart Parking and Smart Agriculture solutions make use of IoT-based sensors to improve operations and have a direct impact on minimizing the effects of climate change.

#### **Smart Waste Management**

A Smart Waste monitoring solution uses next-generation IoT technology to continuously check waste levels inside waste bins. Waste monitoring sensors are installed inside waste bins, which collect and transmit information into a central database. Key parameters monitored by the sensors include bin fill level, ambient temperatures and alarms. All sensors are battery-powered and communicate wirelessly through a nationally available

IoT network. By collecting data in real-time, waste collection operators can react quickly to changing demands and trends in social behaviour.

The solution incorporates Artificial Intelligence (AI) to cater for scenarios when sensors are offline. Waste management is a harsh environment for technology and in reality, systems are not operating perfectly 100% all the time. By applying AI modelling, the solution maintains a high-quality service even in instances with pockets of data are missing.

The Smart Waste monitoring solution provides numerous benefits to waste operators, local authorities and the environment. Thanks to nationwide IoT coverage, waste bins can be installed anywhere across the country. Battery-powered devices with a long lifetime ensure maintenance costs are kept to a minimum. Waste operators benefit from increased operational efficiencies, leading to reduced costs.

Significantly, one of the biggest benefits of this green technology is the positive impact it has on the environment. These include a significant reduction in unnecessary collection trips, an increase in recycled waste collected and a lower carbon footprint through reduced vehicle emissions.

### **Smart Parking**

Smart parking solutions are an effective way for business and local authorities to take advantage of green technology, thanks to IoT. Smart parking utilizes smartphones and other sensing devices to ascertain the occupancy of a parking structure or level. It's accomplished through the use of cameras, counting utilities at the entrances or gates of parking structures or sensors directly embedded in the pavement of individual parking spaces.

Using real-time parking data and extending it to people who can use it to quickly and easily locate parking will alleviate many problems caused by parking in urban areas. Such technology can help guide visitors to available parking spaces, whilst reducing traffic congestion, CO2 emissions and unnecessary fuel use.

### **Smart Agriculture**

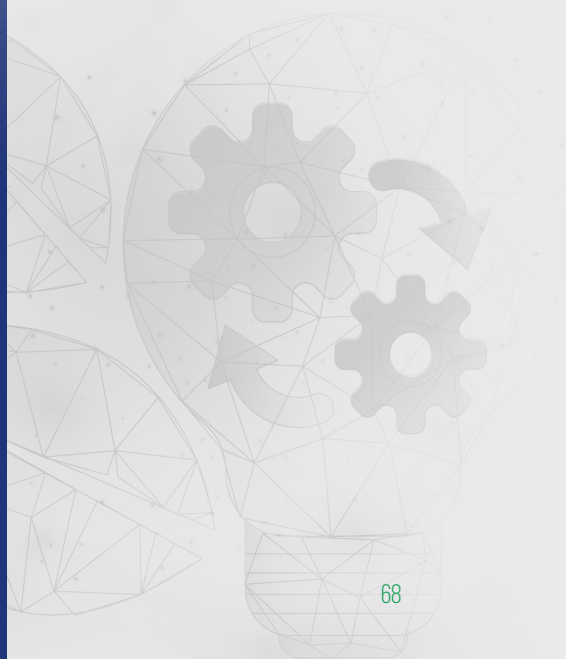
In agriculture, IoT technology can help farmers embrace sustainability by monitoring the environmental effects of crops production. Environmental monitoring solutions use IoT sensors to collect environmental data that measures current situations and detects potential problems before they can become disasters. Furthermore, wireless IoT soil moisture sensors collect data to optimise the operation of irrigation systems only when needed, thus cutting costs whilst resulting in a better yield.

### **Green Technology is a Driver of Growth**

Digitisation has begun to transform many industries and businesses, as they build a path towards future growth. Green technologies are a key aspect of this journey, as they can deliver an attractive return of investments, optimise business processes whilst playing a key role in facilitating the smart environment that we all need.

IoT solutions that leverage cloud computing, wireless sensors and Artificial Intelligence are

undoubtedly capable of creating a smarter, more sustainable planet. Environmentally-conscious companies and organizations can reap great benefits by investing in green technology to accelerate growth whilst having a direct impact on minimizing the effects of climate change.





## ANNEX / SECTION 4

### SECOND PANEL DISCUSSION SMES NATIONAL FORUM 2021

#### THE NEED FOR GREEN ENVIRONMENTAL PLANNING

*Keynote recorded message transcript*

*Prof. Simone Borg, Ambassador Climate Action*

I will be discussing a bit what we aim to do when planning for a just transition for sustainable development and climate change.

I think we should start first by defining what is a just transition in the sense, what do really mean JUST Transition, does not mean just for the sake its only a just transition but it is a just transition that id a transition that is ensuring justice.

What we are saying is that if we are going to put into a fact the change in the economic model from what we have today to a decarbonised economy model, then we need to create the level playing field and we can do this by addressing the social economic and environmental costs, risks and vulnerabilities involved in implementing the transition.

It will be the sectors that are mostly negatively affected that to be supported most. The first thing that we need to do is to ensure that we identify which are these sectors and then understand which are the jobs that are mostly at risk, what kind of upskilling and reskilling we need to carry out.

The Covid pandemic have definitely brought a lot of hardship on our businesses, on our workers, on our employers. It has affected our way of life and has had tremendous impact on our mental health.

Definitely Covid pandemic have had also a huge impact on the economic status of the country. However, it has also highlighted the vulnerabilities, how frail our environment is and therefore is no consideration to choose between Covid and Climate Action, but rather to link the two, to put the two in sync with each other.

Covid has made us re-think our ideas to what constitutes the critical infrastructure of our country, for example looking at how supply chains are thrown in this aery. Energy security, food security, it has made us appreciate the linkages between the sustainable development goals, how they constitute in fact fundamental requirements for our country.

We need to ensure that to prevent the widening of disparities we must make sure that recovery is not uneven but there is a level playing field.

We will not only rely on new technology to effect decarbonisation but we must also ensure that we have the necessary capacity building requirements in order to secure that we

have the right expertise in effecting the transition and we need to also look out how our long-term growth will lead to resilience and avoidance of future shocks.

But how can we do this? It's by prioritisation and accelerating the targeted support.

Our economic diversification will require that we finance the necessary investments we nudge the behavioural changes and the way our businesses run their course, in the sense that we need to award those businesses. We need to direct our businesses our private sector to take the right options and one of the ways how Government perhaps is considering doing so, is to dive into a further and have granular stakeholder's dialogue.

This is essential for a just transition, because we need to understand what are the concerns of our private sector, the concerns of our businesses, particularly the micro businesses and also what are the concerns of our citizens.

It is only by going granular in our stakeholder dialogue that we can understand and learn more and more how we can look at facilitating decision making power and responsibility. This would also create the right kind of trust building that's necessary to generate private investment.

To identify and address structural changes specially to understand what kind of support we need for capacity building we must start to build these partnerships amongst ourselves between the public sector, the private sector and the cross sectors. We need to also ensure an integrated place-based approach which ensures synergy and coherence between investment supported under the just transition plan. The just transition needs to be anchored in tailor made strategies that are effective at the National level.

Apart from addressing the source of climate change which are the fossil fuels, apart therefore from tackling mitigation we also need to prepare ourselves for adaptation to climate change how our lives will be affected by climate change how our businesses will be affected by climate change and this is a risk we need to understand therefore the risk factors that will emerge as a result of this existential threat.

A challenge we have, for example in understanding the each other, especially trying to avoid working in silos and instigate synergy.

If we look at what we have done on the National Level recently we have had the National Climate Conference, a lot of work had been done beforehand to start these cluster groups in different areas for example cluster group on transport, a cluster group on sustainable finance, a cluster group on the building and construction industry.... These are the type of granular stakeholder dialogues that we need to start discussing between ourselves. What and how we can improve and this has been possible because we have also the legislative framework, we have a climate action act that sets up a climate action board which is made up of Government officers but also the academia, a representative of business, NGO's and also close, close discussions with the National Youth Council.



What has been our experience so far? ... I think the biggest thing we need to focus upon is what I had already referred to, the synergies. The need for forward planning and hence the kind of topic that we are discussing today.

And we need to ensure that the kind of forward planning that we aim to sustain our transition for a decarbonised economy is built on a bottom-up approach.

I think it is worth looking a bit at how in the past, whenever there was the need for a transition to a new economic model, not just in Malta but even abroad for example the shift from an economy based on slavery for example as we had in the 19th century in the US, in the south of the US, and also for example reliance on certain activities that were becoming outdated.

The usual arguments were that the existing model offers some form of economic success and wealth something we are used to, so if we change and others not we lose the competitive edge. Change might lead to poverty, joblessness and dependent sectors will not be able to survive.

But we know that history had shown us that one cannot resist change, adaptation as Darwin used to say is the secret of success and in fact new economic model arguments show that once there is an alternative it is not justifiable to persist because others are still doing the same thing. Once something is harmful we would be advantaged if we are innovative, because we are piercing through a new system a new economic model and change should be seen as an opportunity to our niche new jobs new business opportunities where the dependent sectors can be retained and restructured. The important thing is to ensure a just transition that no one is left behind, everyone is given the chance to make a, to improve and become part of the new economic model.

I think it is high time that we change an existing economic model that does not take into consideration the natural capital deficit. It is neither socially nor economically just, to continue to keep the status quo, and resources are not infinite, so our business will pay the price if we do not make the change.

The entire community and especially the most vulnerable will be the hardest hit so economical and social and environmental interest in curbing pollution having clean transport and greening the environment, minimizing and dealing with ways become more energy efficient and not entirely dependent on fossil fuel energy resources. This is the kind of future that we need. The kind of future that will make our country a leader, that will make our businesses leaders in the wider world.

The best human achievements always seemed like a futile attempt or a utopia in the face of pessimism that things could change, but at the same time history has shown us that the sense of commitment shown by people that believed in change was often appreciated much later by future generations."



## PANEL INTERVENTION TRANSCRIPT

*Prof. Ruben Paul Borg, Academic at the Faculty for the Built Environment. President of NGO Sustainable Built Environment Malta (iisBE Malta Chapter) University of Malta*

The truth is that we have to set the scene. The scene is such that we have a high consumption of natural resources in the construction industry and we generate large quantities of waste. With Malta being an island state, this problem is even more pronounced. Also because of the negative outlook of the sector, I do believe that there is a negative perception of construction also because of the way we consume materials and natural resources and generate waste. Why concrete? Can concrete and green co-exist? We talk about concrete because in truth it is consumed in large quantities and has a huge impact. In terms of human consumption globally, it is second only to water. The truth is that the trend shows that there is an increase in the consumption and production of concrete.

There is an increased reliance on the material. Therefore it is argued that slight contributions in this sector can lead to huge benefits overall in terms of a green economy because of the sheer large volumes we consume. Therefore there have been improvements in the way we produce the material, in the way we choose the ingredients, the constituents to produce the material, and this led also to important opportunities for the industry itself. Therefore the way we exploit waste, or rather, by-products from other industries. We try to avoid using the term "waste" because there is an opportunity in these waste by-products. This leads to lower consumption of non-renewable resources. We try to recycle aggregate; we use alternatives to cement because of its high embodied energy and impact. It was realised that when we go for this approach there is also an improvement in durability performance. This leads me to an important point. Through the exploitation of these alternative materials that contribute to a greener concrete there is a large improvement in the impacts, therefore a reduction in global emissions but a longer life-cycle approach that encourages improved durability of structures. Now, this is beneficial because this leads to lower needs of maintenance, improved and safer infrastructure and therefore in the end there are benefits. You gain by reducing waste, you gain by reducing consumption of non-renewable natural resources and at the same time, you have a longer lifetime performance with improved durability. This leads to lower maintenance costs and also generates new opportunities because there is the need for the retrofit of structures. There is also the need to measure well these improvements. Measuring is key because otherwise, we can fall into the trap of greenwash sometimes. How do we measure? There are sustainability assessment tools that help us measure correctly the true impacts. It is sometimes argued that the exploitation of timber as a renewable resource leads to benefits. It may be the case. But one needs to put into the equation for example the transport distances, the lifetime of the structure or building.

At the end of it all, if we manage the resources well, we get improved quality and also new opportunities for small and large industries to exploit new opportunities in recycling for example.



## THE GREEN DEAL AND ECONOMIC GROWTH

*Article by*

*Prof. Alex Torpiano, Dean of the Faculty for the Built Environment,  
Executive President at Din l-Art Hehwa*

The Green Deal is a European Union blueprint for post-Covid investment, which is intended to make Europe “the first climate neutral continent” in the world by 2050. This has to be done by reducing our continent’s emissions at least by 55% by 2030, compared to 1990. Malta’s share is relatively small, but we have already negotiated down our effort to, I believe, 19%.

The problem with this is not quite that our share of de-carbonisation has been reduced, but with the way we measure carbon footprint. Let me refer to the construction industry. Much of our focus in the construction industry is on increasing energy efficiency of buildings, but this does not take into account the embodied energy of buildings. Demolishing old building stock is literally throwing away, and hence “emitting”, embodied carbon. So where are the policies which make people pay for the embodied energy when they demolish property?

Together with the Green Deal, the EU has launched the New Bauhaus initiative. This is very interesting because it acknowledges the link that exists, or should exist, between sustainability and aesthetics, as well as with “inclusivity”. The initiative is promoting a new, community-based, approach to design, and hence industry. This concept is not limited to building, but extends to other aspects, such as fashion, or cultural activities, (and cultural heritage).

The desire is to make Europe a leader in “design” related to energy efficiency, and sustainability, as a way of promoting a strong economy. How this initiative is going to pan out is not clear to me, and I hope it will not become a buzzword without meaning. If it does not become a buzzword, and politicians understand what we are talking about, then it could be a very exciting thing for Europe, and for Malta. Basically, we could start reversing all the ugly things that we have done to Malta in the name of economic growth - or rather, we could start by not continuing to do ugly things.

This brings me to economic growth. This phrase raises many questions. To talk about economic growth, one must first of all talk about how to measure growth. What parameters does one take into account when measuring growth? Is it GDP? First of all, there is the issue of what parameters GDP catches. When a field is sold, there is a contribution to GDP. If a block of apartments is built on this field, then there is a contribution to GDP. Indeed, if there is a fire, and the apartment has to be repaired or rebuilt, then there is a contribution to GDP. Ironically, natural disasters add to GDP! But the loss of the field barely registers. Perhaps one could quantify the economic loss of the crop that the field used to yield. But how does the loss of biodiversity register? How does the loss of “well-being” register? How does the impact on mental health register? Or even how does the “uglification” of the area register on the GDP? And the dust, and the traffic disruption?

It is not surprising, therefore, that many economists, and indeed many countries, like Bhutan, Netherlands, some US states, and entities, like, in Malta, the MEA, the Justice and Peace Commission, and, abroad, the UNDP, the OECD, EU, have proposed that the GDP is, at the very best, an outdated means of measuring GDP, and, at worse, a metric that misses many parameters that are now recognised as important for well-being. Indeed, many have pointed out that measuring the amount of growth is useless if one does not factor in how the “resulting wealth is divided”. Alternative metrics have been proposed, which take into account parameters related to the quality of life: Gross National Happiness, Thriving Places Index, Happy Planet Index, Human Development Index, Green Gross Domestic Product, Genuine Progress Indicator, Better Life Index. Economic theory is also evolving, and some countries are embracing these new concepts, for example Amsterdam embracing the Doughnut Economic approach, and launching the True Price Initiative

Therefore, I would like to challenge the statements often made that climate change is “an opportunity” for economic growth, as if that were automatically a desirable thing, or a reason for us to do certain things. We must not justify reform to combat climate change by pointing at the economic opportunities. As has been pointed out, climate change is an existential issue. We must undertake reform, even if it leads to a reduction in economic growth - at least as measured with the conventional parameters. Some people have argued that for real Sustainable Development, some countries, notably the west, must consume less, if they wish for the rest of the world to catch up on SDG. We need to transform consumption patterns.

Coming back to economic growth, I believe that Malta, as a small country, should have taken the initiative to use alternative metrics to measure well-being, and in particular to evaluate whether particular policies do yield sustainable benefit, or whether they only result in an increase in GDP, while actually having a negative effect on our well-being.

In Malta, there has been a sustained growth in GDP. So why are more expatriates going back to their country, complaining that Malta is no longer attractive to live in. Why do 60% of our young people wish to go live somewhere else. Is this not something that ought to be taken into account?



## ELECTRIC CARS – SAFER ROADS

*Article by*

*Pierre P. Vella, Executive Chairperson at Malta Road Safety Council*

We are all approaching yet another challenging year where we all have been adapting to a new way of doing business and most importantly communicating. Networking is one of the prime objectives when it comes to reporting and most importantly sharing experiences when it comes to road safety. Relating and discussing circumstances one to one is nothing close then reading a report, road safety is a passion and devotion to act and perform better every day, every minute because road safety is making lives safer.

The Malta Road Safety Council, is a group of professional individuals whose lives dwell on road safety 24/7, each council member's full-time job deals directly or indirectly with road safety, it is also their vocation towards saving lives be it physically on our roads, tuition at our schools, keeping us well, making our roads safer from an engineering aspect and also from an enforcement aspect. We tend to address also the less fortunate who commute on our roads including vulnerable users who make use of the roads plus others using other modes of transport. The council was setup in 2015, with one main objective, creating awareness, most importantly listen and act to what is happening on our roads. We are a recognized group, with responsibilities governed by Transport Malta, we also form part of various foreign entities relating to road safety. However, we do not have any legislative power to impose, however the strength of the council lays in its members, these carry around a wealth of experience with various proposals made are heard and at times even implemented. Through our members we have lowered alcohol levels, introduced the driving license points system, have an incredible network of communications starting from schools and heading up to the industry, create road safety awareness which is adapted according to our dedicated audience.

This summer we embarked on an exercise of offering free first aid courses to new licensed road drivers, we took this further with most of the driving schools coming on board and participating in the project, we have further extended our project doing sessions within the industry where commercial/delivery drivers are involved illustrating the importance of first aid within a motorist perspective. The driving license examination is successfully undertaken at around the age of 18, after that one hardly gives a glimpse or thought of what happened on that day, how attentive one performed on the day to get that pass mark, however at times one gets the impression that most drivers did not even go through any sort of driving training, with the amount of reckless driving visible on the roads.

First Aid is not a commodity but a necessity, one cannot predict when this training will be used but when the moment arrives, it would be for a very good and valid cause.

Coming to sustainable mobility, the SMEs and Green Growth - The Journey Ahead Seminar was definitely an eye opener considering what had been discussed and most importantly proposed. It was encouraging to illustrate as a Malta Road Safety Council what we are doing when it comes to greener mobility with our long-term exercise driving a fully electric car, the benefits that come with it but also the aspect of safety of the vehicle and its occupants.

During my personnel stint of eight years driving an ev in Malta, thankfully I never experienced any sort of electrical myths of getting electrocuted when driving in the rain or else just giving the vehicle a car wash. However, a word of caution, anyone who likes to tinker around his ICE (Internal Combustion Engine), can just forget it. Reason being that a lot of electric energy is going around the electric motor so preferably opening the bonnet hood is just to top up the windscreen washer and visual checking of the coolant levels if your batteries are water cooled. Electric vehicles are being promoted as a way forward even locally with hefty government grants being offered to do the switch, true that pricing of such cars are still on the high side. Is it a case of demand, well one has to appreciate that these vehicles are going through a massive evolution stage, there was a time when ev where just something different but now the race is on making these cars more dependable and affordable. But as a consumer how should I go around of buying an ev, or else should I opt for a hybrid version. Primarily this will all come down to the available budget, electric vehicles might be the most expensive however if one decides to take this path, one must look at what is on offer and how this car is going to be used in the sense of distance covered per week. EV comes with different specs like any other vehicle, one spec is the battery range, this will definitely have an increase in price and also an increase in weight, another issue is the motor, how powerful the motor is which might result in a higher consumption and less range. Another issue is if the batteries are water cooled or air-cooled, with our extreme climate of excessive heat and high humidity batteries tend to suffer during charging and performance, so water cooled would be the way forward. One might also opt for a hybrid, if it must be a hybrid would I go for a plug in or a normal hybrid. The difference of a plug-in hybrid will give one the ability to charge the batteries where a non-plug in will self-charge. Again, the range of the batteries is something to consider when it comes to commuting. One must see the availability range of the batteries so as to maximize the distance covered being done under battery power with the ICE kicking into supplement power/ provide propulsion or else to regenerate the batteries.

So yes, before taking the decision, make sure that it is the right one, appreciate that these types of vehicles are relatively new and there is not much to go on with regards to how long will these last, having said that technology is fast evolving with an ev produced now is light years advanced with one built in just eight years ago. Would I hold on to my ev like my normal ICE, probably not unless the possibility arises when it comes to battery cells being replaced or regenerated? These are the only variables we must address, also giving the possibility of the batteries being not recycled but re generated in our functionalities within our dwellings to maximize their usage and most important recycling which eventually will be a bit of an issue.

Electrification might be the buzz word now but for sure it is a fast phase the world is going through with the possibility of even greener technologies just round the corner.

## ESG FOR SME'S – THE ONLY WAY FORWARD

Article by

*Dr Roberta Lepre', Corporate Sustainability Consultant at Weave Consulting*

Last November, I was invited by the Malta Employers' Association to participate in a panel discussion being organised in the context of their annual conference. This was one of many conferences and events this year which tackled the concept of corporate sustainability. Having started off working in this field a few years ago, I was pleasantly surprised with the momentum that the concept has received in the past year or so.... what a contrast to previous years, where the mere mention of corporate sustainability would be met with cynicism and resistance. It can be safely said that in the last few months the concept of sustainability has moved from the fringes to the mainstream.

But what do we mean with 'corporate sustainability'? And how does this relate to ESG? By definition, Corporate Sustainability is an approach aiming to create long-term stakeholder value through the implementation of a business strategy that focuses on the ethical, social, environmental, cultural and economic dimensions of doing business. The strategies created are intended to foster longevity, transparency, and proper employee development within business organisations. This therefore requires a fundamental shift in mindset : whereas traditionally businesses were solely focused on the 'bottom line' and on bringing 'value' to shareholders, today the expectation is to bring value to a wider range of stakeholders. It ties in with the concept of corporate social responsibility, which entails companies taking responsibility for their impact on society. The terminology has now evolved further towards the concept of 'ESG'. ESG (Environmental, Social and Governance) criteria are used by socially-conscious investors and shareholders to screen investments and assess a company's impact on the world. They affect how your company will gather and retain funding from investment funds who have a 'socially responsible' investment strategy.<sup>1</sup> It is therefore imperative to keep in mind that the implementation of sustainability within an enterprise needs to be holistic in order to be effective – that is, it needs to factor in all the 3 ESG pillars. This kind of approach is what is required for the fostering of the Green economy.

A green economy is defined as 'low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investment into such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.'<sup>2</sup> Thus the term 'green' does not only relate to environmental considerations, but it also takes into account the social dimensions, not to mention the tenets of good governance.

So what is driving this impetus? There are various factors – the push being created at the EU level with the adoption of the 'Green Deal', the upcoming introduction of the Corporate Sustainability Reporting Directive, not to mention the growing consumer trends towards brands which are aligned with positive values. However one must not underestimate the fact that a corporate sustainability approach ultimately makes good business sense. A well thought out and executed sustainability programme can not only help the enterprise

make substantial cost savings, but if done strategically, it can also help the enterprise become more efficient and profitable by attracting and retaining the best employees, innovate its product and service offering, and attracting a wider client base – not to mention attracting partners and investors. All this has been amply studied and the correlation between sustainability and profitability cannot be ignored.

This approach is not just for the larger corporations. Being smaller and leaner, SME's enjoy a substantial advantage in that they can better leverage the power of a well-executed sustainability strategy to compete with the larger players. And the good news is that we don't need to re-invent the wheel ... with established frameworks to follow, the development and implementation of such a strategy does not need to turn into a complex and costly exercise. Furthermore, with Malta Enterprise's recently launched schemes, the bulk of the cost can also be covered. With all these tools and resources in place, it would be just madness for an SME to delay the adoption of a corporate sustainability strategy, which can be the main strategic tool that would enable it to not only survive, but thrive, in the new 'Green', post-covid economy.



## OUTSIDE, LOOKING IN

*Article and intervention from the floor transcript*  
*Doris Sammut Bonnici, Senior Vice President at MEA*

A brief look-around us would see that Malta is finally on the way to go for 'Waste to energy' as a solution to the high percentage of safe combustible material as a disposal option. Manufacturing industries are well regulated as regards to the management of difficult and hazardous wastes, and therefore we can say that this type of waste is well and safely managed. The same cannot be said for some small services and some garage industries, which escape the enforcement net, and get away with 'an arrangement with the council', or otherwise free-rides the domestic wastes stream.

Local industries also recycle their primary and secondary packaging materials, with either a self-compliant direct contract or by joining the 2 main schemes through membership and collective wastes post-consumer reclamation. Although there is still much to be done as regards to the high percentage of rejects found in the post-consumer wastes stream, the wastes contractors and operators cannot be expected to rummage into the bags of recyclables to check what the householder has seen fit to dispose of and in what way. As for the reliable licenced Contractors who can be counted on one hand, these are fighting an everyday battle when they have to compete with the government, and the cowboys in the market. There is no level playing field, and the law enforcement seems to apply only to the established few compliant companies, while everyone else does their own thing, whether it is a 'one man-one-truck set-up or a behind closed doors activity. It seems that legislation like 'Fit and Proper Person Act' and 'Duty of Care', crucial regulations adopted by most European countries, have been waylaid, or stuck in the pipeline. Result being that companies who want to upgrade and give compliant service, instead of being encouraged to do so, are instead weighed down by costly bank guarantees, on-site inspections, record keeping and auditing, up to standard training, and constant vigilance, while others get their cake and eat it.

On the domestic scenario, we are still not managing hazardous wastes from homes, which while being small in frequency and volume, can be collectively quantitative and therefore a danger to contaminating the landfill, or other disposal options. We have not given enough attention to re-use centres, recovery of repairable items etc.

Europe talks of the circular economy, which shall see the product on the market retain as much life as possible, bearing in mind that the initial design, material, and repairability are incorporated in an effort to minimise wastes, and move towards the Green Deal. Soon we'll be looking at central and more regulated and tracked shipments of wastes, not just the hazardous. Europe insists that the proximity principle, where wastes are managed where produced, where possible, is applied. Recycling and other targets are in place, whether we reach them or not, depends on each and every one of us doing their little bit for greener Malta, and Europe.

### **intervention from the floor transcript**

Thank you for allowing me to speak. Everybody is being very positive and thank you all for doing your part in moving toward greener options and tackling climate change. We

haven't heard much about waste management. Have we? It's a terrible subject and everyone seems to push the subject away in order for it not to be seen. Let's have a look at what is happening in Malta. We are trying very hard to get there. We've done millions of reports, we've promised commitments, we've done a lot. But, let's be fair, our regulatory bodies need to be more on a practical approach in the sense that if we make desk decisions without knowing what's going on down there, in the day-to-day problems and challenges we have to face, then regulation is not going to happen or will happen very unjustly as was the case with the enforcement of some regulations, like getting fined €1200 for taking out the wrong bag on a particular date. And other stop permits were allowed to carry on with their work. I'm not here to criticise but to open the window for you to see what is actually going on. And what about our waste sorting? I'm talking about an overall appreciation of what's going on. Let's take the example of rental apartments. If you put on a list of how the waste collection works in Malta, what goes into which bag, and what day the different bags have to be taken out, I would put this into the law to oblige owners to put this information there for their tenants.

The sorting is the problem. We have court cases because contractors or systems are in dispute because of the sorting of waste. Why? Sorting has to happen at the producers' level, in the homes, in the factories, on-site where the waste is produced. Not when the contractor picks it up and disposes of this. How does Wasteserv deal with this? They fine the contractor. How is the contractor meant to know what's in the bin? We had cases where the contractor is picking up recyclable waste and ends up with hazardous waste in the waste collection truck. Then, the contractor is fined unjustly. I'm not saying that it's an easy task. It's never an easy task as waste is a very complicated subject and the management of it is even worse. We must look at "on-the-ground" solutions rather than take "desk decisions".

What about introducing what other countries have introduced: the fit and proper person act that enables any contractor who has any job to do with waste to know what they are doing, to know the classification of what they are touching and what they are disposing and where. And the duty of care is supposedly part of our law but how is it enforced? The duty of care goes even deeper when you have beauticians and hairdressers for example. What about the hazardous substances they use? Do they end up being disposed of where they should according to law?

And the local councils and the contract manager? This person shouldn't be the one who gets 5% and goes after the lorry to see that everything is done. The person should be an expert on the site, similar to the architect on a construction site, and they have to know what is being done and how.

Professor Torpiano mentioned the Bauhaus. I have attended talks in Europe with the Energy and Climate Change Committee where the EU is making a commitment to eradicate substandard housing and we're talking here about energy poverty and setting standards, for example, the size limit of a room, the size of a window, etc. All this is being financed across Europe. It is a commitment. There is a start.

Finally, I appeal to the regulating bodies to accept innovation. Many times, you get to propose certain projects or even as part of a tender and you end up being disqualified because you have been innovative or you have introduced something that is more towards our green economy. With all due respect, everyone has to update, not just the user and the producer but also the authorities.

## ANNEX / SECTION 5

### ENTREPRENEUR TESTIMONIAL 02

#### VIDEO TRANSCRIPT

*Video and panel intervention transcript*

*Mark Cassar, Finance and Administration Manager SAW Ltd*

I am Mark Cassar, one of the management team at Saw Ltd. We have been established since 1991. Our core business is contract furniture. However, now we are diversifying our business into new ventures where we will be introducing a range of furniture which will be also for the domestic market, through our new brand named 'Dari'. We operate from a 10,000m<sup>2</sup> footprint in Handaq Qormi, mostly allocated to manufacturing.

In recent years, we took a couple of initiatives and completed several investments through the help of Malta Enterprise and also the Measures and Support Division. Our new factory launched in 2021, operates partially from PV panels. We also invested in a northern light system where the lighting we get from natural sources. We have also invested in innovative machinery that reduces the waste generated and reuses the little waste material that is generated. We recently invested in a spray robotic line system that has filtering stages that eliminate hazardous fumes from reaching the environment. Through this investment, our finished material is not exposed to our employees hence we are also safeguarding their health and safety during their work. Furthermore, Saw is moving away from the use of traditional materials that are not environmentally friendly and moving towards the use of sustainable materials from approved suppliers. Saw is also currently introducing a paperless administration through a new system being implemented in our business. We are hoping that by 2022 this process will be complete and will be contributing to a greener environment.



## PANEL INTERVENTION TRANSCRIPT

Basically, there were mainly two changes. One from the material side and the second from the machinery side. From the material side, the industry is moving towards sustainable materials. In the past furniture was produced from solid material. Nowadays furniture most of the furniture, even if you visit fairs abroad, they exhibit furniture made of sustainable material. The change in material brought also a big change in the factories. Factories evolved as well. Mainly the biggest change was the amalgamation of technology with traditional machinery. Today, an investment in the manufacturing of furniture is not like in the past. Before you had to invest in separate machinery with each machine doing a different function. Today we are moving towards connected lines meaning that we are moving away from a situation where efficiency is measured by how many hundreds of the same models you can produce. Today, through Batch 1 factories, you can still be efficient but be efficient in a manner that you can produce one of a kind furniture in style and size. That is why it's called Batch 1. In actual fact, with Malta being a small economy, it is a very important aspect of an investment.

Saw Ltd has been looking at this investment for around five years and today we can say that this is completed. In the past five years, through German consultants, we have come up with this concept where we have launched a totally connected factory. An important factor in this investment was not solely the amount invested but the return on investment. We are not solely focusing on the profit bottom line return because with an investment that incorporates technology, you are also enhancing the quality of the work environment for our employees. There is also CSR which clients are also considering as well when making their purchases.

In a nutshell, moving towards a greener environment helped Saw Ltd to evolve and adapt.

## ANNEX / SECTION 6

### THIRD PANEL DISCUSSION - SMES NATIONAL FORUM 2021

#### TOWARDS ENTERPRISES OPERATING WITH GREEN ENERGY

*Ing. Abigail Cutajar, Advisor to the Minister at the Ministry for Energy, Enterprise and Sustainable Development*

I will be speaking about the importance of SMEs and green growth which is normally attributed to SMEs. How we can turn environmental challenges into business opportunities.

We know for a fact that SMEs in Europe amount to around 25 million. The portion of SMEs and their importance is pretty significant. SMEs within Malta, based on Eurostat and NSO verifications account for 99.8% of the whole enterprises which is also one of the major entities around Malta. They also account for 77.5 of the overall employment. This means that if SMEs fail the Maltese economy would fail in this respect. Also, SMEs account for a total of 76.5% of the total value-added. The reason why I am presenting these statistics is not to be too technical but rather to give the importance and value of why we should focus on SMEs.

Policy and Funding. So what policies and funding within the states of the EU are applicable? So SMEs are key in shaping enterprise's policy in the EU and it has also been part of the European Green Deal and the importance of the Green deal in itself. Also, 54% of the recovery and resilience plan which has been recently presented by president Von der Leyen is allocated to the green economy. So this is the reason why we strongly need to shift to a green economy, to one that is much more appealing in terms of funding and green infrastructure. I'm not saying that we should disregard what has already been done but it's even ever so important to shift the focus of the SMEs in their entirety. €15 million of the EU regional funds are dedicated to private investment for local SMEs. So this means that the focus of the EU is also being attributed to private investment in this regard.

Now I will speak about the EU Green Action Plan because I believe that it ties very much with the green growth within SMEs. So greening SMEs for more competitiveness and sustainability means that we need to reduce the production costs and increase the productivity plans and gains. Actually, even in my line of work, I meet many SMEs on a daily basis together with my other colleagues and we harp on this a lot. For an SME to be profitable, it doesn't just need to focus on the productivity levels but also on how it can actually increase those levels while being sustainable and green.

Green entrepreneurship for the companies of the future so how these SMEs can actually be a testbed for the introduction of innovation and research. The government is also putting a lot of effort into this. We are seeing a lot of enterprises, also smaller ones, which are actually focusing on the effects of research innovation and how they can actually

bring what has never been tested also in Malta. The opportunities for SMEs to adopt a greener value chain. Everyone knows that the supply chain is a sore point. Last year we said that there was a drastic decrease in demand but now we have other constraints. We have issues with the delivery of the raw materials and the whole supply chain. Opting or shifting our vision to a greener value chain can actually enable this transition. Option for sustainably locally sourced materials can actually result in better economic growth and job creation. So opting for jobs and value chains that enable green growth can also address part of the issues we have with the supply chain. Also, access to markets for green SMEs. So how we can actually elevate and promote green SME markets. Even as part of the ministry we also work with Malta Enterprise and I know for a fact that there is a push that is being given to green SMEs.

But what is the Government doing in this respect? As we are all well aware the recent Budget that has been announced was majorly focused on sustainability and how it can enable such green investment. One of the main schemes which have been existing in the past two years and re-introduced this year is the energy efficiency for SMEs scheme where there is an allocation of one million for Energy Efficiency Support for Industry. So basically we are strongly incentivizing and sharing the idea with SMEs of what is not being measured can't be accounted for. For this reason, there is a free grant for SMEs to actually carry out an energy audit from which they can actually invest in energy efficiency support measures such as changing of equipment, basically, changing of anything thing that has to do with energy efficiency.

Environmental, Social and Governance (ESG) Credentials so the opportunity for SMEs to be guided to acquire the ESG credentials. We are working hand in hand with SMEs in order to help them focus on ESG credentials. All quoted companies have endorsed this proposal and we are also having small organisations coming to us in order to focus on this activity.

The Smart and Sustainability Investment Grant has just been launched by Malta Enterprise. There is an allocation of €5 million for businesses investing in equipment and the optimisation of their operations and obviously reduction in terms of activities and opting for more sustainable operations. There is also research and innovation. I harp on this a lot and I believe that research and innovation be key. I strongly believe that Malta can be a testbed for other organisations outside of Malta to actually come here and focus on the initiation of research and innovative projects. We are also assisting enterprises in order to acquire this knowledge and funding this kind of activity.

Another support mechanism that the government is also focusing on is the renewable energy sector. This year there is another launch of €24 million for new feed-in tariffs. This will not only be focused on SMEs of course but renewable energy incentives and schemes in their whole entirety. This means that SMEs can actually focus on this. One thing that I wanted to share with you is that a big portion, close to 90%, of renewable energy instalments, are normally carried out on residential rooftops. This means that there is a huge potential for large organisations and also smaller ones. There is a lot to be done over there. At the moment we are working with different stakeholders to understand the difficulties and challenges to actually surpass this hurdle.

**The Transportation Sector.**

Recently there was earmarked an investment of €3 million in charging infrastructure and allocation of funds for business fleets. We went to stakeholders and the government heard what the stakeholders were telling us. The previous investment schemes were more focused on the residential aspect or people who would wish to change their vehicle. But we know for a fact that fleets can actually be a key contributor to the reduction in GHG emissions. So we concluded that what was presented was not working because it was limited to the de minimis scheme so we decided to invest in here as well and we are going to be proposing a specific grant for larger fleets.

**Security and Alternative Sources of Supply.**

We strongly believe that without the security of supply, SMEs cannot operate. For this reason, there is a huge investment of €170million allocated for the implementation of a 200MW interconnector which would enable more security of supply in order to enable more secure operations of companies and SMEs. We are also looking at innovative technologies. We are currently studying the feasibility of Green Hydrogen. There are SMEs who are approaching us to change their transportation fleet to hydrogen. We are testing this from the supply side.

In order to conclude, as a way forward, I believe that SMEs can become leaders in energy efficiency implementation and I believe that this can be done even with the assistance of the government. But apart from the government, the SMEs really need to want to actually carry out this transition. It's not only just about the government, it's about the vision of the organisation as well.

The SMEs need to work towards becoming Carbon Neutral or Climate Neutral. It is of great pleasure to me to hear SMEs coming to the government telling us but how can we attain climate neutrality within our operations or within how we actually operate or carry out our day-to-day activities or within how we are carrying out the operations with regards the employees, remote working, etc.

Capitalise into funds while the government commits to issue more incentives. This is very important. It has to be the target of SMEs to capitalise on the funds in order to enable such investment.

Pursue in creating demand. As I was saying just now we cannot expect always the government to spearhead change. If there is no demand then obviously there will not be supply. It is very important that the stakeholders and the government work hand in hand so that there is there would actually be the need for this shift. I can assure you we are doing this and SMEs are coming to us to actually spearhead this shift.

The Government is also supporting the upskilling and reskilling of workers. We are focusing also on the shift to certain skills which over the years unfortunately have been lost. So we are working with Malta Enterprise in order to start focusing on blue-collar jobs and the importance they actually get into the whole value chain.

It is also important to commit. We are committing that in the coming months you are



going to be seeing a different side. We are going to commit to action and we are currently in discussions in order to introduce a sustainability mark for organisations so that they are given value for what they are doing. At the moment there isn't a sustainability mark. We are in deep discussions so that we give value to when an SME wishes to make this transition.

## RECORDED VIDEO MESSAGE TRANSCRIPT

*Steve Ellul, Advisor Ministry Secretariat  
Ministry for Energy, Enterprise and Sustainable Development*

I am so glad that the MEA is focusing the agenda of this conference on green growth and the transitioning of our SMEs towards a sustainable business model. A topic which is very important because this process is simply indispensable if we want our Maltese economy to move towards decarbonisation in the years to come.

Indeed, I believe that our business can and will be the leaders of this transitioning process if they take up this opportunity. Undoubtedly sustainable business models are the business models of the future.

In today's corporate environment, those business models which are not looking into investing in sustainability are business models which are de facto running on an expiry date. This is very similar, in my opinion, to the situation we had 20 years ago with computerisation. Those companies which failed to recognise that computerisation was essential for their long-term competitiveness simply ceased to exist.

A sustainable and green business model can be seen very much in the same context. Today our companies need to recognise this. I also think that the pandemic has accelerated this process as businesses are recognising that they need to be more agile than ever, with effective digital touchpoints that connect them to their client base whilst they need to be very sensitive to their carbon footprint.

This is because the consumer behaviour is changing and changing drastically. We are seeing existent clients and potential customers today becoming much more sensitive to the environmental impact of the products they acquire and the services they make use of.

### **Regulation and policy are also taking us towards this direction.**

And we want to help, we want to assist our business and we want to make it easier for our business to take investment decisions that ease the transition of Maltese businesses towards more sustainable business models. That's why Malta Enterprise has been very much at the forefront of this support process for our SMEs. Indeed, very recently Malta Enterprise has launched a very important scheme; the smart and sustainable incentive. The objective of this incentive is to directly support our business, and our SMEs in the capital expenditure that is required for digital and sustainable projects through cash grants up to €50,000. This cash grant can be increased with an additional €20,000 in tax credits for start-ups, Gozitan companies and business which can independently show that they have registered an improvement in the carbon footprint emanating from their operations.

That's just one scheme, I'm glad to see that the Malta Development Bank has extended the SME tailored facility which now explicitly includes sustainable projects as one of the eligible investments for funding which can increase up to €5 million. Malta Enterprise again has rolled out soft loans in this regard.

I think that government assistance in terms of supporting our business when it comes to capital expenditure is really important. Moreover EU funds are also available and indeed Malta's resilience and recovery fund is actually one of the greenest approved by the commission so far. I think this really shows the commitment of the government funding support for Maltese businesses which are committed to green and sustainable projects. This makes it easier for corporate board decisions to be swayed towards sustainable investments that can add value to shareholders with minimal impact on the environment and a positive social impact.

I think an important message that we need send across today is that going green is neither riskier nor does it have to negative impact the profitability of our businesses. It is actually the other way round; not going green can be very risky in terms of the long-term longevity of SME's.

Ultimately it is important to appreciate that the financial benefits of sustainable investments will materialise through lower running costs and better revenue prospects. Energy efficiency is a clear investment in sustainability which has a direct positive impact on lower costs and therefore higher profits for our companies. That return on investment is very important.

Of course, one has to be cognizant of the fact that just like any other investment, investing in sustainable projects would require a capital expenditure upfront – and this is where most of the government-led assistance is coming in – via schemes across entities that supporting this kind of expenditure.

Another aspect that our SMEs need to start factoring in their assessment is in my opinion the ESG credentials of companies and the element of reporting and data collection in terms of the environmental and social impact of our business models. Now, today this requirement is not mandatory for our SMEs but it is the market itself which is driving the this kind of transition. The idea that SMEs would need to be sensitive to the wider impact of their products or services on the community, rather than just on their financials.

We are already seeing a number of Maltese companies being asked for this reporting by clients and suppliers, reason being that these larger connected companies have a mandatory requirement for their ESG criteria which they need to make public.

Even here the Ministry of Energy, Enterprise and Sustainable Development is supporting our companies through an ESG framework which is presently open to listed companies but which will be extended to other companies following the launch of the first data set which will showcase the commitment of Maltese companies on their environmental, social and governance aspects as they invest in more sustainable business model. This ESG Portal for Maltese companies is expected to be launched in December 2021.

## BUSINESS FIRST'S SUSTAINABLE SUPPORT GUIDE

Article by

*Marika Tonna, CEO at Business First*

Business First is the coming together of the various government stakeholders that offer services, incentives or else regulate business activities. We can guide your business in queries on VAT and income tax, on guidance for employers to comply with the law, on environmental health directorate requirements and on what it takes to get a catering establishment license. One of the main roles we have is guiding the self-employed or businesses of any size on the many fiscal incentives that are available. The Government's economic development agency Malta Enterprise alone, has some 20 schemes on offer for businesses, all with different conditions and requirements. We are the one centralised location to navigate what all the different government departments and agencies have on offer.

There is some sort of support for all stages of a business's lifecycle, whether one is just setting up as a start-up, growing or even diversifying its operations. They can be general and open for all industries or highly-specific and in response to wider economic shifts. For example, there is the incentive 'Restart' that offers support to those businesses that had to close down as a consequence of the Covid-19 pandemic, and that would like to establish a new venture. Government's assistance for business development is motivated by several factors and now more than ever, these include environmental and sustainable goals.

Leveraging business support can be the critical component in guiding and nurturing of a particular industry's operations. For example, one incentive that has been completely taken up was that designed for the construction industry - one of the country's most significant pollutants. Malta Enterprise gave grants to the willing companies ready to invest in improving or replacing their machinery for greener alternatives. The road to zero is a long journey, but given the right push and support, we believe will help us get there. Another targeted scheme was the 'Eco-friendly Retail Scheme', aimed at the retail and wholesale industry to encourage investment in solutions that reduce product packaging and the use of single-use plastics. The scheme offered a grant to businesses to help them invest in equipment and software that could include the sale of items to consumers through reusable containers and the establishing of practical solutions such as bulk dispensaries. Another scheme is in the works is to help businesses change from traditional vehicles to electric ones. It was most recently announced in the last Budget for 2022, aimed at distribution and logistics. More details will be available soon.

Together with the Energy and Water Agency, Malta Enterprise also offers 'Investment aid for Energy Efficiency Projects' scheme. The assistance is intended to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of a company's operations. The support offered is very generous, covering from 30% to 50% of the project, with a minimum investment of at least €10,000 that is directly related to



achieving energy saving. The most recently launched 'Smart and Sustainable Investment Grant' also covers 50% of a businesses' investments that achieve sustainability or improved environmental performance. The maximum grant that can be awarded is €50,000 per project and it can go up to €70,000 including tax credits.

The schemes are diverse in what kind of support they offer. The 'Business Re-engineering and Transformation' scheme offers support for businesses, even those in the service industry, to hire an advisor or consultant to look at their production process or their way of operating, to optimise their use of technology and embrace green technology and practices. Support is in the form of a cash grant covering 50% of the costs incurred up to a maximum grant of €5,000 per advisory service per undertaking. Why a consultant? Because an outsider can have a more analytical eye to what we do every single day and have a better idea of the best practices out there.

The fast-paced world of business, coupled with the pandemic which seems to have no rush at all, have taught us that change is the only constant. The way forward is undoubtedly the adoption of sustainable practices. For businesses to be considered for any form of support and even in the attraction of foreign direct investment, the presentation of a business plan that considers its carbon footprint has become essential. Financial sustainability as well as how they contribute towards the greening of our economy are at the heart of the government's economic development.

## TWO NEW SCHEMES FROM MDB TO SUPPORT INVESTMENT BY MALTESE FIRMS

*Article by*

*Paul Azzopardi, Deputy CEO, Malta Development Bank*

Although the MDB was set up more than three years ago it took a bigger role in the local economy since the introduction of the Covid-19 Guarantee Scheme (CGS), where so far, the Bank has provided a lifeline to more than 600 businesses operating across all economic sectors, collectively employing over 40,000 persons. The supported businesses received a total of more than €500 million in working capital loans through nine partnering commercial banks. Looking forward, the MDB's focus is now turning to the development of new schemes to support new investment and sustainable growth. To this end, MDB's mission is to contribute towards sustainable economic development that benefits the Maltese people in line with public policy objectives by (i) promoting inclusive and environmentally sustainable economic growth, (ii) supporting infrastructure development and (iii) linking entrepreneurship, investment and economic growth to improved living conditions, a higher quality of life, and better social inclusion.

In performing this promotional banking role, MDB's remit of activities covers a wide range of possible operations where there is evidence of market failure. In the near future, the MDB will be launching two financial products, both aimed at supporting the economic recovery. Priority will be given to those projects focusing on innovation, digitalisation, green investment and other socially oriented initiatives. In this regard, the MDB has sought the support of the European Investment Fund (EIF) and is now Malta's gateway to the Pan-European Guarantee Fund. Such EIF instruments enabled the MDB to develop products that offer a higher transfer of benefit to Maltese businesses by providing more intensive credit risk coverage as well as more effective and transparent capital relief to the intermediating banks.

The first scheme – the MDB Guarantee Scheme for SMEs – takes the form of a risk-sharing instrument where the MDB guarantees 80% of a portfolio of loans extended by the commercial banks. Intermediation through commercial banks helps the MDB achieve the benefits of financial and operational leverage – which means mobilising private funding sources (in this case commercial banks' liquidity) into more productive and sustainable activities. The MDB guarantee absorbs 80% of the risks enabling the commercial banks to lend at more favourable interest rates, with lower collateral requirements and a more accommodating repayment period. Most importantly, the MDB guarantee can turn a loan rejection into an acceptance, particularly when the investment cannot be backed up by traditional collateral (property or cash) – and this is typically the case with digital and green projects.

The second financial instrument that will soon be launched is another innovative product – the Co-Lending Scheme. This is based on syndicated lending between the MDB and commercial banks on a 50:50 basis in cases where a commercial bank feels that it cannot carry the loan on its own. In addition to carrying half the loan, the MDB shall provide

a guarantee on the commercial bank's part of the lending. The main advantage of this scheme is that it will be available for larger loan amounts that exceed the €1 million mark with repayment periods that improve the affordability of repayments on larger projects as these may have a longer gestation period. Even in this case investments related to the twin transition towards a digital and green economy will be prioritised.

**MDB's role in sustaining infrastructural investment.**

MDB's involvement enables important projects that would otherwise face funding difficulties in the context of the long gestation period that is normally required to make such projects bankable.

In this regard, the MDB has been approached by a number of entities to enquire on the possible role of the Bank in facilitating the financing of new investment in connection with infrastructural projects. The MDB's preference is that such investments would be financed in conjunction with the commercial banks, thereby highlighting the collaborative arrangement that the MDB would like to develop with the banks and also to foster the promotion of a syndicated loan market in Malta – which so far has played a somewhat subdued role. The emphasis has mostly been on infrastructural projects related to education, health, renewable energy, the environment, affordable housing, and other initiatives with a social dimension, as well as projects that enhance Malta's overall competitiveness.

Increasingly, the MDB is seeking the convergence of such infrastructural projects with its own values. As part of its ethos, the MDB is prioritising Environmental, Social, and Corporate Governance (ESG) criteria, as three central factors in measuring the sustainability and societal impact of an infrastructure investment.

One example of infrastructure investment in which the MDB has played an important enabling role is the Campus Hub at Malta's University at Tal-Qroqq. The project involves the development of a university residence, which includes an underground car park. These are much needed facilities that will help students to improve their overall educational experience. Moreover, the project makes use of patented green technology in its building material and will also have thermal break double glazing apertures, uses low-energy lighting and more efficient heating, ventilation, and air conditioning.

## INTERVENTION FROM THE FLOOR TRANSCRIPT

*Joseph Darmanin, Chief Business Development Officer at Malta Development Bank*

I'd just like to add a couple of comments to the discussion. I think as we all saw this morning, finally, it all boils down to money, to financing. Without money and financing, we cannot invest. If we do not invest, we cannot achieve our targets; we cannot achieve climate neutrality. And this is where the Malta Development Bank comes in.

My colleague Paul focused on one of the pillars of the Malta Development Bank, which is the access to finance for SMEs. This is very important because ultimately, we need investment by all businesses to achieve our targets. But then there is another pillar that relates to the financing of large infrastructure projects, large projects that have a large impact on the climate. And in the sense, this is another market failure. Whilst we call it a market failure, this doesn't mean that someone is failing to do something. It's just a situation that is intrinsic to the banking sector. So basically, when it comes to the financing of large infrastructure projects, as you know, banks are financed by short term deposits. It is always going to be a problem to finance a large project with a long gestation period over a long repayment period. And sometimes if we want these projects to succeed and to make them financially feasible, we need to be providing a longer gestation period. And in Malta, unfortunately, the level of financial diversification and intermediation is quite limited. To give you an example, just a €20 million project, for example, is already within the limits of most banks when it comes to the single large exposure limit, just a €20 million loan. The options are limited, and this is what the Malta Development Bank (MDB) brings to the table. It brings diversification of solutions. The way MDB is funded, as Paul said, from international financial institutions and benefiting from Triple-A rated multilateral borrowings, which can be used to provide funding over a much longer period, 30 even 40 years and with much larger amounts. And we've seen this working already. We financed a project recently, a project in the social dimension, but it involved the construction of a large building. But in the construction of this large building, they used a patent patented material, a material that replaces actual concrete. Probably it's more expensive, so you would have a situation where the initial price, the initial investment would be higher. But then you would need a longer repayment period, a longer gestation period to bring about the financial feasibility of the project.

So these are the types of financial solutions that we need to be thinking about, especially for large projects in this case and which the Modern Development Bank is in a position to support even through syndicated lending with commercial banks.



## ANNEX / SECTION 7

### ENTREPRENEUR TESTIMONIAL 03

#### WHY IS THE GOVERNMENT REFUSING TO MAKE CARGO TRANSPORT GREENER? WHO ARE THEY PROTECTING?

Article by

*David Abela, Director Eurobridge Shipping Services Ltd*

Companies in our sector are all investing in greener technologies. Over the last years, if you for example take my company, EuroBridge has gone paperless, invested in almost 400 solar panels on top of its warehouse, bought more expensive battery-operated fork lifters and has started a process to change its fleet to hybrid or electricity run vehicles.

This is not enough though; much more can be done especially if the Public Sector takes a positive stand and be pro-active on the matter.

A few weeks ago, our Prime Minister confirmed that Transport is a major polluter in Malta. A lot of effort is being made to solve this problem with regards passenger transport however absolutely nothing is being done on cargo transport.

Why? If you ask this question to the authorities, they will never give you a proper answer to this but everybody in our sector knows why: that is to protect the Burdnara which for many years have had an incredible influence on various Governments. So much so that the last meaningful change to cargo handling legislation in Malta was back in the mid-90s!

Over the last 3 years, I personally have been pushing the authorities including the Finance Ministry and the Maltese Customs to update the legislation with regards release of cargo to bring it in line with other EU states. The official reply to my request was: 'Your demand would open a Pandora's Box'. What kind of reply is that?

With my proposal we would see less traffic on the road, newer vehicles that of course pollute less and less costs to the Maltese Importer. In fact, I can clearly show to anyone interested that my proposal is a clear example that going Greener will mean decreasing costs and bring about more competitiveness!

I have always stated that the Maltese Trader is not just competing against the shop down the road or the other Maltese Trader but against International-giants such as Amazon so the local Authorities have an obligation towards the local entrepreneur to help out as much as possible not hinder with outdated legislation to protect a few.

The proposal is very simple and follows the European Customs Code legislation which is that to let AEOs operate their own Temporary Storage Facilities and not be forced to unload non-EU cargo at the Hal Far Bonds which is an out-dated, out-of-the-way, crumbling structure that is only being kept there as only licensed Burdnara can enter the Complex to collect 3rd party cargo.

Mind you, I am myself a licensed Burdnar however I realise how much things need to change in our sector so that we reach zero carbon footprint. Without these changes, we will never reach this target.

I don't want to put Burdnara under a bad light because most of them are great people with a fantastic work ethic but most of them are still hand-writing invoices, use very old vehicles to pick up and deliver goods whilst charging exorbitant rates. That is how much backwards they are. They simply have no incentive in bringing themselves up-to-date because their number is limited and there is no sign by the Government to liberate the market even though the derogation negotiated with the EU elapsed 10 years ago.

To put things in perspective on how much we are over-charged here, in certain instances, my company is charged almost 6 times as much by our Burdnara for Maltese transports than for the Milan Province in Italy. This when the Milan province area is almost 7 times bigger than Malta's!

With my proposal, our sector can start offering proper logistic solutions to the Maltese entrepreneur which will bring about better efficiency, less traffic, decreased costs and newer vehicles on the Maltese roads. Besides all this, operators would be using less public land which of course is already very limited! I just need someone from Government to listen and be brave enough to bring such changes. If we though come together as one, the Government will have no option but to take up our proposal. At least, they will not be able to reply by mentioning something as nonsensical as a Pandora's Box as their reason not to proceed with our proposal!

## ANNEX / SECTION 8

### FOURTH PANEL DISCUSSION - SMES NATIONAL FORUM 2021 CHALLENGES IN MOVING TO GREEN MOBILITY

#### GREEN GROWTH FOSTERS A MULTI-DISCIPLINARY PLATFORM

*Article by the keynote speaker*

*Dr Jeanette Axisa, Director General at Foundation for Transport*

In 96 months' time we will be in 2030. If the milestones set by the EU Commission in the proposed Sustainable and Smart Mobility Strategy materialize, by then, we will have in Europe 30 million zero-emission cars and 80,000 zero-emission lorries in operation and zero-emission ocean-going vessels for the market. Five years thereon, in 2035 we will have large zero-emission aircraft ready for the market.

The Foundation for Transport is rightly placed within the industry to accelerate the adoption of greener technologies and the dispersion of tangible knowledge. We are not discussing whether science is right or wrong, but we are actually studying the impact of these technologies on the operations and the alignment of the vision and plans of businesses with the changes they bring about. And there is no better place than to work together hand in hand with all industry players!

Growing businesses using green technologies for the long term has finally become a hot topic. Green growth in transport, and not only, requires investment in human capital, aligned with educational institutions, the new national employment policy for the coming ten years, the planned Foreign Direct Investment and national policies for post covid recovery, low carbon development strategy and the greening of transport altogether.

We must be innovative and up the game and make better use of the Work based Learning Act which came into force a couple of years ago, but I think it can be one of the necessary tools to integrate multi sector needs.

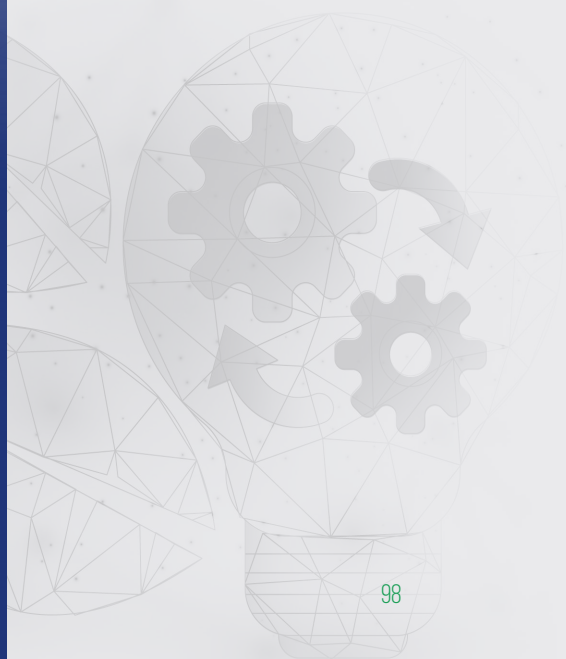
Green growth needs the Integration of multi sector needs and a holistic multi-disciplinary platform. This will structure the discussions on strategic decisions in the field of mobility. As we all know, changes in the mobility sector are accompanied by far-reaching technical, legal and social changes. This platform can clarify facts on complex topics and brings together relevant stakeholders, technical expertise and policy makers. Based on the results from discussion, recommendations for action can be made thereon to policy makers and businesses. The structured approach will enhance visibility of the holistic impact of and can visualise the dashboard of all key factors in the greening process of Malta and Gozo.

Such an effort brings about a wide range of disciplines in connection with transport. So various working groups or focus groups can be set up to tackle transport and climate

change and alternative drive technologies and fuels for sustainable mobility. Securing Malta and Gozo as a place for green transport and guaranteeing the necessary training and qualification are two key pillars. Connecting mobility with energy and other sectoral needs undoubtedly links standardization, norms, certification and type approval.

We are not reinventing the wheel, as such setups do exist in other countries to evaluate uncertainties and vulnerabilities, challenges, and opportunities, operationalize green growth holistically across multiple sectors and outline green policies and programmes that increase national and/or private sector productivity and job creation. They also play a vital role in providing clear and specific technical concepts and activity planning and in rolling out small scale pilot projects that can become large-scale follow-up projects. Places of work and private residences need to share cleaner and safer environment and a holistic approach can enable a shared neighbourhood concept whereby businesses' and residences' needs for spaces are complementary and not competing. The adoption of new technologies needs a national awareness campaign giving insights and on the ground assistance.

The Foundation for Transport, positioned in the heart of the industry, can be an active player in this proposed structure. We believe that adapting to innovation can be a game changer.





## EXCITING TIMES AT THE AUTOMOTIVE DEPARTMENT WITHIN THE INSTITUTE OF ENGINEERING AND TRANSPORT AT MCAST

*Article by*

*Ing. Longino Dingli, Deputy Director at Automotive Engineering and IET Foundation  
MCAST*

Without doubt, the calendar year 2020 and the year 2021 to date, are amongst the most challenging years in the history of MCAST. This is more evident, in the vocational departments such as the Automotive department, where practical sessions are an integral part of the course being delivered.

Despite these abnormal times, I am proud to say that during the academic year 2020/21, all the courses offered by the Automotive department were delivered in all their entirety. The MQF Level 3 courses, namely Diploma in Light Vehicle Servicing and the Diploma in Automotive Repair (Body and paint) were delivered on campus while the MQF Level 4 course – Advanced Diploma in Light Vehicle Maintenance – commenced online, with the practical sessions delivered on campus as from Semester 2.

During the current scholastic year 2021/22, all three programmes of study are being delivered on campus, while still observing the health authorities' directives on Covid-19. Currently there are more than 100 full-time students following a programme of study related to the Automotive industry.

While the Covid-19 pandemic increased substantially the degree of logistical planning, the Automotive department was also busy planning and formulating an Undergraduate Diploma (MQF Level 5) in Auto Electronics and Electrical Theory. This diploma is being offered on a part-time basis over 2 years, and is intended for qualified and experienced automotive mechanics seeking to broaden their knowledge on Electric Vehicles and Hybrids. The diploma contains 60 credits, but offers the learner an exit route after 30 credits, with the possibility of being awarded an Undergraduate Certificate in Auto Electronics and Electrical Technology. As from scholastic year 2022/23 this programme of study will be offered as a 1-year full time course to students at the Automotive department who have successfully completed the Advanced Diploma in Light Vehicle Maintenance.

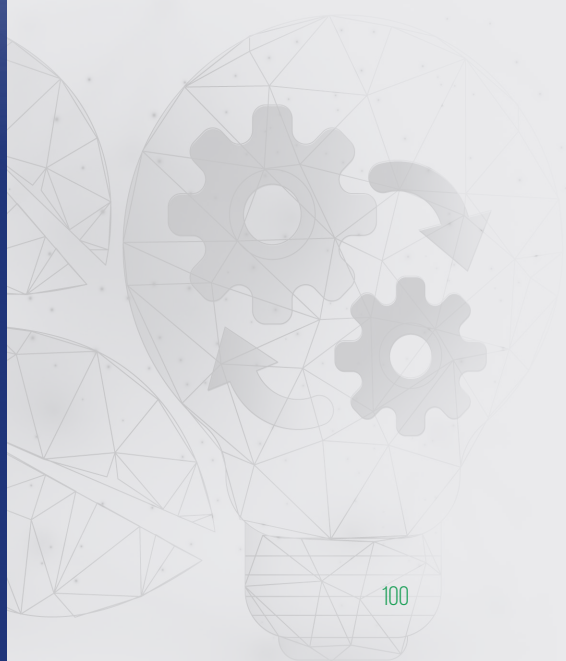
Students following the Undergraduate diploma, start from the fundamentals and concepts of electrical and electronic systems. Subsequently they are then gradually introduced to the advanced theory of Auto Electrical and electronic control systems and microprocessor control systems. The course delves into the theory of Electrical Vehicles and Hybrids, including Electrical machines, power electronics and the different energy sources available on the market. The course also provides hands-on experience using diagnostic approaches that help students troubleshoot potential integration problems. Learners are also instructed to work with various electronics equipment and become familiar with various computer-controlled systems, diagnostic software test equipment and tooling.

At the end of the programme the learner will be able to service and maintain Electric and Hybrid Vehicles. He/she will be familiar with the fundamentals and concepts of Electrical and Electronics Systems, be aware of the Health and Safety requirements, and the use of tooling when working on an EV or Hybrid. The learner will also be able to differentiate between various EV control systems and various Energy Sources, gain excellent knowledge on Microprocessor systems, power sources and Electrical machines.

The entry requirements are an MQF Level 4 certification in either electrical and electronics or automotive engineering. Mature students, who lack the required qualification are also able to apply under the maturity clause.

The department is in the process of procuring a brand new electric vehicle together with a number of second hand electric vehicles for the hands-on training to students following one of our programme of studies. Additionally, an existing workshop has already been earmarked for the conversion to a workshop equipped exclusively for servicing and training on electric vehicles and hybrids. Research in this regard already commenced and it is in an advanced stage.

Exciting times are ahead of us. Apart for plans to offer additional courses in EVs and hybrids, the automotive department is also looking to offer electives related to motorcycles, marine engines, heavy vehicles and agriculture machinery to the students following the Advanced diploma in Light Vehicle Maintenance. More information may be obtained from [www.mcast.edu.mt](http://www.mcast.edu.mt)



## PANEL INTERVENTION TRANSCRIPT

*Matthew Sullivan, Council Member at Malta Employers' Association*

As we all know, MEA covers all forms of transportation. Through my specific involvement in the marine sector, I can give you an insight on what is happening vis-a-vis sea transport

So before, we spoke a bit about this, but obviously sea transport, first of all, we could be split on an international level and on a local level. Internationally, the good news is that a lot is actually happening. Ok, so there are two drivers: one is the industry itself that is recognizing the need to become greener, and this is if you want, pushing forward a lot of initiatives that are happening at an international level. So we've seen, for example, the IMO introducing the 2020 low sulphur targets which were met. We've got other targets now which are being set by the industry itself. And the other good news is also that, maybe because there's such a huge industry under such a big impact, a lot of planning is being done. So there's a lot of foresight, a lot of planning in this area. So there are milestones in the industry. That is on an international scale.

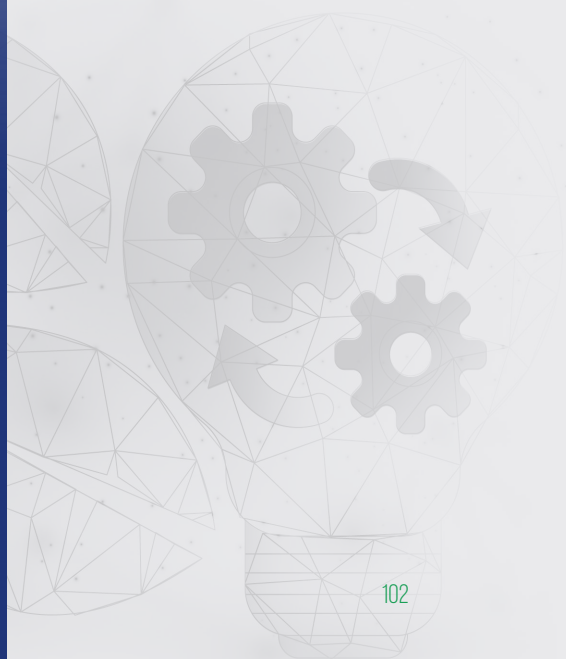
Obviously, how is this going to impact us locally then? So locally, we have obviously our local operators and also the private yachts, which we have in Malta. And also, we have to service the vessels which are coming into Malta. One of the challenges which we will have locally is supporting these new initiatives, these new investments, these new propulsion systems, for example, we spoke about low sulphur fuels and LNG, and we need to have facilities locally that support these initiatives. Kevin spoke about, for example, the cranes. Bigger ships are one of the ways that shipping is addressing the green movement.

So we need to have in Malta a lot of investment, and heavy investment this time, on the ports and facilities which in part, or in whole, are done by private investors. We have Malta Freeport, for example, which invested heavily in new cranes, but there has to be more. For example, we still don't have a bunkering facility for LNG vessels, for example. It's being planned, but it's not an easy one. There's a lot of investment to be done in that respect.

Then we also have the local operators and the local private yachts. Now, if you look at the local private yacht industry, that is very similar to the car industry, in fact, because I mean, obviously everybody has their own boat. There is technology coming in, perhaps not as fast as the car, but there are technologies coming in to look at battery propulsion for private yachts. Superchargers as well, which go hand in hand. With yachts, you need a faster charging system and they're coming in as well. So the technology is there. Not as much as cars, but it is there. And then we have the local operators, we have the ferry systems, we have the tug boats, the pilot boats, the boats that operate within our ports.

And again, there is talk, again perhaps not as fast as cars, but there's talk about making those green and making them more efficient. But again, what we continue saying is that in this industry, the main targets are always going to be the level of investment, which is typically very high in this type of business, because you're speaking about long term plans. I mean, a car has a usual economic life of about five, six, seven years. A vessel has an economic life of 20 years, so you need to plan way in advance. When you build a car, you

normally have a lead time of a month until your new car arrives. In shipping, we speak about three years before your ship arrives. So there are longer processes that need to be factored in. And this makes investment difficult, and we obviously need more help from the government to do to support that.







## SUSTAINABILITY IS THE NEW BRAND WAGON

Article by

*Anthony David Gatt, Head of External Communications Officer at Malta Enterprise*

Corporate sustainability has gone from an optional task to score points with a small pool of customers, to a responsibility that can no longer be ignored and mainstream. The growing climate crisis, rapid innovation in clean-tech and increasing pressure from many stakeholders have made the acronym ESG (environmental, social, and governance) ordinary and part of contemporary business plans. Malta Enterprise is supporting businesses as they “go green” – supporting their operations to create a net positive impact on their environment.

Every company's business model will be affected as we transition to a net zero economy. The EU has set its goal to become the first climate-neutral region by 2050 and there will be increasing harmonisation of how companies report on their impacts. Companies that are not preparing themselves for what will in the close future be a demand will see their businesses suffer. Businesses were previously sheepish in investing in green measures as the return on investment was hard to quantify, but going green has been repeatedly shown to improve an enterprise's bottom line. It increases a company's attractiveness to prospective employees and customers, reduces business costs, improves reputation, and leads to faster growth.

Malta Enterprise knows that there are challenges in going about this transition, hence its putting forward of a number of schemes that cater to different and specific business needs in reducing their carbon footprint. Malta Enterprise's can assist your company as you invest in the following:

### **1. Increasing your energy efficiency**

In collaboration with the Energy and Water Agency, assistance is provided via Investment Aid for Energy Efficiency Projects to facilitate investments in technological solutions that provide higher energy efficiency and contribute directly towards a reduction in the energy requirements of the company. These include renovation or upgrading of equipment of existing installation for heating or cooling systems.

### **2. Securing a loan for a sustainability-centred investment**

The Soft Loan measure is designed to support undertakings accelerate plans addressing environmental concerns such as water usage, water treatment, waste treatment, reduction and reuse to achieve a high level of sustainability. Such undertakings may be supported through a soft loan covering part of the funding requirements of up to €1,000,000.

### **3. Recruiting external advisors**

The scope of the Change to Grow scheme is to support SMEs to realign their business activity to optimise the use of technology and embrace green technology and practices. SMEs with a vision to develop can seek support from external advisors to assist them in carrying out significant changes that will enable them to accelerate development and improve market access.

#### **4. Securing a grant for a sustainability-centred investment**

The Smart and Sustainable Investment grant is the latest and potentially the most appealing grant introduced by Malta Enterprise. It aims to support business' projects that lead to more sustainable and digitalised processes. The investment project must aim to achieve sustainability, improved environmental performance or digitisation leading to growth potential. The incentive is disbursed in the form of a Cash Grant of a maximum €50,000 covering up to 50% of eligible expenditure. This can be topped up even further if the project is in Gozo, carried out by a startup or if it contributes significantly to the reduction in carbon footprint.

Looking ahead, the business agenda will be inextricable from the environmental one. Malta Enterprise as the pivotal economic development agency in Malta is championing this transition as it recognises that going green is not a burden, but an opportunity. Please do reach out to Malta Enterprise or Business First on 144 to get to know more about these incentives.



## FROM CONCEPT TO REALITY – A MULTIMODAL SHIFT

*Article by*

*Paul Abela, President at Malta Chamber for SMEs*

In 2019, the Malta Chamber of SMEs partnered on a project which was led by Transport Malta.

The project was conducted in collaboration with the Ta' Qali Tenants Association and involved the purchase of an Electric good carrying van which was available for a number of tenants operating from Ta' Qali Crafts Village. The project is an EU funded project entitled CIVITAS DESTINATIONS which Transport Malta is participating in and aims to study the feasibility of consolidating the deliveries of various companies (In Ta' Qali) with the use of a shared electric goods vehicle. As part of this project, participants were given an Electric Van for one whole year to make use of this van for consolidated deliveries. In total 7 businesses participated in this pilot project.

The concept behind the project was to make organised deliveries to Valletta more sustainable and efficient, and to promote cross-collaboration between different businesses. The Malta Chamber of SMEs has always championed and promoted these values within its core function as these are values and practices which should be encouraged.

There are a number of benefits associated with consolidated last mile delivery, some of which are underestimated. Primarily, this concept has a direct impact at reducing traffic congestion, an issue which persists unless everyone makes changes. In highly dense localities such as Valletta, such issues are further amplified.

Fuel, maintenance and transportation costs are also kept at a minimum with businesses being able to focus and shift their savings elsewhere. This is especially in cases where the goods carrying vehicle used is an electric vehicle, thus further increasing the savings for users. As an example, the project reduced around 150 trips which would normally have taken place if it wasn't for this initiative.

Finally, such initiatives optimize delivery routes, increase flexibility and support business scalability, ultimately such practices also increase productivity.

The project, for Ta' Qali tenants association was a great success and currently an evaluating of the feasibility of purchasing their own van with the aim of consolidating deliveries in the future is taking place.

We believe that this project was a good starting point, which experiences should be embraced, developed further and definitely not lost. This experience in fact served as a basis for other possible green initiatives which the Malta Chamber of SMEs.

As a result the SME Chamber realised the need for increasing knowledge on EVs with its members. Although the general public has embraced the idea of shifting to EVs as

opposed to conventional ICE vehicles, businesses still need to analyse if such solutions fit within their business model and would cater for their business needs.

In this regard, the SME Chamber in collaboration with the Foundation for Transport, is currently studying the possibility of launching a pilot project aimed at achieving a number of results mainly to understand the issues businesses face when using an Electric Vehicle and to give the opportunity for businesses to see if an electric vehicle is suitable for their business needs. Through this initiative we would seek to encourage businesses to make the shift from ICE vehicles to Electric Ones.

The SME Chamber believes also that the promotion of multimodal mobility should be a concept promoted with businesses. We believe that the Government should be a key promoter when it comes to innovative solutions and collaborative solutions.

In the last round of consultation on the European Regional and Development Funds, the SME Chamber proposed the creation of a last mile delivery hub for businesses delivering to Valletta and the surrounding Localities. This is following the success pilot project with proved very beneficial for businesses to combine deliveries and deliver goods collectively in areas that are problematic such as Valletta and the surrounding regions.

A large national project can possibly be developed, through the creation of delivery hub and the support of regular delivery service to Valletta and the surrounding localities. Support may include support; the allocation of a logistics centre, the purchase of Electric Vehicles catering to the different needs and requirements, IT infrastructure involved in the setting up of a common platform which should be automated as much as possible, delivery personnel and the inclusion of advanced software solution which would automate and make the process as efficient as possible, possibly through the use of Artificial Intelligence via Predictive Route Planning software.

The SME Chamber can be both a leader and a facilitator to assist the government in implementing such schemes.

The above possible interventions all lead towards addressing the issue of sustainability and promote innovative green initiatives which ultimately ensure the sustainability of Maltese Businesses.





## PANEL INTERVENTION TRANSCRIPT

*Pierre Montebello, Chief Officer Land Transport Directorate at Transport Malta*

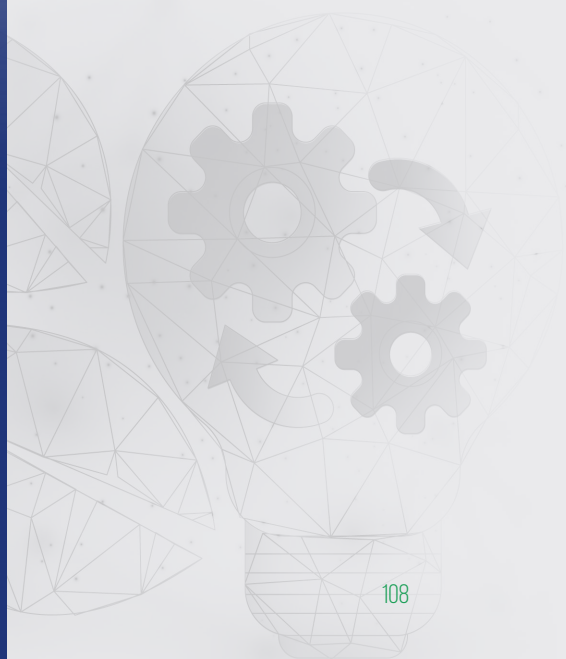
To the question, "What strategy has Transport Malta adopted in the field of electrification of vehicles and cleaner alternatives to internal combustion engines (ICE)? And also, what assistance, if there is any, is being provided to increase the number of electric vehicles in Malta, first of all, I thank you very much for the invite and for the opportunity given to us to discuss this subject, which is very important and at heart.

Speaking of incentives, first of all, rightly so, the first thing that comes to mind to a lot of people when discussing Transport Malta and greener forms of transport are the grants provided to the general public and also businesses. During this past year, we've administered and managed these funds, which are allocated through the Ministry of Finance. In fact, if you go back a few years, in 2018, the total budget allocated for greener transport was around €1.3 million. Nowadays, we've moved quite a lot and in fact, for this year we have seen a budget of €4.6 million and there was a further injection of €2.5 million because of the uptake, which we're very happy with, taken up by the industry and also by various individuals. When it comes to the individual grants, we were speaking of €7,000 initially given to individuals or businesses. And then there are the de minimis rules and so on. I can describe this later on. But now that has gone up to €12,000 and there are further incentives to individuals living in Gozo when they are scrapping their older vehicles.

But then you would say our strategy focused solely on grants. Definitely not. During these past years, we have been working a lot when it comes to, for example, car-sharing and carpooling. With regards to carpooling, I was seeing an advert a few days ago by one of the operators which said that they covered more than 1.8 million kilometres with the benefit of having a reduction of 450 tonnes of CO<sub>2</sub> from our atmosphere. So that's quite good. Apart from that, we've worked quite a lot in the area of what we used to refer to as the public service garages, and Matthew here would definitely know as much as I do. We have streamlined the process, as much as possible, and made it much more efficient for new operators to come into the field. And there are various other incentives.

I cannot leave out eco scooters, which for us, although it's a point of contention for most, it's another mode or method by which one can go from point A to point B. It's ideal, as we see it, as what we call the last mile transport. As I said, it brings about a lot of controversies, but I think gone are the days when the only means to go from point A to B was to utilize your own vehicle. There are a lot of services going on including the ones I mentioned, PSG and chauffeur-driven. I cannot leave out, obviously the free public transport. We started initially with free public transport for the 18-year-olds, which is the age usually one starts driving and thinking of buying a car. Eventually, we move that to encompass all the students and even 21-year-olds. Eventually, it was opened up to 70-year-olds plus and all disabled and all this. Through this, there is a catchment of around 133,000 of the population, which is quite a lot, I must say. Eventually, as we have heard during the last budget, free public transport will be offered to all from October of next year.

Speaking of industry, I cannot leave out one last thing because I don't think we have the time. We're also incentivizing the retrofitting of older vehicles. So when it comes to, for example, retrofitting a Euro 3 or Euro 5 heavy vehicle, we're also putting in incentives for that. Apart from this, we are also incentivizing the use of PVs for example, on buses and on top of coaches. We can discuss this for the whole day but unfortunately, there's no time. Thank you.



## ANNEX / SECTION 9

### ENTREPRENEUR TESTIMONIAL 04

#### VIDEO AND PANEL INTERVENTION TRANSCRIPT

*Matthew Bezzina, CEO at eCabs Ltd*

Matthew Bezzina Chief Executive of eCabs, a company that started with three cars back in 2010. At that time we were purely a product - a taxi company. Nowadays we operate with over 1000 cars on our platform. What started as purely a product company where we were purely a taxi company, now a day, we became a product company as well as a technology company.

Today, the company employs over 450 people, ranging from technologists, marketers and also drivers. Back in February 2021, as a company, we decided that we need to kick start our initiatives when it comes to operating with cleaner vehicles.

Primarily, we offered cheaper commission rates to our partner drivers to incentivize them to invest in hybrid or electric vehicles. Also, we committed that by 2025, all the fleet owned vehicles, vehicles that are operated under eCabs will be changed to either EVs or hybrid vehicles.

These incentives will hopefully encourage other companies which operate within our industry to follow suit and also encourage the wider public to start considering the use of cleaner vehicles. At this stage, we are still in the infancy stage of electrifying our vehicles and having an operation that is carbon neutral.

Having said that, at this juncture, it is very important that all stakeholders come together, share data and information in order to reach these extremely ambitious targets, both on a local level and also on a European level.

The isolated initiatives that are being taken by institutions both public and even private should hopefully create a synergy that will dovetail into one grand initiative that will hopefully help us achieve an environment that is sustainable for future generations.

## PANEL DISCUSSION INTERVENTION TRANSCRIPT:

As Pierre (Montebello) rightly mentioned, last year, since the reform of the PSG license, eCabs also became a platform operator besides being a fleet operator. One of the initiatives we took during the beginning of this year is that partner drivers that come on board on the e-commerce platform with EV vehicles or hybrid vehicles pay a commission rate, which is less than when they are driving ICE vehicles. This initiative will help partner drivers to invest in vehicles that are cleaner. From a fleet perspective, because eCabs is also a fleet operator, last February, we committed that by 2025 we will be shifting all our ICE vehicles to either EV vehicles or hybrid vehicles. Currently, we have three vehicles that are fully EVs, and we're using this period as a pilot study in order to be able to collate the data and also share data so that we will be able to make the right decisions when it comes to investments and charging infrastructure with all the stakeholders involved. Mentioning stakeholders, I think one of the biggest challenges at this stage is the charging infrastructure, whereas whilst there are a lot of grants in order for companies and private individuals to invest in EVs, ultimately, there is a deficit when it comes to the charging infrastructure. And also, tied to this is the fact that when it comes to grants, we have to make a distinction between private use and fleet use. And at this stage, when it comes to both charging infrastructure and also grants given to purchase vehicles, a clear demarcation should be made between the cars to be used for fleets because they are called vehicles that are being used 24 hours a day, seven days a week, compared to private usage, which based on global statistics, 95% of the time the car is always lying idle.

To conclude, I think a lot of it is being done by different stakeholders operating within the mobility industry. The risk is having initiatives being taken in isolation, and in order to avoid having situations where even our initiatives become a greenwashing exercise, it is imperative that at this juncture, at this moment, all the stakeholders cooperate together, understand that there are certain short term pains, stop seeing things from a myopic short term view in order to be able to take decisions which will benefit the generations of the future.



## ANNEX / SECTION 10

### HON MINISTERS' CONTRIBUTIONS

#### TOWARDS SUSTAINABLE MALTESE ENTERPRISES

*Article by*

*Hon. Miriam Dalli, Minister for Energy, Enterprise and Sustainable Development*

Just like our SMEs where a crucial pillar of growth for our economic development in recent years, I am a strong believer that our enterprises have the potential to be critical enablers for our generation's commitment for a stronger, greener and more sustainable economic model.

I am glad to see that this conviction of mine is being now embraced in our wider government policy which is clearly directed towards ensuring a holistic and firm transition towards a greener economic model. The fiscal budget for 2022 clearly reflects this economic vision with a myriad of directional measures all pointing towards incentivizing green growth and supporting our entrepreneurs as they invest in greener business models.

Undeniably this commitment comes with its challenges, but I have to say that I am encouraged to see our business community, not just embracing this challenge but really and truly eager to be at the forefront of this transformation.

Today, almost a year since being entrusted with the ministerial responsibility for both Maltese enterprises and sustainable development, I can see the real change in corporate mindset across which is now prioritising more efficient business models supported by green investments and an eco-system which allows capital to enable the twin transition of our economy.

What is even more encouraging is the fact that the challenges brought about by the pandemic did not disrupt the overall desire and commitment of our entrepreneurs to invest for a stronger, digital and more sustainable business models.

These are the investments that will make our businesses truly competitive and future-proof in a post-pandemic global economy.

Today ESG investing and sustainable investment projects are rapidly becoming priority areas in board discussions. I am pleased to continuously meet Maltese entrepreneurs, directors and decision makers who are leading this transition by actively pursuing green corporate projects.

Above all we are committed to keep on supporting, incentivising and enabling Maltese SMEs to invest in greener business models that can - and that will - enhance the profitability of your companies.

Because by investing in sustainable projects Maltese enterprises will do well for themselves whilst they do well for the benefit of our wider society.

We are serious in driving forward a consistent transition towards a carbon-neutral Maltese economy. We know where we want to go and we know how to get there. The 2022 Budget is indeed a toolbox of commercial incentives that will make it easier for our companies, particularly our SMEs to achieve greener growth and sustainable profits in the coming years.

That's why we are making available one of the most aggressive investment-aid-scheme, for investment in smart and sustainable business models through substantial cash grants and tax credits.

That's why we will support the re-investment of profits – because as much as we were your supporting partner during the pandemic, we now want to support you in investing in your future.

That's why Malta Enterprise will be supporting you through special soft loans that will improve you access to finance for sustainable projects.

That's why the Development Bank will be extending the eligibility of the SME loans which will now allow you to finance up to €5m for green projects.

That's why Malta Enterprise will be supporting the electrification of commercial vehicles through a dedicated scheme.

We will help our companies to attract local and international funds by help them invest in sustainable projects and showcase their ESG credentials to investors.

We want you, our business community to lead the transition towards a more sustainable economy because yes, we believe that we can only achieve this only through your commitment.

This is our objective: Leading our enterprises towards a greener and a strong future. Just like we did during the most challenging months of the pandemic, I look forward to keep strengthening further our solid working relationship – our mutual trust together with this collaborative attitude and above all to keep on nurturing our unhindered commitment towards a greener and more resilient Maltese enterprise.



## STRIKING THE RIGHT BALANCE

*Article by*

*Hon. Aaron Farrugia, Minister for the Environment, Climate Change and Planning*

We are living in a time of unprecedented change. COVID-19 has left the world shaking, and climate change is threatening to cause widespread upheaval unless humanity addresses the much-needed reduction in greenhouse gases emissions as well as the spiralling loss of biodiversity and damage to ecosystems and our environment.

Traditional linear models of production and consumption have proven to have a devastating impact. A business-as-usual approach is no longer viable. We cannot continue consuming beyond the planet's limits. For our own sake and more importantly, for the sake of our children and our future generations, we need to adopt a well-being approach to policy decisions.

We must look beyond the traditional income approach and think beyond and start to rely more and more on a system that valorises the world that surrounds us in terms of sustainability.

We need to allow our drive, our resolve, and our commitment for the future to be based on a green growth approach to development.

But let me clarify: going green does not mean tree-hugging, it doesn't mean stopping development, but it also doesn't mean ignoring the realities of our people who are crying out for more green spaces, for more of mother nature.

Going green means creating a balance between people's need to grow and develop, to have comfortable homes, to have good education with the other need to have access to nature based recreational space where our children can appreciate the world as nature intended and not as man has fashioned it. Going green means giving nature the space to recreate itself, giving this wonderful miracle of life the chance to thrive.

COVID-19 has put a high degree of stress on our SMEs since they do not have the muscle to withstand the shocks that larger companies have. Government has appreciated this and has assisted SMEs through a robust package of measures and grants that have helped them survive the onslaught of the pandemic to different degrees of success.

Government, however, continues to be committed to sustain SMEs, as the recent Budget 2022 provisions have amply shown, through a diverse set of actions designed to ensure revival of our economy to which SMEs are central.

The challenge of climate change is pervasive and inescapable and here, too, SMEs have a central role.

SMEs are drivers of growth, and they can also be green catalysts transforming their orientation towards the new realities of the European green deal and prosperity through sustainability, building back better through the integration of climate considerations into the business design and my Government is there to help.

It is a journey that we have charted out in our Post Pandemic Strategy, in our vision for the future, as further directly embodied in our Low Carbon Development Strategy and the Long-Term Renovation Strategy.

Climate change is a big challenge but the strategy we have developed gives us hope, it shows us the way, and puts forward tangible measures to be implemented.

For we have been careful and mindful. We have identified the measures that give us the best results for every Euro spent. We are aware that behaviour needs to change but we have designed actions to instigate the change providing direct assistance along the way.

Measures have been costed, we know what each will deliver and when. Free public transport as from next year will divert unnecessary traffic from our roads, making journeys quicker and less polluting. Grants for electric cars are unbeatable by any similar measure in Europe - €11,000, up from €8,000.

Charging pillars will be installed in public roads and we will also incentivise the installation of electric car charging points in private car spaces.

Likewise, we will ensure that SMEs are provided with technical and fiscal assistance to make the leap towards the new model of growth. It's a journey that we will undertake together, for we truly believe in you as the motor of the new future.

We will promote the uptake of energy efficiency and energy performance in homes and in our businesses, and we will incentivise decarbonised technologies, renewable energy through solar panels and we will also explore offshore renewables. All this whilst ensuring a robust energy mix that guarantees security of energy supply and prices that are transparent and affordable. We will sustain schemes towards models of circular economy, reducing waste and improving waste management investing more than half a billion euro to give our country the best because the best is what you and what our people merit. Let me assure you that my Government is there to listen, my Government is there to collaborate, to work with you. That is our commitment.



## DRIVING TOWARDS GREEN GROWTH: A GOVERNMENT WITH A PLAN

*Article by*

*Hon. Ian Borg, Minister for Transport, Infrastructure and Capital Projects*

Whilst it is true that conferences such as The COP26 held in Glasgow bring forth a global renewed sense of urgency in terms of climate change, still work needs to be done in an intelligent manner. This does not mean that such challenges should be taken for granted yet as Greek philosopher Aristotle points out one must cease to find the golden mean or in other words the desirable middle between two extremes. We must not stay laid back regarding such issues but then again to be rash about it is not the right path to take.

I truly believe that balance is key to everything and this government's position is one which is firm and crystal clear. This is a pro-environment government who is successfully finding the right balance to take up this challenge and emerge victorious.

In this year's budget, the government has once again proved his stand that it wants to drive Malta towards a sustainable future, one defined by clear and substantial green growth. One of the most well-received measures was the free public transport for all, estimated to come into effect from next October. This is a measure which we believe that apart from accommodating everyone with free public transport, as the name implies, will also be incentivising people from different spheres of our society to rapidly make the shift to a cleaner alternate mode of transport; the public transport.

In terms of transport, electrification is the future and the government is all for the electrification of vehicles. In fact one of the main targets till 2030 is to have all the public transport fleet electrified; a total of 370 vehicles. The government is investing €40 million from European Funds to reach this goal. But the public remains the focal point and this year, this government truly proved what it means to be a social one. It gave the largest Electric Vehicle grants package solely to lift some of the people's burden and aid those who opt to buy electric vehicles. Those who then also scrap their old vehicle can even sign up for the scrappage grant which in this year's budget was also increased by €3,000; from €9,000 to €12,000.

The global havoc brought about by the Covid-19 pandemic is imperative and cannot be negated yet despite this, we never failed to hold up to our targets, especially in the transport sector. During this time of economic crisis in larger countries, we managed to give more opportunities. The fast ferry service, a very well received concept already used by a quarter of a million users in the first four months since its inception, is a prime example of alternative sea transport, and a new opportunity of travelling. Yet as they say, the sky is the limit, and for us to progress in the right direction is our priority.

In fact, one important measure which the government is currently working on is active transport, also as part of the Low Carbon Development Strategy. We are working towards incentivising the use of e-bikes and pedelecs and also towards more bike sharing services. But most of all this is a government with a long-term vision with a case in point being mass

transportation. I refer to the metro proposal studies which have been positively received by the European Commission and which I continuously urge for a national discussion.

Shifting towards capital projects and the environment, as a main point of departure, one can start by analysing infrastructural capital project investments such as the Marsa Junction, the Central Link and the Malta National Park. Through both these massive infrastructural investments, it becomes clearer that we are seeking to drive towards a more, green growth and sustainable Malta.

The Marsa Junction, for example, has contributed to the reduction of 79% of travel time and up to 70% less of air pollution in the country's busiest intersection, along the principal route to southern Malta. The Central Link will halve travel times in that area and drastically reduce congestion pollution in nearby residential areas of Mrieħel, Birkirkara, Balzan and Attard. In fact, the project is planned to reduce particulate matter pollution by up to 66% by 2030, even when considering future transport demand. Similarly, nitrogen dioxide emissions will also decrease by 41%.

Furthermore, in both these projects we incorporated incentives for alternative modes of transport, namely cycle lanes, with the Central Link offering the longest cycle lane in Malta with a total length of 4.3km.

The Malta National Park is a clear demonstration of the government's vision to drive Malta towards more green growth. With the first area, the Adventure Park, ready and already being enjoyed by families, the work never ceases to stop and in the coming months we will be opening the other five areas to truly give the public a 450,000 square metre open space, equivalent to the size of sixty football pitches, with 80,000 new trees to offer a greener lung. This €20 million investment is without a doubt one of the largest and most anticipated projects of the last generation and a clear example of sustainable green growth.

This is just on land. We have a number of prospective plans for both in the air and at sea. Malta's strong strategic position at sea is one which cannot be denied and history has been the best proof of this. In fact, with a €50 million investment, we are currently working on a shore side electricity project to cut over 90% of the air pollution that cruise liners and Ro-Ro ships produce when visiting the Grand Harbour.

Keeping on the subject of the Grand Harbour, the government is working extensively on the regeneration of this national gem. The government's vision for the Grand Harbour will create new spaces for the maritime sector, introduce recreational areas for families and rehabilitate historic sites. We are looking at nine specific zones in the Grand Harbour, which even with the contribution of the private sector, will put Malta on the next level so that our port will remain a source of economic and social activity.

This is our journey. We must remain humble at all times and this government is committed to work even harder, to achieve more results, to drive Malta towards more sustainability and green growth. We truly believe that hard work pays off and it will.

## ANNEX / SECTION 11

### SKYPE PANEL DISCUSSION

#### THE ROLE OF SMES IN ACHIEVING CLIMATE NEUTRALITY

*Article by*

*Karmenu Vella, Former Member of the European Commission*

The European Green Deal's (EGD) main objective is to make Europe the first climate-neutral continent by mid-century. This is a very ambitious target, considering that the EGD will have to deal with the number of existential threats that mankind is causing through unsustainable practices.

The EGD presents a viable roadmap that will realign Europe's economy with the trajectory to net-zero emissions, in line with its commitments to the Paris Agreement and the UN SDGs.

Scientific research shows that there is a positive correlation between SMEs' sustainable behaviour and their business performance. The EGD, in fact, is not only about sustainability, but also about a prosperous green and blue economy benefitting present and future generations.

The EU's legislative framework, through a number of measures, directives, and regulations, addresses a number of specific issues such as, the decarbonization of our economy through the use of renewable energy as well as smart and sustainable mobility; the improvement of air and water quality; a healthier and a more productive ocean; a reduction of food waste; halting environmental degradation and restoring ecosystems; and diminishing the levels of pollution both on land and at sea. Moreover, the EU is providing the ways and means for every member state to make the transition from a linear to a more circular economy, increasing resource efficiency, while maintaining competitive economies for the years to come.

This much-needed transformation requires participation by all stakeholders. SMEs which constitute the bulk of Europe's business fabric, will assume an essential role as enablers and drivers for the EGD. Saying that SMEs are important for the implementation of the EGD is an understatement. SMEs are critical, and I dare say that without SMEs' engagement and sustained commitment the EGD will not happen.

In Europe, there are 25 million SMEs, consuming around 13% of the total energy production. In Malta, over 99% of businesses are classified as SMEs, 97.3% of which are micro-enterprises with less than 10 employees. The prevalence of SMEs at a European and national level makes it critical to actively engage them in the transformation that Europe needs to achieve climate-neutrality.

Increasing pressure from European institutions, governments, consumers, and society, in general, is driving firms to integrate the EU's climate change strategy in their business activities and processes. Business firms are preparing to radically transform the way they design products, invest in new technologies, modify traditional processes, and review their business models. This transformation to a more resource-efficient, carbon-neutral economy can put SMEs on the path to long-term success and will help them to be more resilient and achieve faster recovery in times of crisis.

Integrating sustainable measures to minimize environmental degradation and climate change in business strategies is a huge opportunity but also a major challenge for many SMEs.

The EU itself emphasizes the importance of SMEs but it also acknowledges the difficulties firms face in such transition. In fact, Europe's SME Strategy (2020) is built around and addresses issues including capacity building of skills and expertise, reducing regulatory burdens and bureaucracy, improving market conditions and market access, facilitation of access to finance, and sharing of best practices.

The EGD is not only a set of objectives, directives, and regulations but also a fiscal and financial support package consisting of a €1.1 trillion budget and a €750 billion fund for the EU's recovery plan to build back better. This fiscal and financial support will assist European regions to develop skills and competencies, help SMEs to transform to green processes, facilitate start-ups and incubators with innovative ideas to create new economic opportunities, and support investments in the overall clean energy transition.

Some best practices have already started to emerge. For example, SMEs can improve their energy efficiency, energy costs, and increase their competitiveness by up to 20% when they make use of energy audits in their business. Likewise, they can start monitoring their carbon footprint and their circular economy implementation to be able to set performance targets and monitor progress.

The EGD is not about the cost of action but the far greater cost of non-action. The unsustainable 'business-as-usual' approach is no longer an option. It is time for Maltese and other European businesses to take on board the strategic vision of the EGD and incorporate policies that are congruent with economic efficiency, environmental integrity, and social equity.

The Green Deal is not a conflict between our environment and our economy, but a new direction for a more sustainable green and blue economic growth benefitting businesses, society, and the planet.





## THE SWITCHERS SUPPORT PROGRAMME: ENHANCING SUSTAINABLE BUSINESS DEVELOPMENT

*Article by*

*Giorgio Mosangini, Team Leader at Green Entrepreneurship Regional Activity Centre for Sustainable Consumption and Production*

The Switchers Support Programme is an initiative supporting sustainable business development. In order to create enabling ecosystems for sustainable enterprises, the programme works closely with green and circular entrepreneurs and companies, business support organizations, trainers and mentors, financial institutions, policy-makers and other relevant stakeholders.

The main target of the programme are The Switchers, businesses implementing innovative ecological and social solutions that contribute to a switch to sustainable and fair consumption and production models. They are active in a variety of fields, including organic food, renewable energy, waste management, sustainable tourism, organic textile, sustainable building, organic cosmetics, and sustainable mobility, among others.

The Switchers are the green entrepreneurs who make the switch towards sustainability. Thus, the Switchers are sustainable businesses which not only create economic value, developing new companies and generating employment, but also ecological value, addressing environmental challenges and reducing their environmental impacts, as well as social value, addressing social needs.

Entrepreneurs and businesses can become sustainable by two essential means. The first way is through eco-innovation, that is providing solutions to environmental challenges at process, product and system level. The second mean is applying eco-design and life cycle thinking approaches which will allow them to reduce their environmental impacts and improve their environmental performance at all stages of the lifecycle of their product or service (design, raw materials, production, distribution, sales, product use and end of life management).

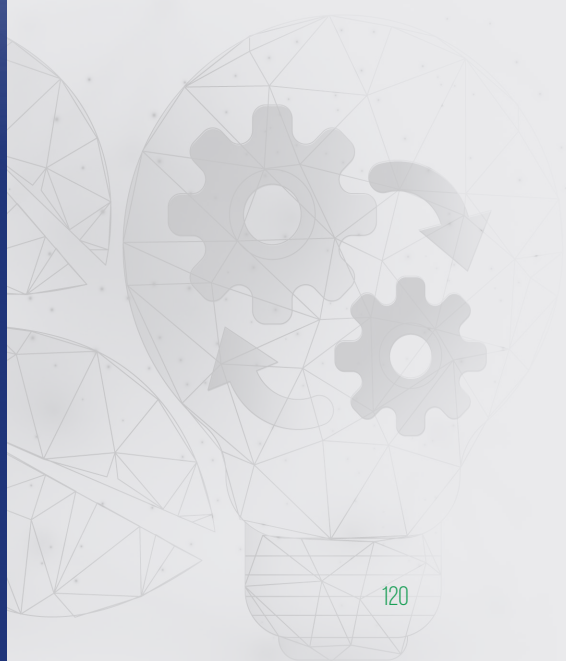
In order to support green entrepreneurs to develop their sustainable and circular businesses, complementary supporting services are needed as well as the engagement of multiple stakeholders. Sustainable entrepreneurs need a huge variety of support services such as green business model development, green business plan development, coaching and mentoring, technical assistance, networking support, access to markets and access to finance support, as well as enabling policies. For this purpose, multiple actors have to be engaged such as business support organisations, trainers and experts, financial institutions and policy makers.

So far, in the Mediterranean countries, around 100 business support organizations have been engaged, almost 400 local experts have been trained for sustainable business

development and more than 2,900 green entrepreneurs have been supported to develop their green business models.

One of the most important pieces of the programme is the development of specific tools and methodologies for sustainable business development. All the tools and methodologies are available in an interactive open platform: The Switchers Toolbox. Several tools and methodologies are freely available: a green business model development tool; a green business plan development tool; an eco-design tool; access to market and access to finance tools; and an impact assessment tool. All the methodologies and tools have been developed embedding eco-innovation, eco-design and life cycle thinking perspectives in all the steps and contents.

More than 3,600 entrepreneurs have registered to the platform so far and hopefully will contribute with their innovative business ideas to the transition towards sustainable consumption and production and circular economy.



## SKYPE INTERVENTION TRANSCRIPT

*Khadija Dorra Essghairi, Expert at Thematic Committee Education R&D*

Thank you very much for the invitation and for sharing the results of this research in particular. Thank you also to Malta Employers Association, who have been very proactive vis-a-vis and a contributor to the research study. So, as you said, this research is part of the EBSOMED project (<http://ebsomed.eu/>), which is a four-year project part-financed by the European Union. Its aim is to enhance the private sector environment, namely by reinforcing the role of the Business Support Organisations (BSOs) in the southern neighbourhood countries. So the way this project is structured is in three thematic committees, including the one that you have mentioned. It's about education and R&D. And it's composed of four countries represented by the BSOs, namely Business Med in Tunisia, Malta Employers Association, Federation of Egyptian Industry and Georgia Chamber of Industry. This committee aims to advocate at the national and regional level the transition to a more environmentally sustainable and more socially inclusive economies.

So I was appointed by this committee to provide employers' associations with a knowledge of what's going on in the energy sector in these different countries, with a particular focus on Renewable Energy Strategy's achievement and also a focus on education and R&D. So after a literature review, we conducted interviews with stakeholders from Malta, Jordan, Egypt and Tunisia in education and R&D. The objective is to actually share best practices and recommendations among all these four countries and also how measures, you know, good practice, can be adopted into a certain context.

So what we all have observed during the research is, of course, all these countries have renewable energy objectives by 2020, 2030 and even beyond. Very good advanced countries in terms of installations and achievements are Jordan and Egypt, which have been really good examples because they have put in place an environment that's attracting investors and developers that ensure Project Bankability. Malta is a member state of the EU, so it has obviously its own National Energy Action Plan, and this action plan provides a roadmap with important milestones, particularly in the installation of renewable energy, the switch from heavy fuel oil to a much cleaner fuel, which is natural gas. Then we see all of these different policies and we try to compare them with these different countries. In terms of education, we have also observed that all these countries have high education degree programs in sustainable energy, either a bachelor or master level. We also observed that Egypt, for example, has been promoting a lot of technical education programs, and the other countries have been more into higher education. In Malta, The case is that the University of Malta is the main leader in terms of, let's say, education, providing undergraduate and postgraduate programs related to energy. And the university offers a flagship program which is called the Master of Science in Sustainable Energy, which is offered by the Institute for Sustainable Energy.

So in terms also of conclusions of this report, we emphasize the role of BSOs in bringing to the attention of policymakers and investors, the need for innovative, technical and logical solutions and also use of renewable energy technologies and also economic prosperity of SMEs. We encourage a partnership with BSOs and their involvement in policymaking

processes when formulating renewable energy policies, innovation policies and programs.

The other conclusion is that it's very important to have a governance structure to interconnect all innovation-related fields, align technical expertise and include the different stakeholders. So this would foster a more cohesive and structured approach to raise more funds. Of course, this is the case of Malta, which is the only European member state in this group of four countries. So they elaborate through the Malta Council of Science and Technology and develop strategies that bring a competitive advantage to the country and use the bottom-up approach. So Malta was a really good example for the other countries to create this governance structure.

It's also important to promote partnerships with North Mediterranean and South Mediterranean countries. And also this could be very beneficial to countries like Malta. This has been proven right in the study since, for example, as I said, Jordan and Egypt are very advanced in terms of achievements and technology diversity, which could help Malta adapt to certain practices. We also encourage regional forums where all these examples success stories are shared, where information is disseminated and the role of BSOs is very critical as they are the bridge between the private and the public sector. And so the BSOs would also have this informative role to their SMEs about policies, new fiscal policies, for example, the ones that were mentioned in the videos earlier and what kind of programs are out there for the private sector. Also, through the study, we encourage to promote regional education programs similar to the REMENA Master Degree between Egypt, Tunisia and Germany. But here again, more funds need to be raised to finance these kinds of initiatives. So hopefully we encourage you to read the study once it's finalized and it should be available through Malta Employers Association. Thank you very much.



## PANEL INTERVENTION TRANSCRIPT

*Dr Elena Grech, Head at European Commission Representative in Malta*

Thank you very much for the invitation to be here today and address this prestigious audience. Indeed it is a very topical subject, we are in the week when COP26 is taking place, big statements are being made, but we are also hopefully seeing more concrete actions rather than just words.

The European Commission does not want to be the one left behind, apart from urging its member states to do more through the fit for 55 regulation and also the green deal objective of reaching carbon neutrality by 2050. It's also putting the money where its mouth is, not only at European Level but also at international level. First of all at International Level it has already pledged 1 billion euros as a commitment to improve afforestation in the world, because we all know that climate depends very much on trees, on maintaining the natural habitats around the globe, but also its balancing act, it's not enough to just plant trees, of course we have to reduce what we currently produce in terms of emissions. For this purpose and coming out of the pandemic that we are just coming out from, where we have seen the benefits of humanity going silent for a while, basically the positive effect on the environment the European Commission has set up the recovery plan for the recovery funds for all 27 member states as guests may recall, President Ursula Von Der Leyen was in Malta on the 16th September, to give its approval, give the government the approved Maltese plan and under which Malta be benefitting from 316 million euros in grants from the European Union, in order to target certain objectives which it needs to address in order to be able to meet the challenges of the fit for 55 regulations which include also afforestation, reducing carbon emissions, digitalisation and improving mobility, in terms of reducing emissions from cars.

Malta's plan has been hailed as one of the most ambitious because where else the requirements for everybody was that at least 30% of the allocation be dedicated to greening projects, Malta's plan is 54% addressed to these targets.

One of the most important, I guess for the audience is digitalisation, projects which Malta will be focussing on, in order to improve digital education of citizens, of population of businesses in order to improve the efficiency of the public service in terms of digital access by everyone who need to access government. Also digitalisation in terms of improving networks. We all have seen people working from home and this has been done wherever possible obviously office workers, mostly, this has been done with big success, but unless we had the infrastructure, and unless we continue to improve the infrastructure, to teach people the relevant skills and make the necessary infrastructure available to those who can work from home, then of course you have one objective but not have the means to achieve it. So investing in the digitalisation at the economy will be one big step towards obtaining the goals intended in the fit for 55 package. There is also funding available to reduce carbon emissions from the carbon emissions trading scheme where in year by year countries will be obliged to reduce the carbon emissions they emit in terms of everything they do on day to day basis.

There is what is called the just transition fund because there is appreciation that not all countries not all regions are ready to start running on the renewable energy from now. Some countries are more advanced from others. Obviously, countries like Malta which is a very small isolated member state, with not enough sustainable resources itself depends on imports of oil, fuel, coal and gas in order to supply its electricity needs we need to be helped to catch up with these goals. So this just transition funds aims just for that in order to provide businesses as well as governments with assistance, financial assistance in order to adapt their working structures their working methods to the requirements established by the fit for 55 package.

There are many other opportunities being given in terms of funds. There is the social climate package, which will allow those most vulnerable, the economically poor strata of the society and financially disadvantaged business in order to catch-up with what they need to do in terms of greening their business, greening their lifestyles to adapt themselves using EU Funds as grants and loans, in both senses to help the, to meet the goals which the European Union has established for all 27 member states.

Quite a tall order, but I am sure that we do have some time but we really need to get working on making it happen. We are a little bit late already but so we need to double our efforts in order to make sure we get there.

I think we started on a very positive note, I have to say, there have been some positive surprises, namely for example yesterday's declaration which over 80 countries had signed up to in order to stop the deforestation including Brazil which is one of the countries which is hardest hit, but which has contributed most to the deforestation of the amazon so that was one positive sign.

One less positive sign is the absence of the three of the biggest polluters from the TOCs (Russia, China and Australia). These 3 countries are still quite far off potting anywhere near climate neutrality and the fact that they had not even gone to Glasgow to participate in the conference is a bit of a stumbling block, I would say. Let's hope that with the find out come of this conference they are convinced to do better and do more and encouraged by peer pressure if you like from everybody else and on good thing the European Commission is proposing in this sense because so far, I have mentioned the carbon trading scheme.

Whenever a country, a member state of the EU, produces goods which have carbon baked into them, these goes towards the carbon allocation of the country. Now this is being kind of a way to go around it by moving your business outside the EU producing outside the importing the already carbon baked goods.

Now what the Commission is proposing is even if goods are imported they will have to be taxed for carbon emissions. So in that sense this will hopefully make China Russia and others less eager countries to meet their expectations, take stock and rethink their strategies. Fingers crossed."

## ANNEX / SECTION 12

### OPPOSITION PARTY'S CONTRIBUTION TOWARDS THIS CONFERENCE

*Article by*

*Hon. Bernard Grech, Leader of the Opposition and Leader of the Partit Nazzjonalista*

The Nationalist Party has always been a force for progress and opportunity for Maltese business and society as a whole. As we now start a year of choices, I wish to outline our views on the key issues on the minds of many businesses we meet in our daily outreach efforts.

First of all, how is a new PN government going to tackle the current tension between environment and further economic development?

To begin with, we believe this tension itself is a mark of failure on Government's lap. Environmental targets are to be sought in harmony, not in contrast to our other objectives.

#### **Environmental agenda**

We are convinced that advancing the environmental agenda in Malta is of paramount interest for Maltese SMEs and Maltese business in general – we cannot afford to keep lagging behind in awareness, in targets and in their effective achievement. Right now we have a situation where government bargains deals with Europe to postpone environmental targets – it is procrastination by design. This will come back to haunt us. This attitude does not spare business. On the other hand, it risks the illusion of cocooning our business from the imperative societal changes that Maltese business will need to catch up with in any case in a few years' time.

The current procrastination promotes a culture of falling behind our competition in mainland Europe. We see a radically different future for Malta. We see the Maltese as leaders in climate change and environmental protection. Rather than negotiating with Europe to procrastinate emissions targets we want our businesses to be leaders in deployment of EU funds relating to the Green and digital transitions. We see Maltese business as leaders in attracting innovation to our shores founding ourselves on our re-established proud reputation as a centre for excellence in the Mediterranean.

We can take hundreds of examples to illustrate the point – one clear case of the need to be ahead of the change is the implementation of the single use plastics directive. Those countries which anticipated its effects managed to adapt their industries to change materials and designs to keep market share. Those countries which tried to postpone the effects of the directive ended up losing market share. This is a story that repeats itself time and time again in many areas, from plastic reduction to emissions to water use to recycling and the whole series of obligations coming from the need to promote a circular economy.

Like we did in the past, we will retain competitiveness by anticipating change, not run after it when it is too late. Let us realise when it is time to change. A new Nationalist Government will work hand in hand with employers to smell the change and adapt our business setting to it. Most importantly, we stand ready to use a whole series of economic and fiscal tools which have been little used of late to attract new growth to open up new opportunities for Maltese business.

A new Nationalist government would also invest directly in new ways to bolster the competitiveness of Maltese exports to face the competition. We want a level playing field. Recent freight price fluctuations have given a huge blow to Maltese business when compared to its closest competitors in the EU and outside. We must level that playing field, affording a fair change to Maltese business. For this reason, we are pledging the setting up of a specific 40 million euro fund to assist directly Maltese business in their export and import efforts.

#### **Government's duty to keep Public Deficit in check**

Only roughly 65% of the current deficit is attributable to the pandemic and the Government's assistance to business and citizens. We support whole heartedly the tax deferments, the vouchers and the wage supplements. A nationalist government would continue such measures if needed. In the Finance Minister's own figures however, the Government will be accumulating over €2.8 billion in debt over two years. The Minister of finance declared that the pandemic cost the economy €1.5 billion. There is therefore a good €1.3 billion in national deficit which finds its roots elsewhere.

If you look at just two contracts concerning our hospitals and the energy supply you realise that the Maltese people are paying through their noses for services where government is being reckless and irresponsible in the use of public funds. The Maltese people and the business community in particular expect government to be a good father, or mother, of the family. This government is nothing close to that. On the vitals deal it is committing €69 million next year without much to show for this spending. On the Electrogas deal, publicly available workings show that the government is seeing over a more than a 130 million outright theft from the Electrogas deal onto the Maltese consumer involving illicit bonuses, overpriced gas purchases and phantom wind farms bought overseas.

The first thing to put Maltese public finances in order is to re-establish the good name of Maltese governance in the first place. I can pledge that this will be my utmost priority. This will be something I will be seeing to personally in a new Nationalist Government.

#### **Back to White list**

We made a pledge to return Malta back to the FATF white list, where it belongs. We will definitely not be passive about the greylisting. Too many are suffering the consequences of abuse by those in power. It is intolerable to see government insensitivity and inertia as thousands of professionals suffer the consequences of greylisting in silence.



We have taken the initiative where government fails to act. Already as an opposition, we presented a mega-bill aimed at turning the Daphne Caruana Galizia inquiry recommendations into law.

With a change of management, comes an opportunity to reassess the credibility of the organisation in question. Same goes for Malta as a jurisdiction. A change of government would be the strongest signal to FATF to reconsider the greylisting.

Already as an opposition we have proposed two key measures to alleviate the effects of greylisting on business – these consist of a proposal for a central public Service to pool resources on due diligence research and a proposal to assist with insurance guarantees.

#### **Eye on competitiveness for the sake of our SMEs**

We have already given a strong signal that we will be a government which will fight bureaucratic burdens by proposing a higher bracket for VAT-exempt businesses up to 60,000 euros in turnover.

We are also well aware of the need to ensure the competitiveness of Maltese business not only internally but also in relation to our competition on the continent. When competing with an enterprise in Turkey or Sicily, Maltese business may lack the access to train and road networks. We must make sure to make up for that disadvantage through a more efficient business setup for Maltese undertakings. We strongly believe in the advantages of centralisation of issues and solutions and a service protocol pledging concrete answers in hours or days depending on the issue.

When it comes to the implementation of EU rules, we will certainly not tolerate gold-plating to appease or simplify the life of public administration. This is something I can pledge from now and where I see a role for MEA and other business representative bodies to act as vigilantes to attract the attention of public authorities that this is happening.

Equally important is the need to ensure that EU legislation is implemented with a view to safeguarding our competitiveness, striving to intervene only up to the point necessary to achieve the EU objective but staying clear of imposing additional burdens on Maltese business.

I also believe that there should be a much bigger role for MEA and other business representation bodies in the shaping up of EU legislation with an impact on local business. For this reason I have already pledged that a new Nationalist Government would see to the integration of business representative bodies in the EU decision making machinery in a systematic and organised fashion at the level of council of ministers in Brussels.

#### **We are here to work together with you**

The above points outline our ethos to business and attitude in a new PN government led by myself. There are however other challenges we need to face and solve together. For this, my approach is simple, get in touch with us, let us sit down, discuss and chart a way forward together, without hidden agendas, with only the national interest firmly in mind.

## ANNEX / SECTION 13

### INTERVIEW/ CONCLUDING REMARKS BY MEA'S DIRECTOR GENERAL

#### INTERVIEW TRANSCRIPT

*Joseph Farrugia, Director General at Malta Employers' Association*

Claire Agius interviews MEA Director General, Joseph Farrugia

CA: *What is your feedback after you've heard all the speakers and participants?*

JF: I think that this has been a very compact conference because we are dealing with an issue which is multifaceted, as we have seen, with so many speakers coming from different backgrounds. However, even with the focus on SMEs, we have seen the diversity of actions that are being taken and also the diversity of actions that as a country we are required to take in order to have the necessary transition to a green and sustainable economy.

CA: *Thank you. Of course, like I always say when there are these conferences, it is always important to discuss, to hear, but it is more about the action. So, from here on what will your role be and what is your position?*

JF: Well, I believe, that from what we've heard change is not an option so we're not talking about whether we should change or not, but it has to happen. We have to reinvent ourselves and in fact, a number of ministers and even the leader of the opposition mentioned that.

Therefore, the fact that we acknowledge that change is necessary and from the many examples that we have seen so many companies, coming from different backgrounds, some are technological companies; some are manufacturing; logistics etc; they are all already taking actions to reorient their businesses in order to be more, green. I believe that is a very positive outcome which has to be backed by the support of organizations such as ours and in fact, I am very proud to have had this conference today and I thank the MEA secretariat for the excellent work that they did particularly, Anton Vella.

The fact that it was a continuation of a previous event that we held earlier this year. Last June we had another conference reconciling GDP growth with well-being and it is evident that we need to look not just at short-term growth or immediate gratification from our economic activities but we need to reorient ourselves towards a more sustainable economy; one which also carries with it intergenerational justice because we owe it to our children in order to inherit a better society than the one we have at the moment, unfortunately, with its many



challenges. We have seen that technology can be a threat to well-being but it can also be an ally. These are things that I believe we have to reflect upon as a society, both as a Maltese society and also as a global society. How can we turn technology into an ally, an ally that gives us a better standard-of-living.

We've heard Professor Torpiano talk about the buildings, the new Bauhaus. How can we have buildings that are not there for the sake of erecting buildings, but in order to enjoy yourself living in such buildings, buildings that you feel good in? Another important point I believe that was mentioned was by Professor Borg when she referred to the "just transition".

Change brings with it friction and in the coming years we will see a trend, and it's already happening, whereby there will be, in the field of employment, for example, which is MEA's specialisation, both job destruction but also job creation. Now if this happens overnight, clearly, there will be a lot of pain. The concept of 'just transition' implies how we can implement such changes but in such a manner that all stakeholders will benefit; in a manner that we will not have people who are literally left behind; who are homeless and poor, for example, because they've lost their job.

We need to ensure that we provide the necessary opportunities through training and through education. The director of the MCAST Institute in fact referred to the change that they are bringing about even in the content of their courses in order to have better input of green technology because that is the way we are heading.

Therefore, the more we are proactive, the more we anticipate these changes, the more likely we will be to have this just transition into a greener and more sustainable economy. And this has to come from all sectors of the economy. It is something which has to be mainstreamed, even mainstreamed into our educational system. I don't really think that we should have a unit somewhere about greening the economy but this is something that implies a changing culture.

It's a different way of looking at things and the more we start at an early age with our citizens, the more we have an acceptance of the new way of life, of embracing new technologies and therefore to bring about the change which is expected of us.

CA: *We are certainly living in a time of change and I think the ones that will find it the hardest are the people who are lazy, who don't want to make the change, literally.*

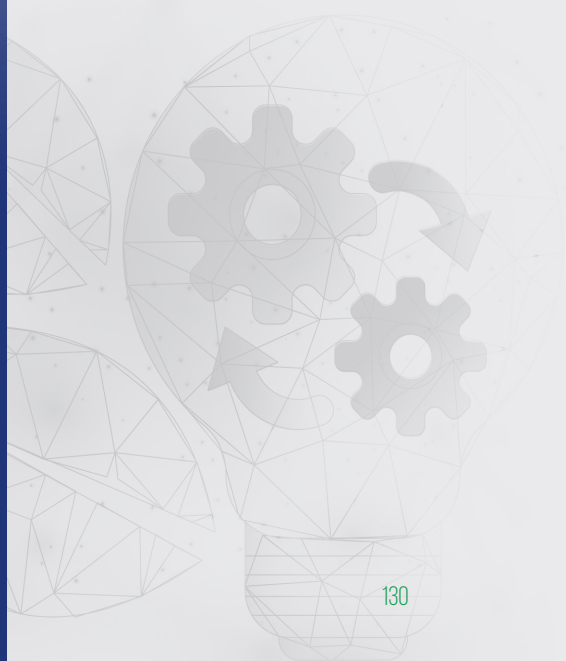
JF: We have to convince them.

CA: *So it is up to us then who are proactive, who are energized, who actually believe that this is the way, not only forward, but also the way we need to live. You mentioned very well the factor of well-being and I'm glad you brought it up, after all, we do want to feel well about our jobs.*

JF: That's why we work. That's why we invest.

CA: *Exactly. And it's not about the amount of money but how am I going to enjoy what I earn in a fair enough way and be able to enjoy of course with my family and with the rest of the citizens and the country in a very fair and just way.*

JF: It's about the generation of wealth. We work and we invest to generate wealth. Through that wealth then, we enjoy a decent or a good standard of living. Investors expect a return on their investment in terms of profit and employees expect fair wages and compensation. That is all the result of the generation of wealth and now we're saying it is a result of the sustainable generation of wealth. This is something which has to be ongoing, something which we know that we are not just draining finite resources, but we are creating an eco structure which is self-sustainable whereby we can make better utilization of resources; whereby they can regenerate themselves; and that's why we talk about the circular economy. It's not just 'use and throw away', but 'dispose but use again', trying to find other uses. This is where technology can be a useful ally.







## **SME WEEK EVENT – NOVEMBER 2021**

### **IMPORTANT LINKS:**

SMEs National Forum 2021 - Report

[https://issuu.com/maltaemployersassociation/docs/report\\_on\\_2021\\_sme\\_week\\_conference](https://issuu.com/maltaemployersassociation/docs/report_on_2021_sme_week_conference)

Event promo:

<https://www.facebook.com/MaltaEmployersAssociation/videos/6361000617274941>

Event whole recording – part 1:

<https://www.facebook.com/MaltaEmployersAssociation/videos/878943182993352>

Event whole recording – part 2:

<https://www.facebook.com/MaltaEmployersAssociation/videos/402636964867828>

Post-event video:

<https://www.facebook.com/MaltaEmployersAssociation/videos/1515579618821325>

A VIRTUAL EVENT ORGANISED BY THE MALTA EMPLOYERS' ASSOCIATION IN COLLABORATION WITH THE MINISTRY FOR THE ECONOMY AND INDUSTRY AND WITH THE SUPPORT OF THE FOUNDATION FOR TRANSPORT, MALTA DEVELOPMENT BANK AND MALTA ENTERPRISE.

## EVENT PROGRAMME

- 08.30 **INTRODUCTION** BY CLARE AGIUS - EVENT HOST  
**THEME VIDEO "A" PRODUCED BY THE EUROPEAN COMMISSION**
- 08.35 **WELCOME ADDRESS** BY JOANNE BONDIN - PRESIDENT, MEA
- 08.40 **TECHNOLOGY FACILITATES OUR GREENER JOURNEY AHEAD - VIDEO PRESENTATION** BY GADGETS
- 08.45 **ADDRESS** BY HON. SILVIO SCHEMBRI - MINISTER FOR THE ECONOMY AND INDUSTRY
- 09.00 **VIDEO CLIP OF ENTREPRENEUR** BY ING. DARRYL SCHEMBRI - AIS TECHNOLOGY MALTA LTD.
- 09.05 **PANEL KEYNOTE ADDRESS** BY ISAAC SAMMUT - SENIOR MANAGER, TECH.MT
- 09.15 **1ST PANEL DISCUSSION: *THE PROGRESS IN TECHNOLOGY AND THE GREEN ECONOMY***, FOLLOWED BY Q&A SESSION
- 09.40 **VIDEO CLIP OF ENTREPRENEUR** BY MARK CASSAR - SAW
- 09.45 **PANEL KEYNOTE ADDRESS** BY PROF. SIMONE BORG - AMBASSADOR CLIMATE ACTION
- 09.55 **2ND PANEL DISCUSSION: *THE NEED FOR GREEN ENVIRONMENTAL PLANNING***, FOLLOWED BY Q&A SESSION
- 10.20 **VIDEO CLIP OF ENTREPRENEUR** BY DAVID ABELA - EUROBRIDGE
- 10.25 **PANEL KEYNOTE ADDRESS** BY ING. ABIGAIL CUTAJAR - ADVISOR TO THE MINISTER AT MINISTRY FOR ENERGY, ENTERPRISE AND SUSTAINABLE DEVELOPMENT
- 10.35 **3RD PANEL DISCUSSION: *TOWARDS ENTERPRISES OPERATING WITH GREENER ENERGY***, FOLLOWED BY Q&A SESSION
- 11.00 **VIDEO CLIP OF ENTREPRENEUR** BY MATTHEW BEZZINA - E-CABS
- 11.05 **PANEL KEYNOTE ADDRESS** BY DR JEANNETTE AXISA - DIRECTOR GENERAL, FOUNDATION FOR TRANSPORT
- 11.15 **4TH PANEL DISCUSSION: *CHALLENGES IN MOVING TO GREENER MOBILITY***, FOLLOWED BY Q&A SESSION
- 11.40 **SPEECHES BY**  
HON. MIRIAM DALLI - MINISTER FOR ENERGY, ENTERPRISE AND SUSTAINABLE DEVELOPMENT  
HON. AARON FARRUGIA - MINISTER FOR THE ENVIRONMENT, CLIMATE CHANGE AND PLANNING  
HON. IAN BORG - MINISTER FOR TRANSPORT, INFRASTRUCTURE AND CAPITAL PROJECTS
- 12.05 **BREAK**
- 12.15 **THEME VIDEO "B" PRODUCED BY GREEN ECONOMY COALITION**
- 12.20 **DISCUSSION TIME WITH**  
DR ELENA GRECH - EU OFFICE, MALTA  
KARMENU VELLA - FORMER MEMBER OF THE EUROPEAN COMMISSION  
STEFANO MALLIA - PRESIDENT EESC – EMPLOYERS' GROUP  
KHADIJA DORRA ESSGHAIRI - EXPERT THEMATIC COMMITTEE EDUCATION R&D  
GIORGIO MOSANGINI - TEAM LEADER, GREEN ENTREPRENEURSHIP REGIONAL ACTIVITY CENTRE FOR SUSTAINABLE CONSUMPTION AND PRODUCTION
- 12.50 **ONE-TO-ONE INTERVIEW** WITH HON. BERNARD GRECH, THE LEADER OF THE OPPOSITION & LEADER OF PARTIT NAZZJONALISTA
- 13.15 **CLOSING REMARKS** BY JOSEPH FARRUGIA - DIRECTOR GENERAL, MEA

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## SMES AND GREEN GROWTH THE JOURNEY AHEAD













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## CREDITS TO:





# BRIDGING THE INVESTMENT GAP

SUPPORTING SMEs, INNOVATION,  
INFRASTRUCTURE, THE GREEN ECONOMY  
& SOCIAL INVESTMENT



This Publication sets out to summarise the proceedings of the MEA SME Week November Conference in quasi-academic style.

It does so by presenting the highlights of all the interventions made during the event (as far as possible) by means of around 85 footnotes of direct quotations made by Speakers during the conference.

This researched document is divided into 6 sections presenting the context and the position of the MEA and then further distinguishing between the role of the Authorities (the European Union, Maltese Government, Regulators and Parastatal Bodies) and that of Private Sector Economic Operators. The Document further outlines the Challenges and Risks Ahead before presenting the final Conclusions and Recommendations.

In the words of the MEA President, the Publication is intended to reinforce the Association's efforts in making the necessary representations to the Authorities in favour of the journey of Maltese business towards the "twin transition" whilst providing leadership and support to members on the matter.

Kevin J Borg

The Malta Employers' Association (MEA) is a constituted body, founded in 1958, and which brings together employers from all sectors of industry and commerce in Malta. It is, in effect, the "trade union" of employers, formally registered as such under the Employment and Industrial Relations Act (2002). The principal purpose for which the Association is created is the regulation of relations between employers, workers and trade unions.

Whilst giving due consideration to the wider interests of the business community in general, the Association endeavours to decisively influence the formation of policies at national level which are conducive to the development of a culture which encourages enterprise and the creation of economic and social conditions favourable to sustainable growth and competitiveness of Maltese business in all aspects. The MEA seeks to act towards the development of productive employment and in the interest of employers at large.

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