

# Innovation landscape of Malta: Best practices and future directions



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# Foreword



Innovation and entrepreneurship are central to building resilient, future-ready economies. They enable countries to adapt to change, diversify economic activity, and translate technological progress into meaningful societal outcomes. In this context, Malta has emerged as a compelling example of how a small nation can leverage strategic vision, collaboration, and targeted investment to position itself as a competitive and forward-looking innovation hub.

Malta's innovation journey has been shaped by strong ecosystem collaboration, progressive policy frameworks, and a clear ambition to harness digital transformation as a driver of economic resilience and quality of life. Guided by the Malta Economic Vision 2031, and more recently by the development of Malta Vision 2050, the country has laid a solid foundation for long-term growth that responds to global challenges such as technological disruption, climate change, and evolving labour market needs. The experience of Malta demonstrates how coherent national vision-setting, combined with effective implementation, can enable innovation ecosystems to thrive even within small and open economies.

The report 'Innovation landscape of Malta: Best practices and future directions', developed in collaboration with the Ministry for the Economy, Enterprise and Strategic Projects and the Malta Digital Innovation Authority, highlights the best practices that underpin Malta's innovation ecosystem and explores the future directions and capabilities needed to sustain momentum in a rapidly changing global environment. It examines the roles played by key stakeholder groups—including the public sector, private sector, academia, finance, support networks, and entrepreneurs—and illustrates how their interactions contribute to ecosystem performance. By focusing on real-world examples and collaborative approaches, the report offers insights that may be relevant not only for Malta, but also for other countries seeking to strengthen their own innovation landscapes.

I trust that this report will serve as a valuable reference for policymakers, innovators, ecosystem builders, and partners, supporting informed dialogue and strategic decision-making around innovation and digital transformation. The International Telecommunication Union stands ready to continue supporting Malta as it advances its innovation agenda and explores new opportunities for sustainable and inclusive growth.

A handwritten signature in black ink, appearing to read 'Dr. Cosmas Luckyson Zavazava'.

Dr Cosmas Luckyson Zavazava  
Director, Telecommunication Development Bureau  
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## 1 Introduction

In recent years, the startup ecosystem of Malta has undergone a remarkable transformation, establishing the country as a dynamic force in the global innovation landscape. This transformation has been driven by substantial growth, with the Global Startup Ecosystem Report noting a 39 per cent increase in economic impact from startup exits and valuations since early 2022<sup>1</sup>. Major startup exits exceeding USD 50 million, have attracted fresh talent, capital, and expertise into the ecosystem, helping to position Malta as the fourth-best destination for innovative startups in Europe, outperforming 17 other European Union member states<sup>2</sup>. This recognition is a testament to the island nation's increasing global prominence in innovation.

This report examines the best practices and strategic directions that have shaped the thriving innovation ecosystem of Malta. By highlighting these approaches, the report aims to inspire other nations, particularly those of similar size, to build resilient and competitive ecosystems capable of making their mark on the global stage. The experience of Malta illustrates how strong collaboration between the public and private sectors, progressive policy-making, and a commitment to nurturing talent can propel a small nation into a leadership position in technological and entrepreneurial innovation.

This report begins by presenting an overview of the foundations of innovation in Malta and exploring the Malta Economic Vision 2031, a blueprint for sustainable economic growth that has guided much of this progress. In October 2024, recognizing this progression and also the need to adapt to complex and interconnected issues such as climate change, technological disruption, demographic trends, and global market shifts, the Government of Malta launched the development process of a national vision for socio-economic development, known as Malta Vision 2050. This national vision consolidates and builds upon existing sectoral strategies, creating a cohesive and unified framework and a comprehensive national roadmap for future innovation and development.

The report then turns its focus to six key stakeholder groups that have proved integral to the success of Malta: the public sector, the private sector, academia, finance, support networks, and entrepreneurs. Each of these groups plays a vital role in driving innovation, fostering partnerships, and advancing both economic and technological frontiers. Through case studies and real-world examples, this report illustrates how these stakeholders collaborate to power the innovation ecosystem of Malta.

Employing a mixed-method approach, this report draws from a pool of qualitative and quantitative data. Insights were gathered through stakeholder interviews, combined national and international reports, and case studies. This methodology ensures that the findings offer a comprehensive and nuanced view of how the innovative ecosystem of Malta operates and thrives on the global stage.

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<sup>1</sup> Startup Genome. (2024). *The global startup ecosystem report 2024*. <https://startupgenome.com>

<sup>2</sup> Start in Malta. Malta ranks 4th best European Union country for innovative startups. <https://startinmalta.com/malta-ranks-4th-best-eu-country-for-innovative-startups/>

## 2 Evolving innovation landscape

Malta is an island country located south of Italy, east of Tunisia, and north of Libya. Though one of the smallest countries in the world, Malta boasts a rich cultural heritage and a strategic location in the Mediterranean. Since joining the European Union in 2004, Malta has strengthened its economic and political significance. With Maltese and English as its official languages, the country reflects a unique blend of European and Mediterranean influences, making it a cultural bridge between Europe and neighbouring regions. The capital city, Valletta, renowned for its historical significance, is a UNESCO World Heritage Site, celebrated for its architecture and pivotal role in Mediterranean history.

With a population of 553 214 as of 2023<sup>3</sup>, which is projected to decrease by 2 per cent to 522 733 by 2050<sup>4</sup>, the economy is classified as high-income<sup>5</sup>, boasting a gross domestic product (GDP) of USD 20.96 billion and a GDP per capita of USD 37 882 in 2023. Economic performance remains strong, with the real GDP growth rate reaching 6.7 per cent as of February 2025<sup>6</sup>. Despite its small size, Malta maintains a low poverty headcount ratio of 0.1 per cent at the international poverty line of USD 3.00 a day (2021 PPP)<sup>7</sup>, and the unemployment rate was reported at 3.5 per cent in 2023<sup>8</sup>, reflecting strong economic performance.

Although Malta is among the most densely populated countries in the world, with an estimated 1 620 residents per square kilometre<sup>9</sup>, the population of Malta is ageing, with a median age of 40.1 years recorded in 2023, reflecting broader European demographic trends<sup>10</sup>. Despite a relatively low fertility rate of 1.1 children per woman in 2022, which is below the replacement level, Malta has continued to experience a moderate population growth rate of 4.1 per cent as of 2023<sup>11</sup>. Alongside these demographic challenges, Malta has invested heavily in a robust infrastructure to support economic and technological development, particularly in the telecommunication sector. As a result of this investment, and despite the relatively small size of the country, the telecommunication sector in Malta has become one of the most advanced in Europe.

The favourable topography of Malta has enabled operators to easily expand the reach of their infrastructure, including extensive optical fibre coverage, resulting in high levels of mobile and broadband penetration<sup>12</sup>. The liberalization of telecommunication services in Malta began in the mid-1990s with the provision of Internet services, leading to the gradual dismantling of monopolies in the early 2000s. In 1997, a dedicated government agency, the Telecommunications Regulator, assumed the regulatory functions previously managed by Telemalta Corporation. Later, in 2001, the Malta Communications Authority (MCA) was established, taking on regulatory responsibilities for electronic communications, postal services, e-commerce, and trust services.

<sup>3</sup> World Bank. Malta. World Bank Data. <https://data.worldbank.org/country/MT>

<sup>4</sup> World Health Organization. Malta. World Health Organization Data. <https://data.who.int/countries/470>

<sup>5</sup> United Nations Department of Economic and Social Affairs (UN DESA), and United Nations Conference on Trade and Development (UNCTAD). (2024). *World Economic Situation and Prospects 2024*.

<sup>6</sup> Eurostat (2025) *Real GDP increased in most EU regions in 2023*. Available at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250211-2> (Accessed: 27 March 2025).

<sup>7</sup> World Bank. Poverty headcount ratio at \$3.00 a day – Malta. <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=MT>

<sup>8</sup> World Bank. Unemployment, total – Malta. <https://data.worldbank.org/indicator/SL.UEM.TOTL.NE.ZS?locations=MT>

<sup>9</sup> World Bank. Population density (people per sq. km of land area) – Malta. World Bank Data. <https://data.worldbank.org/indicator/EN.POP.DNST?locations=MT>

<sup>10</sup> Eurostat. Population structure and ageing. European Commission. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population\\_structure\\_and\\_ageing](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_structure_and_ageing)

<sup>11</sup> World Bank. Malta. World Bank Data. <https://data.worldbank.org/country/MT>

<sup>12</sup> Government of Malta. (2019). *Malta: Towards an AI Strategy*.

In 2018, the Malta Digital Innovation Authority (MDIA) was created to regulate and promote innovative technologies, offering incentives to boost technological development within the national digital and innovation ecosystem.

Malta has an advanced digital and telecommunication infrastructure, as indicated by its ICT Development Index (IDI) score of 93.5 in 2024, up from 87.0 in 2023<sup>13</sup>. The country ranked 10<sup>th</sup> in the European Union Women in Digital Scoreboard 2022, with a high percentage of the population using the Internet<sup>14</sup>. As of 2022, 91.9 per cent of the population were reported as Internet users, with 94 per cent of women and 90 per cent of men regularly online. Usage is similarly high across age groups, with 90.5 per cent of people aged 25 to 74 years and 100 per cent of people aged 15 to 24 years using the Internet. Households with Internet access are at 93 per cent, with rates of 95.8 per cent in rural areas and 93.3 per cent in urban areas, while mobile-cellular subscription rates are high at 132 subscriptions per 100 inhabitants, and fixed-telephone subscriptions are at 49 per 100 inhabitants<sup>15</sup>. Active mobile-broadband subscriptions are at 124 per 100 inhabitants, while fixed broadband subscriptions are at 43 per 100 inhabitants, totalling 229 473 subscriptions in 2022<sup>16</sup>. Malta achieved 100 per cent coverage for fixed very high-capacity networks (VHCN) and 5G networks, in 2020 and 2022, respectively<sup>17</sup>. The country has also made significant strides in strengthening its cybersecurity framework. Malta is classified as a Tier 2 “Advancing nation” according to the Global Cybersecurity Index, and achieved high scores in areas such as “legal measures,” “technical measures,” and “organizational measures.” However, areas remain for potential growth, particularly in “capacity development” and “cooperation measures,” where Global Cybersecurity Index scores were slightly lower<sup>18</sup>.

The economy of Malta is primarily service-oriented, with key sectors including tourism, financial services, and ICT. The country has also developed a strong presence in gaming and iGaming, while manufacturing, particularly in the semiconductor industry, plays a vital role in the economy accounting for 30 per cent of the total exports and generating about 18 per cent of jobs within the manufacturing sector<sup>19</sup>. In addition to these established sectors, Malta has implemented a range of strategies to foster digital transformation and innovation, such as the Malta Economic Vision 2031 and the Strategy and Vision for Artificial Intelligence in Malta 2030, both of which will be presented in depth in this report.

Malta Digitali 2022-2027, the nation’s principal digital strategy outlines plans to advance digital transformation while emphasizing that the government will not only fulfil its traditional roles as a policy-maker, promoter, and regulator but will also act as a driving force for change<sup>20</sup>. These initiatives aim to position Malta as a leader in digital innovation by focusing on investment in digital infrastructure, fostering digital skills, and creating a regulatory environment that is conducive for technological progress.

<sup>13</sup> International Telecommunication Union. (2024). *The ICT Development Index 2024: Measuring digital development*.

<sup>14</sup> European Commission Directorate-General for Communications Networks, Content and Technology. (2024). *Women in Digital Scoreboard 2024: Country profiles*.

<sup>15</sup> ITU Data Hub – Malta. (2023). <https://datahub.itu.int/data/?e=MLT>

<sup>16</sup> International Telecommunication Union. Malta. ITU Data Hub. <https://datahub.itu.int/data/?e=MLT>

<sup>17</sup> European Commission. (2024). *Digital Decade country reports: Malta*.

<sup>18</sup> International Telecommunication Union. (2024). *Global Cybersecurity Index 2024* (5th ed.). Geneva.

<sup>19</sup> TVM News. (2024, November). €8 million investment in new centre focusing on semiconductors. <https://tvmnews.mt/en/news/e8-million-investment-in-new-centre-focusing-on-semiconductors/#:~:text=The%20semiconductor%20industry%20in%20Malta,1.2%20billion%20to%20the%20economy>

<sup>20</sup> Digital Malta Foundation. (2022, November). *Malta Digitali 2022-2027: Digital transformation strategy for a better society and thriving economy*.

Malta has also prioritized the integration of ICT into its education system through the National Education Strategy 20242030 which places a significant emphasis on digital education to prepare students for future economic challenges<sup>21</sup>. The strategy focuses on enhancing digital literacy across all educational levels by integrating technology into teaching and learning processes. The strategy also encourages the development of digital citizenship skills and aims to make the national education system future-proof by prioritizing the acquisition of 21<sup>st</sup>-century skills, including media literacy and the responsible use of digital platforms. This approach is integral to creating a digitally competent, future-proof workforce that can contribute to the growing digital economy of Malta.

Small and medium-sized enterprises (SMEs) form the backbone of the national economy. In 2022, there were 33 442 SMEs operating in Malta, with 30 903, or the vast majority of these SMEs, being micro-enterprises employing up to nine people<sup>22</sup>. Additionally, illustrating the distribution of SMEs by size in Malta between 2020 and 2022, there were approximately 2 154 small businesses, employing between 10 and 49 individuals, and 386 medium-sized businesses. Over the years, the government has introduced various support measures to enhance the SME competitiveness and growth<sup>23</sup>.

In tandem with SMEs, foreign direct investment (FDI) has been a key driver of economic performance, with net inflows accounting for 99.7 per cent of GDP in 2023<sup>24</sup>. Malta Enterprise, the national economic development agency, has played a crucial role by attracting FDI and supporting business enterprises<sup>25</sup> through a range of services, including pre-investment consultations, access to finance, investment tax credits, and allocations of industrial space. Political and macro-economic stability has also been crucial to maintaining the competitiveness of SMEs and business enterprises in Malta.

Malta ranks 29<sup>th</sup> among 133 economies in the Global Innovation Index (GII) 2024, showcasing its strong innovation capabilities. The country is ranked 11<sup>th</sup> in 'creative outputs,' which specifically focuses on creativity-driven outcomes, such as trademarks, cultural services, digital creativity, and creative industries, and is ranked 4<sup>th</sup> in 'knowledge absorption,' which refers to how effectively an economy acquires, adapts, and utilizes external technological knowledge. Although the national ranking for 'innovation inputs,' which refers to conditions enabling innovation such as resources, infrastructure, talent, and environment, is slightly lower at 27<sup>th</sup>, Malta performs relatively strongly in 'business sophistication,' with a ranking of 19<sup>th</sup>. However, there remain areas for improvement, such as 'human capital and research,' and 'knowledge and technology outputs,' where the country ranks 35<sup>th</sup> and 48<sup>th</sup>, respectively. Additionally, there are opportunities to further enhance the business environment, particularly in terms of business policy stability. The future-oriented national vision, Malta Vision 2050, aims to address a number of these challenges, and the aspiration is that Malta will continue to be recognized as an innovation leader performing above expectations for its level of development<sup>26</sup>.

<sup>21</sup> Ministry for Education, Sport, Youth, Research, and Innovation. (2023). National Education Strategy 2024-2030.

<sup>22</sup> Malta Business Agency (December 2024) *Creation of Companies*. Available at: <https://www.maltabusiness.agency/service/creation-of-companies/>

<sup>23</sup> Malta Business Agency. Creation of companies. Malta Business Agency. <https://www.maltabusiness.agency/service/creation-of-companies/>

<sup>24</sup> World Bank. Malta. World Bank Data. <https://data.worldbank.org/country/MT>

<sup>25</sup> Malta Enterprise. <https://maltaenterprise.com/>

<sup>26</sup> World Intellectual Property Organization (WIPO). (2023). Global Innovation Index 2024. Geneva: WIPO. <https://www.wipo.int/web-publications/global-innovation-index-2024/en/>

Innovation strengths of Malta extend to high level performance in cultural and creative services exports, intellectual property payments, redundancy dismissal costs, joint ventures and strategic alliances, trademarks, and industrial design. However, challenges persist in areas such as domestic market scale, ICT services exports, and labour productivity growth.

The European Innovation Scoreboard 2024 classifies Malta as a 'moderate innovator' performing at 88 per cent of the European Union average, but above the average score of moderate innovators at 84.8 per cent. Although the performance of Malta has improved by 10 per cent, the country lags behind the European Union overall innovation growth rate. Key national strengths include a high share of foreign doctorate students (39.7 per cent), strong trademark application activity (10 per cent), and significant employment in knowledge-intensive sectors (16.5 per cent). Weaknesses include insufficient public funding for private sector R&D (0.01 per cent) and public sector R&D (0.2 per cent), and limited numbers of new doctorate graduates (0.5 per 1 000 students aged 25-34)<sup>27</sup>.

Over the past decade the economic landscape in Malta has transformed significantly, achieving a real GDP growth rate of 6.6 per cent per year since 2013<sup>28</sup>, surpassing the European Union average. Key sectors driving this growth include gaming, financial services, and ICT, complemented by traditional sectors such as tourism, construction, and manufacturing. Tourism saw a substantial rise, with inbound visitors increasing by over 74 per cent between 2013 and 2019, reaching 2.8 million. Despite this impressive growth, challenges such as dependency on external demand, and the need for further diversification remain. The COVID-19 pandemic highlighted these vulnerabilities, significantly impacting the tourism and hospitality sectors, during this period<sup>29</sup>. The tourism sector has since demonstrated remarkable growth, with total inbound visitors reaching 2 418 378 in August 2024, marking a significant increase of 21.1 per cent compared to the same period in 2023, while total expenditure surged to EUR 2.2 billion, up 23.3 per cent from the previous year.

In response to emerging challenges and opportunities, the government has articulated an ambitious path for sustainable economic growth under the Malta Economic Vision 2031. This programme seeks to transition Malta toward a more inclusive and resilient, just, digital, and carbon-neutral economy by prioritizing investments in technology, sustainability, and human capital development. The Malta Economic Vision 2031 focuses on strengthening digital and physical infrastructure, upskilling the workforce, and implementing policies to support research and innovation in emerging sectors to ensure long-term resilience and prosperity.

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<sup>27</sup> European Commission Directorate-General for Research and Innovation. (2024). European Innovation Scoreboard 2024: Country profile Malta.

<sup>28</sup> Eurostat (2025) Real GDP growth rate - volume. Available at: <https://ec.europa.eu/eurostat/databrowser/view/TEC00115/default/table> (Assessed on 2 May 2025).

<sup>29</sup> Ministry for the Economy and Industry. (2021). A future-proof Malta: A nation of courage, compassion, and achievement: Malta's economic vision 2021-2031.

## 3 Malta Economic Vision 2031

### 3.1 Overview of the Malta Economic Vision 2031

The Malta Economic Vision 2031, formulated in 2020 under the Ministry for the Economy, outlines a strategic pathway for transforming the country into a resilient, innovation-driven economy<sup>30</sup>. This vision is designed to address challenges in sustainable development and digital transformation, providing a roadmap that enhances the socio-economic landscape while adapting to global trends. Comprising five foundational pillars: quality of life; infrastructure; education; environment; and governance, the Malta Economic Vision 2031 is designed to support progress toward a diversified, knowledge-based economy that embraces emerging technologies such as artificial intelligence, blockchain, and Internet of things (IoT).

Building on these pillars, the vision seeks to transform Malta into a thriving “digital island of the future,” focusing on community vitality, digital integration, and innovative solutions. It emphasizes the importance of quality-driven industries, robust infrastructure, and advanced technological capacities. Additionally, the strategy prioritizes governmental policies that inspire creativity, encourage bold decision-making, and foster competitiveness. This multi-faceted approach is designed to position Malta as one of the world’s most competitive economies, enhancing both economic growth and socio-economic resilience.

As the vision states, the goal is to become “a fair and highly prosperous nation that cultivates, supports, and promotes ongoing investment in research, innovation, creativity, human resource development, and our natural and urban environment so as to ameliorate the standard of living for all the citizens of Malta and Gozo.”

As part of its long-term vision, the strategy acknowledges specific challenges facing the nation, and particularly the reliance of Malta on tourism and financial services, which has left it vulnerable to external shocks, such as global economic downturns and environmental risks. By fostering a technology-centred and diversified economy, the vision aims to mitigate these risks and open new avenues for sustainable growth. Under the Malta Economic Vision 2031, sustainable economic growth is prioritized, driven by a commitment to quality-of-life improvements, building resilience and encouraging growth in high-value industries such as digital finance, advanced manufacturing, and sustainable tourism. Key initiatives include support for start-ups and SMEs, investments in innovation, and measures to boost employment in green and digital sectors. Furthermore, the vision aligns with global priorities by emphasizing green and digital transitions and underscores the need for improved governance. In doing so, Malta aspires to be not just a global economic player but also a nation that champions fairness, transparency, and inclusivity.

The economy of Malta continues to experience robust growth, driven by strong export performance and heightened domestic demand. Tourism has surged well beyond pre-pandemic levels, while an influx of workers is further stimulating domestic demand. In 2023, the country recorded GDP growth of 6.7 per cent<sup>31</sup>. By the fourth quarter of 2024, GDP had increased by

<sup>30</sup> Ministry for the Economy and Industry. (2021). A future-proof Malta: A nation of courage, compassion, and achievement: Malta's economic vision 2021-2031.

<sup>31</sup> Eurostat (2025) *GDP up by 0.2 per cent and employment up by 0.1 per cent in the European Union*. Available at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250211-2> (Accessed: 27 March 2025).

2.8 per cent in volume terms, primarily driven by domestic demand, which contributed 2.3 percentage points, while foreign trade added 0.4 percentage points<sup>32</sup>.

Maintaining this momentum requires strategic infrastructure development, particularly in transport, energy, and digital connectivity. Investments include expanding 5G network coverage, increasing energy interconnections and the development of smart city initiatives. Malta aspires to be a digital powerhouse within Europe by 2031. Achieving this vision will involve several key initiatives, including increased investment in digital sectors, positioning Malta as a global launchpad for advanced AI and public sector blockchain applications, and developing modern hybrid-cloud infrastructure across government services. The plan also includes next-generation business and customer portals to deliver fully integrated digital public services. A critical enabler will be sustained public and private investment in digital infrastructure and connectivity, including the construction of a new submarine Internet cable connecting Malta to Marseille and the Arab Republic of Egypt, which will complement the four existing cables linking Malta to Italy. The focus is on creating an infrastructure that not only supports current needs but also anticipates future demands.

Additionally, under the national Recovery and Resilience Plan, 26.2 per cent of the available funds are allocated to measures advancing digital transformation objectives. Digital challenges identified for Malta include disparities in digitalization between large and small enterprises, as well as shortages and mismatches in digital skills. Key initiatives supporting digital transition include investments and reforms across both the public and private sectors. This involves EUR 34 million for the digitalization of public administration and public services, aimed at enhancing government IT systems and improving digital public services. Notably, 80 per cent of the population consider that the digitalization of everyday public and private services has made their lives easier (surpassing the European Union average of 73 per cent)<sup>33</sup>. In the private sector, EUR 15 million is being invested in the digitalization of at least 360 companies, focusing particularly on small and medium-sized enterprises (SMEs). Complementing these investments, initiatives such as the Digital Strategy 2021-2027 are set to further reduce the digital divide in Malta by helping low-income families access connectivity and promoting digital skills development<sup>34</sup>. Additionally, the government is accelerating its digital transformation efforts through the National Digital Decade Strategic Roadmap 2023-2030, which introduces a range of initiatives and measures aimed at supporting both the public and private sectors, and ensuring that the necessary knowledge and skills are in place to drive innovation and achieve national objectives.

In tandem with infrastructure development and digital transformation, the focus on education and employment is central to building a highly skilled workforce that can fully leverage the full potential of Malta. The country aims to develop a highly skilled and adaptable workforce capable of driving innovation and supporting the economic transformation, particularly in sectors such as digital innovation, AI, and fintech. This approach aims to ensure that both current and future generations are well-prepared to contribute to, and benefit from technological evolution.

<sup>32</sup> NSO (2025) *Gross Domestic Product: Q4/2024*. National Statistics Office - Malta. Available at: <https://nso.gov.mt/national-accounts/gross-domestic-product-q4-2024/> (Accessed: 27 March 2025).

<sup>33</sup> European Commission. (2024). *Digital Decade 2024: Special Eurobarometer report*. European Commission. <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2024-special-eurobarometer-report>

<sup>34</sup> European Commission. *Malta's recovery and resilience plan*. European Commission. [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/maltas-recovery-and-resilience-plan\\_en#:~:text=Malta's%20recovery%20and%20resilience%20plan%20supports%20the%20digital%20transition%20with,and%20enhance%20digital%20public%20services](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/maltas-recovery-and-resilience-plan_en#:~:text=Malta's%20recovery%20and%20resilience%20plan%20supports%20the%20digital%20transition%20with,and%20enhance%20digital%20public%20services)

Efforts to close skills gaps are vital for maintaining the competitive edge of Malta, particularly in high-skilled sectors critical to the digital economy. National investment in education reform focuses on modernizing curricula to promote subjects related to science, technology, engineering, and mathematics (STEM), as well as digital skills while also supporting lifelong learning and professional development initiatives, particularly in the fast-changing landscape of digital technology. These initiatives are designed to prepare workers for the rapidly evolving technological landscape and support the growth of a highly skilled workforce. Strengthening digital skills across the population is essential to maintaining the competitive edge enjoyed by Malta in high-skilled employment, especially in sectors critical to the digital economy.

Malta currently outperforms the European Union average in tertiary education attainment levels, which reflects the strong commitment of the nation to nurturing a well-educated population<sup>35</sup>. The aim of the government is to sustain and improve these results through continuous investment in education and training and so ensuring that Malta remains a hub for talent development and innovation.

The commitment of Malta to environmental sustainability is equally evident in its ambitious climate agenda. The country is dedicated to becoming a green and sustainable economy by integrating environmental considerations into all aspects of economic planning. The goal is to achieve carbon neutrality by 2050, in line with European Union targets, through measures such as increasing renewable energy generation, promoting energy efficiency, and supporting sustainable agricultural practices. The Integrated National Energy and Climate Plan for the period 2021-2030 sets ambitious renewable energy goals<sup>36</sup>, including having renewable sources supply 11.5 per cent of total energy consumption by 2030 and 11 per cent of electricity generation. In the electricity production sector, the target is for renewables to make up 11 per cent of the total energy mix. The share of renewable heating and cooling sources are expected to reach 22.06 per cent by 2020 and increase further to 25.71 per cent by 2030, while the share of renewable energy in the transport sector is expected to rise to 15 per cent by 2030<sup>37</sup>. Under the Malta Economic Vision 2031, further planned initiatives include the development of a carbon-neutral Gozo, strategic investments in green technology, and the implementation of a national circular economy strategy.

Recognizing the need to drive economic growth with a relatively small population, the government is focused on two key pillars within the innovation ecosystem: digital transformation and sustainability. Significant efforts are being made to advance both digital and green skills, particularly through initiatives led by the National Skills Council, which focuses on upskilling and reskilling the workforce to meet the demands of the digital and green transitions. In addition, the government has also taken concrete steps to address climate change as part of its sustainability goals. In October 2024, the Climate Action Authority was established, marking a historic step as the first authority in Malta dedicated to coordinating national climate change action initiatives. This authority is tasked with developing national strategies and legal frameworks to guide transition to a more sustainable and resilient economy<sup>38</sup>. Stakeholders believe that while the government has laid a strong foundation for sustainability and digital transformation, it is also

<sup>35</sup> European Commission. (2022). Education and training monitor 2022: Malta country report. Publications Office of the European Union. <https://op.europa.eu/webpub/eac/education-and-training-monitor-2022/en/country-reports/malta.html>

<sup>36</sup> Ministry for Energy and Water Management. (2019). Malta's National Energy and Climate Plan 2030.

<sup>37</sup> European Commission. (2021). Factsheet: Malta. Clean Energy for European Islands Secretariat.

<sup>38</sup> MaltaToday. (2024). Malta launches first ever Climate Action Authority. <https://www.maltatoday.com.mt/news/national/131594/malta-launches-first-ever-climate-action-authority>

essential for the private sector to actively contribute to these efforts, although it is important to note that environmental, social, and governance (ESG) principles are increasingly becoming a focal point of public discourse in Malta, reflecting the growing awareness and responsibility that businesses have toward sustainable practices. Although the government continues to lead in areas of policy and infrastructure, as emphasized by civil society representatives, private enterprises must also step up to integrate ESG standards into their operations and investment strategies.

Ensuring that these ambitious goals are met requires not only technological and environmental progress, but also a robust institutional framework. To this end, the Malta Economic Vision 2031 focuses on strengthening the national institutional framework to ensure transparency, accountability, and the rule of law, which are crucial for sustainable economic growth and social stability. The government is committed to enhancing public sector efficiency, combating corruption, and improving the regulatory environment to attract investment and build public trust. Comprehensive judicial reforms, e-governance solutions, and robust data protection measures are being implemented to ensure compliance with the general data protection regulation (GDPR) and foster a culture of good governance. By doing so, Malta aims to create a secure and business-friendly digital environment that supports innovation and economic development, while protecting the rights and privacy of its citizens in an evolving digital landscape.

### **3.2 National and regional priorities aligned in the Malta Economic Vision 2031**

The Malta Economic Vision 2031 plays a pivotal role in transforming Malta into a resilient, competitive, and sustainable economy. By promoting diversified economic growth, developing world-class infrastructure, investing in education and workforce skills development, prioritizing environmental sustainability, and upholding strong governance, Malta aims to position itself as a leading example of sustainable development within the European Union.

Achieving the goals of this vision is crucial for ensuring that the development of Malta is aligned with both national and broader European Union priorities. At the national level, the vision addresses key challenges such as economic resilience, sustainable growth, and social inclusion. By promoting digital innovation and environmental sustainability, Malta aims to build a more diversified economy that is better equipped to handle global economic shifts and environmental challenges.

At the regional level, the vision supports the European Union goals of digital and green transformation, contributing to initiatives such as the European Green Deal and the Digital Decade. By investing in digital infrastructure, enhancing digital skills, and promoting the adoption of advanced technologies across all sectors, Malta is positioning itself as a leader in the European Union digital and innovation landscape. This alignment with European Union goals not only strengthens the position of Malta within the European Union but also enhances its attractiveness as a hub for investment and collaboration on regional projects.

Membership of the European Union is seen as a key factor in the innovative success of Malta. The alignment of national legislation with European Union regulations has enabled the seamless integration of Malta into broader European frameworks, which is particularly vital in emerging sectors such as blockchain and AI. Malta frequently leads with progressive regulatory measures, positioning itself as an innovation leader within the European Union. European Union funding

has also been instrumental in the development of Malta, offering crucial financial support for both private enterprises and government-led initiatives.

Moreover, the strong emphasis of the Malta Economic Vision 2031 on sustainable development aligns with the European Union climate targets, including the long-term goal of achieving climate neutrality by 2050. By integrating green technologies and promoting sustainable practices in sectors such as energy, transport, and agriculture, Malta is contributing to the broader efforts of the European Union to create a sustainable and competitive European economy.

### **3.3 Supporting innovation and driving economic growth**

The Malta Economic Vision 2031 clearly outlines key measures to drive innovation and economic growth by focusing on strengthening the digital and innovation ecosystem, enhancing digital infrastructure, and developing a future-ready workforce. The government is committed to fostering a robust environment for research and development, supporting start-ups, and investing in emerging technologies such as AI and blockchain. Significant improvements in digital infrastructure, such as 5G deployment and data centre development, are essential for global business competitiveness. Additionally, comprehensive education and training programmes are being implemented to ensure that the workforce is equipped for the future digital economy. The vision also integrates sustainability into economic strategies, promoting green technologies and sustainable practices to foster economic opportunities in green industries, while governance and institutional reforms are central to creating a transparent, accountable, and business-friendly environment.

The Malta Economic Vision 2031 provides a comprehensive roadmap for transforming Malta into a resilient, innovation-driven economy that is well-integrated with both the European Union and global markets. By focusing on sustainable economic growth, smart infrastructure, digital transformation, climate action, and good governance, the vision aims to create a balanced and future-proof economy. These efforts are geared towards enhancing quality of life, boosting competitiveness, and supporting a dynamic innovation ecosystem capable of responding to global challenges and opportunities.

This strategic vision not only addresses current economic and social challenges but also sets the stage for Malta to become a regional leader in digital and green innovation. The vision underscores the importance of fostering a culture of innovation and entrepreneurship, supported by strong institutions and a robust regulatory framework. As Malta implements this ambitious plan, the role of innovation will remain crucial to achieving sustainable growth, to diversifying the economy, and to ensuring the long-term prosperity of citizens.

### **3.4 Embracing agility, sustainability, and global influence**

The Malta Economic Vision 2031 aims to transform the country into a global hub for sustainable innovation, and extend the influence of Malta on the international stage.

In October 2024, the government of Malta launched a transformative initiative to define a comprehensive and forward-looking Vision for Malta 2050. This overarching vision will steer the strategic direction over the coming decades, with a strong focus on improving the quality of life for all citizens. The decision to develop Vision for Malta 2050 highlights the agility and responsiveness of the public sector and its commitment to refining national objectives in

response to a rapidly-evolving global technological landscape, ensuring the long-term success, stability, and sustainability of Malta.

The Vision for Malta 2050 is anticipated to place even stronger emphasis on well-being and individual quality of life, moving beyond traditional quantitative growth metrics. This shift underscores the dedication of Malta to prioritizing the holistic welfare of its citizens over simply striving to attain competitive economic benchmarks on the global stage. Despite its relatively small market size, Malta embraces ambitious aspirations and remains confident in its capacity to influence regional and global economies. By adopting this forward-looking and comprehensive approach, Malta positions itself as a resilient and competitive economy. The government of Malta has demonstrated that it understands the importance of agility and recognizes the need to reassess priorities and refocus attention where necessary to ensure sustainable, scalable growth in alignment with both national interests and European Union objectives<sup>39</sup>.

The next chapter explores how these strategic goals are being realized through examples of innovation best practices employed across the innovation ecosystem in Malta. By exploring case studies from the public and private sectors, academia, finance, support networks, and entrepreneurs, this report will showcase key initiatives driving the evolution of Malta as a thriving innovation hub. This report will also highlight the collaborative efforts and partnerships that have been vital in building a dynamic innovation ecosystem.

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<sup>39</sup> Malta Independent. (2024). Government launches process to define Malta Vision 2050 with strategic targets for 2035. Malta Independent. <https://www.independent.com.mt/articles/2024-10-17/local-news/Government-launches-process-to-define-Malta-Vision-2050-with-strategic-targets-for-2035-6736264973>

## 4 Best practices employed across the innovation ecosystem

Building on the strategic goals set out in the Malta Economic Vision 2031 and looking toward the future, the following best practices illustrate the concrete actions driving the transformation of Malta into a global hub for innovation. These examples highlight how the national commitment to fostering digital innovation, investing in emerging technologies, and creating a supportive regulatory environment is shaping a dynamic and competitive startup ecosystem.

According to the Global Startup Ecosystem Report 2024, Malta is emerging as a key player in the Mediterranean region, fostering bold and scalable startup ventures<sup>40</sup>. The startup ecosystem benefits from strong public-private partnerships, access to European Union funds, and a favourable regulatory framework that promotes entrepreneurship across various sectors, including fintech, blockchain, AI, and cleantech. With increasing international visibility, the startup environment in Malta is attracting growing global interest, especially from high-tech industries. Malta is leveraging its small size as an advantage, enabling quicker policy shifts and a more agile ecosystem. This flexibility has allowed Malta to align with global standards while ensuring it remains competitive on the international stage.

The position of Malta as a growing hub for startups stems largely from its strategic focus on fostering innovation, with collaborative support from a close-knit community of entrepreneurs, investors, and policy-makers. These factors, combined with a growing digital infrastructure, make Malta an increasingly attractive destination for entrepreneurs seeking to scale their businesses globally. These combined strengths reinforce the potential of Malta to exert significant influence on the global stage, despite its small size.

### 4.1 Public sector support

Public sector support plays a vital role in cultivating an environment where innovation can flourish, ensuring that Malta remains competitive at both regional and global levels. The government plays a fundamental role in the innovation ecosystem, establishing the policies, regulations, and infrastructure necessary for innovation to thrive. Through targeted strategic initiatives that support and drive technological advancement, digital transformation, and economic growth, public sector support actively strengthens links across the entire innovation ecosystem. Across ministries, departments and agencies, the government has positioned itself as a proactive leader, laying the groundwork for a knowledge-based, digitally driven economy.

Building on this foundation of public sector leadership, the Ministry for the Economy, Enterprise and Strategic Projects plays a central role in fostering a forward-looking and dynamic economy in Malta, dedicated to ensuring both stability and growth. Through its legislative, administrative, and coordinating roles, the Ministry emphasizes the creation of an attractive and competitive environment that stimulates investment. Recognizing the importance of diversification in a progressive economy, the Ministry prioritizes the support and growth of SMEs and family businesses. A key commitment of the Ministry is to encourage synergies among government entities, regulators, operators, and stakeholders, and so foster an environment conducive to innovation and the development of products and services that meet international market demands. Additionally, the Ministry is focused on reducing bureaucratic barriers, supporting modernization, and driving the digital transformation of Malta.

<sup>40</sup> Startup Genome. (2024). The global startup ecosystem report 2024. Startup Genome. <https://startupgenome.com/reports/gser2024>

This commitment is underscored by its responsibility for implementing the national digital strategy, including Malta Digitali 2022-2027 and the National Digital Decade Strategic Roadmap 2023-2030. Implementing this strategy involves collaboration among numerous stakeholders, such as the Malta Information Technology Agency (MITA) which is responsible for the provision of ICT infrastructure, systems and services to support the implementation of the e-Government strategy, and entities such as the Malta Digital Innovation Authority (MDIA) and Tech.mt. Together, these organizations work to advance the national strategy for innovative technology, including artificial intelligence and other digital sectors<sup>41</sup>.

As the leading body responsible for advancing government policies that position Malta as a hub for technological innovation, MDIA plays a pivotal role in translating ideas into actions and results. Established in 2018, MDIA serves as both a regulator and facilitator of innovative technologies, ensuring that digital advancements such as AI, blockchain, and critical systems are developed and deployed in a secure and trustworthy manner<sup>42</sup>.

The National AI Strategy, launched in October 2019, is aligned with the Malta Economic Vision 2031, and is focussed on driving national growth by integrating advanced technologies into core industries. The National AI Strategy aims to position Malta as a global hub for AI innovation by 2031, ensuring the nation remains competitive, resilient, and capable of leveraging AI for sustainable development and economic transformation. The National AI Strategy further strengthens the commitment of Malta to innovation positioning the country as one of the first in Europe to recognize the transformative potential of AI<sup>43</sup> and has set the ambitious goal of making Malta a global AI innovation hub. Based on three pillars: building a robust AI ecosystem, fostering AI adoption in public and private sectors, and establishing a legal and ethical framework for responsible AI use, the strategy introduced initiatives such as AI education reforms, a national AI certification framework, and public-private collaborations, highlighting a proactive approach to leveraging AI for economic and societal benefits.

The National AI Strategy was developed through a collaborative approach involving stakeholders from government entities, academia, and industry, ensuring that it was both inclusive and aligned with broader economic and societal goals. One of the key strengths of this process was its emphasis on creating a supportive ecosystem for AI innovation. The government established the Malta.AI Taskforce, a multidisciplinary group that played a crucial role in shaping the strategy, not only guiding the development of the AI framework but also facilitating stakeholder engagement and ensuring that the National AI Strategy reflected the needs and aspirations of Maltese society.

Another commendable aspect of the National AI Strategy was the integration of ethical considerations from the outset, including the development of the Malta Ethical AI Framework, which set out principles to guide the responsible development and use of AI technologies<sup>44</sup>. The National AI Strategy also included the world's first national AI certification programme, aimed at providing a standard for AI systems developed in an ethically aligned, transparent, and socially responsible manner. This initiative not only fostered trust in AI but also provided a competitive advantage to companies developing AI solutions in Malta.

<sup>41</sup> Ministry for the Economy, European Funds and Lands. <https://economy.gov.mt/ministry/>

<sup>42</sup> Malta Digital Innovation Authority. <https://www.mdia.gov.mt/about/>

<sup>43</sup> Parliamentary Secretariat for Financial Services, Digital Economy and Innovation. (2019). Malta: The Ultimate AI Launchpad – A Strategy and Vision for Artificial Intelligence in Malta 2030.

<sup>44</sup> Malta Digital Innovation Authority (MDIA). (2019). Malta: Towards Ethical and Trustworthy AI.

The comprehensive and forward-thinking nature of the National AI Strategy, its focus on stakeholder engagement, ethical considerations, and robust regulatory frameworks, make it a blueprint for other countries aiming to embrace AI responsibly and effectively. The early and systematic adoption of the National AI Strategy helped to provide a solid foundation for the future of Malta as a global hub for AI innovation.

The strategic positioning of Malta as a testbed for AI applications is a unique best practice that leverages its small, controlled environment and advanced digital infrastructure. Regulatory flexibility and proactive public sector support create an ideal setting for piloting innovative AI solutions in real-world scenarios before scaling them globally. This approach not only accelerates AI adoption but also attracts international companies seeking a safe and supportive environment for experimentation.

The strategic integration of AI with other national technology policies, such as distributed ledger technology (DLT) and the Internet of things (IoT), further demonstrates a comprehensive and forward-thinking approach to digital transformation. By aligning AI with DLT, Malta supports secure and transparent data-sharing systems, enhancing trust in AI applications, particularly in the finance and healthcare sectors. Integration with IoT enables smarter, data-driven environments, promoting innovation in areas such as smart cities and logistics. This interconnected framework helps to position Malta as a leader by creating a cohesive ecosystem that maximizes the potential of emerging technologies.

To support the testing and development of AI and other technologies in a safe and controlled environment, The Malta Digital Innovation Authority (MDIA) launched the Technology Assurance Sandbox. This initiative allows innovators to experiment with cutting-edge AI applications while ensuring compliance with ethical and regulatory standards. In 2023, the Technology Assessment Recognition Framework was introduced, offering different levels of recognition for a broad range of technologies. This framework allows technology owners and operators to validate their systems and demonstrate the robustness of their technology-related controls. In 2024, the government reaffirmed its commitment to staying at the forefront of AI development and forward-looking policy implementation. Malta is in the process of realigning its national AI strategy, prioritizing AI for wellbeing and sustainability<sup>45</sup>. Unlike the initial 2019 strategy, which laid the groundwork for Malta to become a global AI hub, this document incorporates the latest global and European Union regulations, such as the AI Act and Cybersecurity Act, ensuring that the national AI ecosystem is aligned with emerging international standards.

The updated national AI strategy serves as a detailed roadmap for the responsible and ethical deployment of AI technologies across various sectors. It emphasizes the need to integrate AI with other national technology policies to create a cohesive and comprehensive digital strategy. This interconnected approach is aimed at maximizing the potential of AI in a manner that is both innovative and secure.

In addition to providing strategic direction, the government has also been fostering innovation through targeted funding schemes and initiatives.

The establishment of the Technology Ethics Committee further underscores the proactive approach in Malta to balancing innovation with responsibility, while promoting transparency, fairness, and accountability in AI deployment.

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<sup>45</sup> Malta Digital Innovation Authority (MDIA). (2024). Where innovation meets AI: Malta's digital strategy for artificial intelligence 2024.

The updated national AI strategy also highlights the importance of data as a strategic enabler for AI. By enhancing data governance and infrastructure, the aim is to support the growing AI ecosystem in Malta, fostering an environment conducive to both innovation and trust. The emphasis on data not only supports the development of AI but also aligns with the European Union focus on data sovereignty and protection, ensuring that Malta remains compliant with stringent data regulations.

In terms of impact, the national AI strategy has already shown positive results in sectors such as e-governance and public health. For instance, AI-driven solutions have been implemented to streamline public service delivery, improving accessibility and efficiency for citizens. In healthcare, AI has been used for predictive analytics, optimizing resource allocation and enhancing patient care. These applications illustrate the potential of the national AI strategy to significantly improve public services and quality of life in Malta.

The scalable framework of the national AI strategy is designed to extend beyond national borders, positioning Malta as a testbed for innovative AI applications. By providing a supportive environment for AI development and fostering international collaboration, Malta is not only enhancing its own digital economy but also contributing to the global AI landscape. This evolving AI strategy, with its focus on ethical governance, regulatory innovation, and comprehensive integration of emerging technologies, sets a new standard for how countries can effectively and responsibly adopt AI. It builds on the strengths of the 2019 AI strategy while addressing new challenges and opportunities, showcasing the public sector agility and commitment of Malta to becoming a leader in the digital age. MDIA has been instrumental in guiding these efforts, ensuring alignment with global standards and fostering a culture of innovation.

Another MDIA initiative, the Pathfinder MDIA Digital Scholarship stands out as a significant element in the innovation ecosystem<sup>46</sup>. This scholarship programme supports students pursuing advanced studies in AI, digital trust, knowledge and data representation and analysis, technology for sustainability and environmental, social, and governance (ESG) studies, quantum computing, and other emerging technologies. By providing financial assistance for postgraduate education, the Pathfinder scholarship aims to build a highly skilled workforce capable of driving technological growth in Malta. It covers not only tuition fees but also expenses related to research and professional development, encouraging recipients to engage in cutting-edge research and innovation. The MDIA Applied Research Grant initiative helps build local capacity by encouraging both public and private sectors to adopt innovative technology arrangements. Moreover, the grant promotes collaboration between academia and industry, with recipients often participating in projects that have practical applications in the economy of Malta. This aligns perfectly with the Malta Economic Vision 2031 and the AI strategy, emphasizing the development of human capital as a cornerstone of the innovation ecosystem.

In addition to fostering human capital through initiatives like the Pathfinder scholarship, Malta is also actively nurturing its startup ecosystem. This dual approach ensures that both the development of a highly skilled workforce and the creation of a thriving entrepreneurial environment are aligned with the broader innovation goals of the country. MDIA is overseeing DiHubMT, the first European Digital Innovation Hub (EDIH) in Malta, which will offer advanced and concise training programmes designed to support the upskilling and reskilling of the local workforce.

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<sup>46</sup> Pathfinder digital scholarship. Malta Digital Innovation Authority. <https://www.mdia.gov.mt/schemes/pathfinder-digital-scholarship-2/>

The Start in Malta initiative takes this commitment further by creating a supportive ecosystem for entrepreneurs, ensuring that the country not only develops talent but also offers a conducive environment for new ventures to thrive<sup>47</sup>. Its mission is to position Malta one of the world's top destinations for startups by uniting key players such as incubators, accelerators, and both public and private sector partners. The initiative supports startups through events, investor education, and regulatory reforms. Additionally, Start in Malta features an interactive map to help entrepreneurs navigate the local startup ecosystem and access essential resources for launching and growing their businesses.

In matters concerning the digitization and modernization of the public sector, the Malta Information Technology Agency (MITA) is the principal government agency leading efforts to transform public services by leveraging information and communication technologies (ICT) to ensure more efficient and effective service delivery. The agency designs and implements strategies to modernize the public administration services while aligning with national policies for digital transformation. Through its initiatives, MITA focuses on enhancing government IT systems, promoting the digitalization of public services, and improving digital skills across the public sector. MITA plays a central role in overseeing a range of projects designed to integrate technology into public services, from healthcare and education to tourism and social services. By supporting digital infrastructure and innovation, MITA helps ministries and government departments adopt advanced technologies, ultimately enhancing public access to services, reducing bureaucratic inefficiencies, and fostering a digitally inclusive society<sup>48</sup>.

Several ministries in Malta are actively engaging with technology and innovation to enhance their operations and improve service delivery across multiple sectors. The Ministry for Health, for example, has embraced digital innovation to improve the efficiency and accessibility of healthcare services. Through the MyHealth portal, patients can access their medical records, prescriptions, and test results online, streamlining the process and reducing the need for in-person visits<sup>49</sup>. This initiative aligns with the broader e-Health strategy of the government, which also includes the implementation of telemedicine services, allowing remote consultations to become a regular feature of healthcare in Malta. Additionally, the Ministry is exploring digital health solutions such as wearable technologies to improve patient outcomes and overall healthcare delivery<sup>50</sup>.

The Ministry for Education is leading efforts to integrate technology into the classroom, equipping students with future-ready digital skills. Initiatives such as the One Tablet Per Child programme provide students with access to digital learning tools, fostering an early engagement with technology. The ministry has also introduced smart classrooms and e-learning platforms to modernize the learning environment and enhance the educational experience<sup>51</sup>.

In a country reputed for tourism, the Ministry for Tourism has also embraced innovation to enhance the appeal of Malta as a tourism destination, incorporating digital platforms to improve visitor experiences. Digital platforms such as VisitMalta offer tourists information about events, attractions, and services, while the ministry has begun integrating smart tourism initiatives,

<sup>47</sup> Start in Malta. <https://startinmalta.com/about/>

<sup>48</sup> Malta Information Technology Agency. <https://mita.gov.mt/about-us/#:~:text=The%20Malta%20Information%20Technology%20Agency, strategies%20that%20sustain%20a%20modern>

<sup>49</sup> Ministry for Health Malta. MyHealth. <https://myhealth.gov.mt/>

<sup>50</sup> Ministry for Health Malta. (2022). A National Health Systems Strategy for Malta 2023–2030: Investing successfully for a healthy future.

<sup>51</sup> Digital Education Malta. <https://www.digital.edu.mt/>

including augmented reality (AR) experiences and virtual tours, to provide interactive and immersive experiences for visitors and ensure that Malta remains a competitive tourism hub in an increasingly digital world.

The Ministry for Tourism and Public Cleanliness in Malta through the Malta Tourism Authority has developed an AI Tourism Platform, launched in May 2025. The project aims to make use of AI techniques to process and combine various data-sources to provide a better understanding of the tourist situation and so enable informed decisions based on the data. These data driven insights will play a pivotal role in shaping tourism policies, enhancing tourism products and services, and promoting sustainable growth. The AI Tourism Platform project is being funded by the Malta Digital Innovation Authority (MDIA).

Another key public-sector stakeholder is Xjenza Malta (XM), the government agency responsible for promoting and coordinating scientific research, technological innovation, and science communication in Malta<sup>52</sup>. XM acts as the national R&D and space-funding agency, overseeing the implementation of the national Research, Innovation, and Space policy frameworks. Xjenza Malta supports a wide range of research and innovation projects through initiatives such as the FUSION portfolio, international research programmes, and efforts by XM to support stakeholders applying to the European Union Horizon Europe programme. Xjenza Malta also manages Esplora, the interactive science centre, which plays a vital role in promoting STEM education among the public. This comprehensive approach makes Xjenza Malta a pivotal player in advancing the innovation ecosystem in Malta.

Research and innovation (R&I) programmes established by Xjenza Malta are designed to create a thriving research and innovation ecosystem. The flagship programme, FUSION, supports local research and innovation efforts by providing mentoring and financial aid to transform innovative ideas into market-ready solutions, spanning all levels of development from basic research to commercialization. Thematic programmes address specific market needs through targeted initiatives, creating a cohesive environment for innovation in key sectors. Collaborations between MDIA and Xjenza Malta also play a crucial role in supporting research in cutting-edge fields such as artificial intelligence, digital trust, quantum computing, and technology for sustainability.

The Research Networking Scheme fosters collaboration with international partners and supports researchers in publishing their work, enhancing the visibility and impact of research. Xjenza Malta also plays a crucial role in shaping research and innovation policies at both the national and European Union levels. The agency provides strategic advice to the government, helps develop the positions of Malta at various European Union forums, and leads the implementation of the National R&I Strategy, currently outlined in the 2023-2027 Strategic Plan<sup>53</sup>. This plan aims to create a well-governed national R&I system through both the implementation of short-term actions and the achievement of long-term objectives. Xjenza Malta also supports the Smart Specialization Strategy, ensuring that investments are channelled into priority sectors to enhance the research and innovation landscape of Malta.

Beyond national initiatives, the agency fosters international collaboration by enabling Maltese researchers to engage in transnational research and innovation projects. It facilitates participation in various bilateral, regional, and international funding programmes, focusing on areas including

<sup>52</sup> Xjenza Malta. <https://xjenzamalta.mt/about/>

<sup>53</sup> Xjenza Malta. (2024). National R&I Strategic Plan 2024.

sustainable agriculture, digital technologies, healthcare, and the blue economy. Through strategic alignment with international counterparts and active involvement in global policy forums, Xjenza Malta enhances the impact of national R&I investments and helps address both regional and global challenges. This international engagement is crucial for integrating Maltese research into the global innovation ecosystem, strengthening its contribution to scientific and technological advancements.

Despite these strengths, Malta is a small country and faces a challenge in attracting and retaining talent. To address this challenge, the Malta Startup Residence Programme was launched to offer a streamlined residency process for non-European Union entrepreneurs, allowing them to establish and scale their innovative ventures in Malta<sup>54</sup>. This programme grants a 3+5-year residence permit, providing stability for founders, co-founders, core employees, and their families as they build their businesses. The initiative promotes the growth of high-value industries, such as life sciences, fintech, and advanced manufacturing, and contributes to a more diverse, entrepreneurial ecosystem.

Expatriates in Malta currently account for about 38 per cent of the workforce, underscoring the reputation of the country as a diverse, cosmopolitan environment that attracts people from all over the world<sup>55</sup>. This diversity and blend of talents fosters a dynamic, collaborative, and innovative startup ecosystem, particularly in advanced sectors such as life sciences, fintech, and digital technologies. By facilitating the mobility of highly skilled individuals and offering a supportive environment for startups, Malta is actively positioning itself as a hub for innovation. The emphasis of the Malta Startup Residence Programme on medical technology, software development, eco-startups, and similar technological sectors aligns with the broader national economic strategy, making it an attractive destination for international talent. This strategic initiative showcases the commitment of Malta to overcoming talent scarcity by creating a vibrant ecosystem that supports innovation, economic growth, and the integration of international expertise into the local economy.

Public-private partnerships (PPPs) also play an important role in advancing national ambitions in the digital economy. A notable example is Tech.mt, a public-private partnership established in 2019 between the Government of Malta and the Malta Chamber of Commerce, Enterprise and Industry. Tech.mt is instrumental in enhancing the reputation of Malta as a technology hub by promoting the export of ICT services and fostering innovation and creativity across the sector<sup>56</sup>.

Over the years, Tech.mt has launched a number of impactful projects such as the Valletta Tech Summit, a conference which brought together local and international experts in the technology and creative industries<sup>57</sup>; Women4IT, an initiative funded by the European Economic Area (EEA) and the Norway Grants Fund for Youth Employment, that promoted the involvement of young women in ICT professions<sup>58</sup>; as well as CyBARverse, a strategic partnership project funded through Erasmus+ that aims to increase digital literacy along with responsible and safe use of AR/VR technology<sup>59</sup>.

<sup>54</sup> Residency Malta & Malta Enterprise. (2024, August). Malta Startup Residence Programme (Version 3).

<sup>55</sup> Startup Genome. (2024). The global startup ecosystem report 2024.

<sup>56</sup> Tech.mt. Technology & industry in Malta. Tech.mt. <https://tech.mt/technology-industry-malta/>

<sup>57</sup> Tech.mt. Valletta Tech Summit. Tech.mt. <https://tech.mt/media/project/valletta-tech-summit/>

<sup>58</sup> Tech.mt. Women4IT. Tech.mt. <https://tech.mt/media/project/women4it/>

<sup>59</sup> Tech.mt. CyBARverse. Tech.mt. <https://tech.mt/media/project/cybarverse/>

Through these initiatives, Tech.mt actively contributes to the realization of the national economic vision by fostering a robust and diverse technology ecosystem, supporting the adoption of innovative and emerging technologies, and promoting international collaboration.

The government is also finding ways to cultivate the innovation ecosystem by enhancing access to essential funding opportunities. The Ministry for the Economy, Enterprise and Strategic Projects has launched the Venture Capital Malta (VC-MT) initiative. Rather than providing direct funding to businesses, the government facilitates connections between venture capitalists and Maltese startups, effectively acting as a matchmaking service. Startups involved in video game development, fintech, e-sports, life sciences, pharmaceuticals, green energy, film, agricultural technology, AI, communications, electronics, financial services, medical devices, software, blue-economy industries, and digital technology, can access the fund, with companies eligible to receive up to EUR 500 000 in equity investment. These investments from the fund are matched by private venture capital investors, effectively doubling the financial support available to startup ventures<sup>60</sup>.

In addition to funding, the government offers other incentives, such as tax exemptions and public procurement benefits. One key initiative is the Seed Investment Scheme, which provides tax credits for investors who invest in qualifying startups. This scheme is designed to encourage private investment in early-stage businesses by offering tax relief, reducing the financial risk for investors, and helping startups access much-needed capital<sup>61</sup>. Furthermore, the Business Start scheme<sup>62</sup> administered by Malta Enterprise offers dedicated funding packages for startups providing early seed funding of up to EUR 10 000 for small startup ventures.

The public procurement system in Malta features several measures aimed at enhancing access to procurement opportunities for SMEs. One significant measure is the division of contracts into lots, which allows smaller businesses to participate in specific manageable components of larger procurement contracts. This helps SMEs compete for contracts that are otherwise too large for them to manage. Additionally, subcontracting is encouraged, providing SMEs the opportunity to contribute to larger projects despite not holding the primary contract.

The Department of Contracts (DoC), has, over the years, taken steps to ease the administrative burden on SMEs and reduce the costs associated with participating in public procurement. Through a series of initiatives, the Department of Contracts has strived to enhance SME participation in public tenders, reinforcing the strategic commitment of the government to assisting newcomers on the market and widening the pool of potential bidders.

In an example of one such initiative aimed at increasing SME participation in public tenders by reducing financial barriers, the Bid-Bond (tender guarantee), which was traditionally required for tender participation, is generally now no longer required. However, the Performance Guarantee (PG) is still required for contracts valued at EUR 10 000 or more (excluding VAT), which may impose a financial strain on SMEs. The Department of Contracts has also introduced other SME-friendly measures. For example, the Economic and Financial Standing requirements apply only to tenders having an estimated value of EUR 2 million or more (excluding VAT), while experience as a selection criterion (or as an award criterion) is applicable only for contracts having an estimated value equal to or exceeding EUR 500 000 (excluding VAT). To increase the

<sup>60</sup> MGI Solutions. Malta's venture capital landscape gets EUR 10 million injection. MGI Solutions. <https://mgis.com.mt/news/maltas-venture-capital-landscape-gets-e10m-injection/>

<sup>61</sup> Seed Investment. <https://www.seedinvestment.com.mt/>

<sup>62</sup> Malta Enterprise. Bstart. <https://www.maltaenterprise.com/bstart>

pool of SMEs, educational qualification requirements of key experts are also kept to the barest minimum possible. Criteria for eligibility and exclusion, including blacklisting rules, as well as selection criteria, are clearly defined to maintain fairness and transparency<sup>63</sup>.

Another significant initiative introduced by the Department of Contracts specifies that when a procurement contract involves deliverables on an “as and when required” basis or includes indicative quantities, the contracting authority must commit to 80 per cent of the original contract value over the full duration (including any extensions) of the contract. This safeguard prevents suppliers from being left with large amounts of unused stock.

Recognizing that smaller businesses may lack the technical expertise or resources to navigate digital procurement tools, the Department of Contracts, in collaboration with the Institute for Public Service (IPS), offers free training workshops on the e-Procurement Platform (ePPS). These sessions guide economic operators through key functions such as logging into the system and submitting bids, empowering SMEs to participate more confidently and effectively.

The efforts of the government are increasingly being recognized for their role in driving a cultural shift towards entrepreneurship. While such cultural changes take time, the positive impact of these initiatives is steadily becoming more apparent. Significant milestones included the implementation of strategic frameworks, such as the AI Strategy and the Economic Vision 2031, alongside a strong emphasis on STEM education and upskilling to develop a talent pool that meets industry demands. Initiatives such as Venture Capital Malta and the Malta Startup Residence Programme are also actively fostering a culture of innovation, supporting the growth of new startup ventures, and attracting international talent to strengthen the local startup and innovation ecosystem.

## 4.2 Private sector support

The private sector plays a pivotal role in driving innovation and digital transformation by investing in research and development, adopting emerging technologies, and fostering a culture of entrepreneurship. Companies from various industries, such as fintech, digital gaming, advanced manufacturing, and logistics, are leveraging digital solutions to enhance their competitiveness and efficiency. With their resources and deep market insights, private enterprises are not only advancing technological frontiers but also contributing to the economic resilience and global competitiveness of Malta. By bringing new products and services to market, the private sector is instrumental in the commercialization of innovation, positioning itself as a key player in shaping the digital innovation ecosystem.

The three main private sector telecommunication providers in Malta also play a significant role in developing infrastructure, fostering innovation, and supporting talent.

Within the fintech sector, two of the world’s largest cryptocurrency exchanges have established operations in Malta. Comprehensive regulatory frameworks, including the Virtual Financial Assets (VFA) Act and the Malta Digital Innovation Authority (MDIA) Act, have created a firm foundation for digital finance in Malta. These frameworks were so effective that similar regulatory frameworks were later introduced across the European Union.

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<sup>63</sup> OECD. (2023). Public procurement in Malta: Building capacity and managing risks. OECD publishing.

In the iGaming sector, which is comprised of over 300 licensees in Malta, operators are empowered to offer highly personalized gaming experiences, whilst ensuring consumer protection is integrated in their offering. These companies analyse player data to tailor game recommendations and marketing campaigns, improving engagement and satisfaction, whilst ensuring that the applicable laws and regulations established by the strict gaming regulatory framework in Malta are duly adhered to, ultimately ensuring gaming services are provided and marketed in a responsible and sustainable manner. The iGaming sector in Malta prioritizes and is under a legal obligation to implement analytical tools and behaviour monitoring systems to effectively detect and identify problem gambling or behaviour which may lead to the development of a gambling problem<sup>64</sup>. Self-exclusion mechanisms and deposit and wagering limits, amongst multiple other protective mechanisms, must be made available to players<sup>65</sup> to ensure they have the tools available to control their gameplay. These measures, enforced by the Malta Gaming Authority (MGA), ensure a safe and sustainable gaming environment, balancing innovation with user protection and strengthening the global reputation of the sector, in line with the main regulatory objectives of the Malta Gaming Authority<sup>66</sup>.

Through their local offices, partnerships, and innovation-driven initiatives, these global companies play a crucial role in enhancing the reputation of Malta as a technologically advanced nation and as a leader in digital innovation across sectors such as iGaming and fintech.

Between 2020 and 2022, private enterprises in Malta invested EUR 837 million in innovation, with a strong emphasis on sustainability and collaboration<sup>67</sup>. Here it is also important to recognize the vital contribution of digital technology companies to the low-carbon transition. These companies are leading efforts to reduce greenhouse gas (GHG) emissions through substantial renewable energy purchases, carbon removal investments, and green bond issuances. Additionally, digital products and services have a profound enabling impact, empowering other sectors to lower their own emissions and accelerate their sustainability journeys<sup>68</sup>.

In conclusion, the private sector in Malta plays a critical role in driving digital transformation and innovation. Through significant investments in research and development, companies across industries such as fintech, digital gaming, and telecommunications are advancing technological boundaries and contributing to global competitiveness. The contributions by key players in the private sector, not only strengthen the digital infrastructure of Malta but also bolster its reputation as a leading hub for innovation. By leveraging digital solutions, fostering entrepreneurship, and prioritizing sustainability, these companies ensure that Malta remains at the forefront of technological advancements. As Malta continues to move forward, the commitment of the private sector to innovation and sustainable practices will be essential to the shaping of a resilient, competitive and future-ready digital economy.

<sup>64</sup> Malta Gaming Authority. (2018). *Player Protection Directive, Directive 2, Article 17(1)*. Malta Gaming Authority. <https://www.mga.org.mt/our-work/regulatory-framework/>

<sup>65</sup> Malta Gaming Authority. (2018). *Player Protection Directive, Directive 2, Parts IV and V*. Malta Gaming Authority.

<sup>66</sup> Malta Gaming Authority. (2018). *Gaming Act, Chapter 583 of the Laws of Malta, Article 4*. Malta Gaming Authority. <https://legislation.mt/eli/cap/583/eng/pdf>

<sup>67</sup> MaltaCEOs.mt. Malta's businesses invest €837 million in innovation, with a focus on sustainable practices and collaboration. MaltaCEOs.mt. <https://maltaceos.mt/maltas-businesses-invest-e837-million-in-innovation-with-a-focus-on-sustainable-practices-and-collaboration/>

<sup>68</sup> International Telecommunication Union & World Benchmarking Alliance. (2023). *Greening digital companies report 2023*. Geneva and Amsterdam.

### 4.3 Financial institutions

Financial institutions are key enablers of innovation, providing access to capital, funding startups, and facilitating growth across the innovation ecosystem. Banks, venture capitalist firms, and other financial actors play a pivotal role in the innovation landscape, empowering businesses in Malta to take risks and pursue ambitious projects. The support of financial institutions for both entrepreneurs and established companies helps provide the investment needed to propel the entire innovation ecosystem forward.

Malta offers a dynamic and supportive funding environment for entrepreneurs and innovators, bolstered by a variety of public sector and European Union backed programmes. In order to strategically position itself as a startup-friendly hub, Malta is committed to providing a range of funding opportunities to fuel business growth and technological innovation. Financial institutions also collaborate closely with fintech companies to develop cutting-edge financial solutions, such as blockchain-based payment systems and AI-powered regulatory technologies, ensuring Malta remains at the forefront of global financial innovation.

Malta Enterprise, the national economic development agency, plays a pivotal role in this ecosystem. It administers dedicated funding packages for startups, such as the “Startup Finance” scheme<sup>69</sup>, which supports innovative startup ventures at various stages in their development process. Innovative startups that demonstrate a viable business concept may receive up to EUR 1 500 000 in the form of repayable assistance.

Malta Enterprise support extends beyond just financial aid, as the agency also helps startups navigate international expansion through initiatives such as the Malta Startup Residence Programme, which facilitates business expansion into European, African, and the Middle Eastern markets<sup>70</sup>. In 2024, Malta Enterprise launched two additional schemes: Accelerate 2024, offering up to EUR 100 000 to help early-stage ventures to participate in accelerator programmes<sup>71</sup>, and Innovation Aid for SMEs 2024, which offers grants covering up to 50 per cent of costs (capped at EUR 250 000) to support SMEs in driving innovation through collaboration with research organizations and advisory services, ultimately enhancing innovation, business performance, and competitiveness<sup>72</sup>.

Malta Enterprise, as stipulated in measure EMP 34 of the governmental electoral programme, is also working to develop and implement a dedicated Start-up Framework. The objective is to streamline administrative processes and create an agile ecosystem that meets the needs of startup operators, allowing them to launch more easily, scale-up effectively, and maintain sustainability. The framework will address various aspects of administrative simplification across all areas. While the full impact of this framework in supporting the innovation ecosystem will become clearer as it is rolled out, it holds strong potential to significantly enhance the startup environment.

The government has also committed to extending various startup support measures through 2024, as outlined in the latest national budget. These include initiatives such as the Seed Investment Scheme, which offers tax credits for individuals investing in startups, and the

<sup>69</sup> Malta Enterprise. Startup Finance. <https://www.maltaenterprise.com/StartupFinance>

<sup>70</sup> Mondaq. (2023). How Malta is propelling its startup ecosystem. <https://www.mondaq.com/government-policy-public-finance/1329580/how-malta-is-propelling-its-startup-eco-system>

<sup>71</sup> Malta Enterprise. (2024). Accelerate 2024. <https://maltaenterprise.com/accelerate2024>

<sup>72</sup> Malta Enterprise. (2024). Innovate 2024. <https://maltaenterprise.com/support/innovate>

Business Development Scheme<sup>73</sup> designed to encourage value-added projects that generate new business opportunities, create skilled employment, and strengthen competitiveness.

To continue strengthening the semiconductor ecosystem in Malta, the Government of Malta is supporting the ST Microelectronics IPCEI (Important Projects of Common European Interest) project which will enable the development of a Smart Factory aligned with Industry 4.0 standards. The authorized state aid for the MT IPCEI investment amounts to approximately EUR 60 million.

Malta Enterprise has recently signed a memorandum of understanding (MoU) with IMEC, the world-leading research and innovation centre for nanoelectronics and digital technologies, to foster collaboration and drive innovation within the semiconductor sector in Malta.

Additionally, through Malta Enterprise, the Government has submitted a European Union application under the Digital Europe Programme to establish a Malta Competence Centre. The centre will focus on specific niches within the semiconductor industry that build on the strengths of the local innovation ecosystem. The Malta Competence Centre is a EUR 4 million project, co-financed at a rate of 50 per cent.

One of the most influential venture capital players in Malta is GO Ventures, established in 2019 in Marsa, and dedicated to investing in technology startups. Supported by GO plc, the leading telecommunication company in Malta, GO Ventures has made a significant impact on the innovation ecosystem by providing finance and support to promising technology-driven startups in exchange for equity. With 25 investments to date and a portfolio of 18 companies, GO Ventures has contributed to the growth of sectors such as artificial intelligence, blockchain, cybersecurity, fintech, and IoT<sup>74</sup>. GO Ventures not only offers financial backing but also leverages the extensive network and resources of GO plc. This support includes providing startup ventures access to national and international contacts, experience in navigating the business landscape, and the infrastructure provided by GO plc, such as cloud services and data networking solutions. By helping startups scale and connect in new ways, GO Ventures is fostering an environment that encourages technological advancement and entrepreneurship. The example of GO Ventures shows how the private sector can contribute to the development of the innovation ecosystem.

While GO Ventures supports startups through financial backing and access to the extensive resources of GO plc, the Malta Development Bank (MDB), the country's sole promotional bank, complements these efforts by providing essential financing to key sectors. Established in 2017, MDB plays a crucial role in fostering economic growth nationwide. Since its launch, MDB has facilitated over EUR 600 million in financing to more than 700, businesses, supporting key areas such as SMEs, green investment projects, and infrastructure development<sup>75</sup>. The mission of the Malta Development Bank is to bridge the investment gap, particularly in innovative and in sustainable economic niches that traditional credit institutions are often reluctant to finance. One of the most notable programmes of MDB is the Guaranteed Co-Lending Scheme (GCLS), a risk-sharing facility involving co-lending between MDB and accredited commercial banks that jointly lend on a 50:50 basis. MDB also guarantees 60 per cent of the commercial banks' share of the loan. The scheme carries a total portfolio of EUR 100 million, with a maximum loan amount of up to EUR 10 million per beneficiary. Additionally, the SME Guarantee Scheme (SGS)

<sup>73</sup> Malta Enterprise. Business Development. <https://www.maltaenterprise.com/businessdevelopment>

<sup>74</sup> Go Ventures. <https://goventures.com.mt/>

<sup>75</sup> Newsbook. (2023, September 26). Malta Development Bank unveils new website showcasing schemes and opportunities. Newsbook. <https://newsbook.com.mt/en/malta-development-bank-unveils-new-website-showcasing-schemes-and-opportunities/>

offers an uncapped guarantee of 80 per cent on loans of up to EUR 1 million, supporting a wide range of business activities, including innovation, expansion, and digital transformation<sup>76</sup>.

The GCLS and SGS schemes are available through the MDB network of accredited commercial banks. Three leading banks, APS, BOV and HSBC, have signed as intermediary partners.

Working in collaboration with the European Investment Bank (EIB), the Malta Development Bank has been instrumental in driving the green transition in Malta. A recent partnership secured EUR 30 million from the European Investment Bank to fund small-scale green investment projects, including electric vehicle infrastructure and energy efficiency projects across both public and private sectors. This initiative supports the national commitment to environmental sustainability while fostering job creation<sup>77</sup>.

Beyond financing, the Malta Development Bank contributes strategically by fostering collaboration with commercial banks, business associations, and trade unions to align financial instruments with economic development goals<sup>78</sup>. By facilitating access to finance and nurturing strategic partnerships, MDB is helping shape a more resilient and innovative economic environment in Malta.

Private investors in Malta also play a significant role in the growing innovation ecosystem. A notable example is the private investment firm, Apeiron Investment Group, which manages over USD 3 billion in assets across five global hubs, including Malta. Focused on transformative sectors such as life sciences, fintech, cryptocurrency, and future technologies, the presence of Apeiron Investment Group in Malta adds substantial value to the local innovation landscape by bringing in global expertise and investment capital. The focus of the Apeiron Investment Group on high-growth sectors aligns with national strategic objectives of becoming a leader in digital and technological innovation. Investments in emerging fields such as life sciences and fintech not only supports the development of these industries within Malta, but also position the country as an attractive destination for other global investors looking to tap into new markets and technologies. This synergy between private capital investment and national innovation goals exemplifies how strategic partnerships can accelerate the transformation of Malta into a global innovation hub<sup>79</sup>.

The funding landscape for entrepreneurs and innovators in Malta is clearly diverse, well-structured, and supported by a range of governmental initiatives, venture capital firms, and private investors. Institutions and agencies such as the national economic development agency Malta Enterprise, and Malta Development Bank play vital roles in facilitating financial support for startups and SMEs, helping to nurture a dynamic innovation ecosystem aligned with national goals. Programmes such as the Business Start Scheme, the Startup Finance Scheme, and the SME Guarantee Scheme provide critical resources for early-stage ventures as well as established enterprises seeking to expand. Additionally, venture capital firms such as GO Ventures and private investment groups like Apeiron Investment Group further enrich the innovation ecosystem by injecting capital and expertise into high-growth sectors such as AI,

<sup>76</sup> Malta Development Bank. <https://mdb.org.mt/>

<sup>77</sup> European Investment Fund. (2024, July 24). InvestEU: EIF and Malta Development Bank agreement to mobilize about EUR 44 million in investments in sustainable and creative projects. European Investment Fund.

<sup>78</sup> Malta Business Weekly. (2023, September 27). Malta Development Bank unveils new website showcasing schemes and opportunities. Malta Business Weekly. <https://maltabusinessweekly.com/malta-development-bank-unveils-new-website-showcasing-schemes-and-opportunities/23800/>

<sup>79</sup> Apeiron Investments. <https://apeiron-investments.com/>

fintech, and life sciences. Commercial banks further strengthen this innovation ecosystem by offering specialized loan schemes designed for startups and SMEs, ensuring they have access to the financial resources needed to innovate and scale. These complementary efforts between government bodies, private investors, commercial banks and financial institutions demonstrate a shared commitment to cultivating a sustainable and resilient innovation environment.

#### 4.4 Academia

Academia contributes to the innovation ecosystem in Malta by driving research, advancing technological development, and cultivating skilled talent. Universities and research institutions lay the groundwork for future innovations, advancing knowledge and technology. By equipping students with critical skills and fostering an environment of inquiry, academia ensures a steady supply of skilled professionals ready to meet the needs of an evolving, modern, knowledge-based economy.

The University of Malta, the country's oldest higher education institution, was founded by Jesuits in 1592 as the *Collegium Melitense*. It officially became a university in 1769 and has since evolved into a comprehensive academic institution. Today, the university operates across several campuses, including the main campus in Msida, and offers a wide range of undergraduate and postgraduate programmes across 14 faculties, and a number of interdisciplinary institutes and centres. Hosting over 11 500 students, including about 1 000 international students from over 92 countries, the university is recognized for its commitment to research and innovation, active participation in various European Union programmes, and collaborations with both academic and industry partners<sup>80</sup>.

The Centre for Entrepreneurship and Business Incubation (CEBI) at the University of Malta is a notable example of how academia can actively participate in nurturing the innovation ecosystem by providing a bridge between academic research and entrepreneurial practice<sup>81</sup>. Established in 2009, CEBI aims to develop entrepreneurial mindsets and supports the creation and growth of innovative startups in Malta. CEBI offers specialized training and mentorship programmes, providing students and entrepreneurs with the knowledge and resources needed to turn innovative ideas into viable business ventures. CEBI initiatives also include the provision of workshops, incubator spaces, and access to a network of industry experts, helping to bridge the gap between academic research and real-world business applications. This integration of business skills into the university framework plays a crucial role in nurturing a culture of innovation and entrepreneurship in Malta.

CEBI offers a range of programmes designed to equip students, researchers, and entrepreneurs with the skills and knowledge necessary to transform innovative ideas into successful business ventures. One of its flagship initiatives is the Master in Knowledge-based Entrepreneurship (MKE) programme, which combines theoretical learning with practical experience. This programme equips students, researchers, and aspiring entrepreneurs with the tools needed to commercialize research and build scalable, sustainable business models. Through this programme, CEBI encourages students to think critically about how their academic research can be translated into real-world business applications. In addition to its academic offerings, CEBI provides a variety

<sup>80</sup> Times Higher Education. University of Malta. Times Higher Education World University Rankings. <https://www.timeshighereducation.com/world-university-rankings/university-malta>

<sup>81</sup> University of Malta. Centre for Entrepreneurship and Business Incubation (CEBI). <https://www.um.edu.mt/cebi/aboutus/>

of incubation services aimed at supporting early-stage startups. These services include access to office space, mentorship from experienced entrepreneurs, and networking opportunities with potential investors and business partners. CEBI is also actively involved in several projects funded by the European Union promoting entrepreneurship and innovation. These projects often involve partnerships with other universities, research institutions, and industry players across Europe, and also illustrate the strong interconnectedness across different sectors within the innovation ecosystem of Malta. CEBI also hosts TAKEOFF, the premier business incubator in Malta, which will be discussed further in the next chapter.

Another initiative administered by Malta Enterprise is the Get Qualified scheme designed to support individuals pursuing industry-relevant courses targeting qualifications and certifications demanded by industry. A tax credit covering 70 per cent tuition fees is granted to students upon successful completion of the course.

Overall, Malta has effectively leveraged its European Union membership to strengthen the innovation ecosystem, gaining access to resources, networks, and frameworks that support national ambitions for sustainable and innovation-driven growth. The Regional Innovation Scheme for example, sponsored by European Institute of Innovation and Technology (EIT RIS), has strengthened the innovation ecosystem by connecting it to the wider European network. Through this initiative, Malta not only benefits from funding and resources but also gains mentorship and collaboration opportunities that enhance regional innovation. This programme allows Malta to leverage European Union support to foster connections between local academic institutions, industries, and other stakeholders, thereby promoting technology transfer and startup development. EIT RIS supports the goals of digital transformation and sustainability by providing the tools necessary to build a skilled workforce and by aligning with the broader priorities of the Malta Economic Vision 2031. As a member of the European Union, Malta is well-positioned to adopt best practices from across the Union and to engage in knowledge exchange sessions, which further strengthen its ability to compete in the regional digital and green economies<sup>82</sup>.

Another key academic stakeholder is the Malta College of Arts, Science, and Technology (MCAST), a leading institution dedicated to providing vocational and professional education and training in Malta<sup>83</sup>. Established in 2001, MCAST offers a wide array of programmes ranging from certificates to doctoral level qualifications across six institutes: the Institute of Applied Sciences, the Institute for the Creative Arts, the Institute of Engineering and Transport, the Institute of Business Management and Commerce, the Institute of Community Services, and the Institute of Information and Communication Technology. Each of these institutes focuses on delivering specialized training and expertise, designed to meet the evolving needs of the economy and industries in Malta. MCAST places a strong emphasis on aligning educational offerings with the needs of the labour market, fostering practical skills through hands-on training and apprenticeships in collaboration with various sectors. MCAST also offers an extensive apprenticeship programme that significantly contributes to bridging the gap between academic learning and practical, real-world experience. The MCAST apprenticeship programme is designed to integrate students into the workforce during their studies, providing them with

<sup>82</sup> European Institute of Innovation and Technology. Malta. EIT Regional Innovation Scheme. <https://eit-ris.eu/malta/>

<sup>83</sup> Malta College of Arts, Science & Technology (MCAST). About MCAST. Malta College of Arts, Science & Technology. <https://mcast.edu.mt/about-mcast/>

hands-on training and a pathway to future employment. This approach ensures that students are not only equipped with theoretical knowledge but also gain valuable in-demand practical skills.

The MCAST apprenticeship programme covers a wide range of disciplines, from engineering and ICT to business and applied sciences, and each vertical is tailored to meet the specific needs of the industry, ensuring that students are well-prepared to enter the job market upon graduation. These apprenticeships typically last between one to three years, depending on the level of qualification, and involve students spending significant time working with industry partners in addition to their academic studies.

A key strength of the apprenticeship programme lies in its close collaboration with industry partners. Businesses participating in the apprenticeship programme benefit from the opportunity to shape the training of their future workforce and to identify and nurture talent early on. This collaboration is supported by a structured mentoring system, where employers work closely with MCAST mentors to ensure that the apprenticeship experience is both valuable and aligned with the educational goals of the student. The apprenticeship programme also offers various benefits for employers, including the opportunity to access new knowledge and skills, the ability to train apprentices according to the specific needs of the business, and, in some cases, tax incentives. MCAST further supports employers by offering guidance on how to effectively integrate apprentices into the workplace, ensuring that the experience is mutually beneficial<sup>84</sup>.

Together, MCAST and the University of Malta complement each other within the innovation ecosystem. MCAST focuses on equipping students with practical, industry-specific skills, while the University of Malta as the country's primary higher education institution, offers a more traditional academic route with a focus on theoretical knowledge and research. This dual approach ensures that the future workforce benefits from both advanced academic expertise and training in hands-on, industry-ready skills. Together with other academic institutions in Malta, they collectively foster a comprehensive educational environment that supports the growth of new talent, contributes to innovation, and enhances the competitive edge of Malta in various sectors.

## 4.5 Entrepreneurial support networks

Support groups in Malta play a pivotal role in fostering a robust innovation ecosystem by providing essential services and resources to startups, SMEs, and larger enterprises. These organizations act as catalysts for growth by offering mentorship, access to funding, networking opportunities, and tailored support to meet the specific needs of businesses at various stages of development. Their involvement is crucial in reducing barriers for entrepreneurs, facilitating the scaling of innovative ideas, and ensuring that the economy remains competitive on the global stage.

As one of the most prominent stakeholders, the Malta Chamber of Commerce, Enterprise and Industry plays a pivotal role in supporting the private sector by actively representing businesses from all economic sectors and advocating for a competitive environment<sup>85</sup>. Established in 1848, it is the longest-standing social partner in Malta and is a key player in shaping national and European Union policies that favour enterprise growth. Through its extensive network of committees, and through partnerships with organizations such as Eurochambres and BusinessEurope, the

<sup>84</sup> Malta College of Arts, Science & Technology (MCAST). Apprenticeship Guidebook for Industry Partners.

<sup>85</sup> Malta Chamber of Commerce, Enterprise and Industry. <https://www.maltachamber.org.mt/about-us/>

Chamber provides valuable services such as policy advocacy, internationalization support, and fostering of a strong and resilient business ecosystem.

The DS4AIR project, in which the Malta Chamber of Commerce, Enterprise, and Industry is a key partner, showcases the role of the Chamber in strengthening the innovation ecosystem<sup>86</sup> of Malta. This initiative supports innovation through the design, development, and evaluation of a comprehensive online Digital Skills for the Artificial Intelligence Revolution training course. Co-funded by the European Union Erasmus+ programme, the online course is free, self-paced, and aims to equip both employers and employees with the necessary skills to effectively use AI in the workplace, particularly focusing on the needs of vulnerable employees impacted by digital transformation. DS4AIR project objectives include bridging the skills gap by providing tailored education for those at risk of job displacement due to technological advancements, thus ensuring a more adaptable workforce. The DS4AIR project also includes a series of activities such as needs assessments, learner persona development, and pilot testing to ensure the training curriculum is well-aligned with real workforce requirements. Additionally, the project comprises impact evaluation through course participant feedback, making it a valuable resource for ongoing and future digital education programmes.

The impact of DS4AIR is significant as it enhances the digital competence of participants, aligning with the broader national vision of fostering a digitally resilient workforce. The initiative promotes wide-spread adoption of digital skills through freely accessible educational resources and provides evidence-based recommendations for future corporate training strategies. This project exemplifies the collaborative efforts between the Malta Chamber of Commerce, Enterprise, and Industry and European Union partners in building a sustainable innovation ecosystem that supports the transformation of Malta into a global leader in digital innovation.

The Malta Chamber of SMEs, representing over 7 500 members across various sectors, has been a cornerstone of the business community in Malta for over 75 years and plays a vital role in fostering business growth and resilience<sup>87</sup>. Originally founded as the General Retailers and Traders Union (GRTU), the Chamber evolved into its current form in 2020, and provides critical support services such as legal assistance on employment and consumer law, help with local issues and legislation, and access to European Union funds and schemes. It also offers individual business support, priority access to business news and events, and organizes networking opportunities, information sessions, masterclasses, and conferences tailored to the needs of SMEs. These comprehensive services are crucial in fostering a robust innovation ecosystem in Malta. By empowering SMEs with legal and financial guidance, facilitating collaboration, and enhancing skills development, the Malta Chamber of SMEs ensures that businesses are well-equipped to navigate challenges and seize new opportunities. This support helps to cultivate a resilient and adaptable business community, which is essential for sustaining innovation and driving economic growth in the country.

The active engagement of the private sector in the innovation ecosystem is vital for the transformation of Malta into a global digital hub. Key stakeholders, such as the Malta Chamber of Commerce, Enterprise, and Industry and the Malta Chamber of SMEs, provide essential support and services that empower businesses to innovate, grow, and compete internationally. Initiatives such as the DS4AIR project highlight collaborative efforts aimed at bridging skills gaps and promoting digital resilience. This synergy between public and private sectors creates

<sup>86</sup> DS4Air. <https://www.ds4air.com/about/>

<sup>87</sup> Malta Chamber of SMEs. <https://www.smechamber.mt/>

a robust foundation for sustainable economic growth and helps to position Malta as a leader in digital innovation.

The innovation ecosystem in Malta is further strengthened by a diverse network of accelerators and incubators that foster entrepreneurship, support startups, and stimulate economic growth. These support structures provide essential resources including mentorship, networking opportunities, and access to investment, significantly reducing the barriers facing startups and innovators seeking to scale their ventures. In recent years, Malta has seen an expansion in such initiatives, which are crucial for helping local entrepreneurs navigate the challenges of launching and growing a business in a competitive global market.

Accelerators and incubators in Malta are key drivers of innovation, especially in high-growth sectors such as fintech, blockchain, aviation, digital health and gaming. For example, Gaming Malta Basecamp offers 700 square metres of workspace for promising startups in video game development, esports, and immersive technologies. DiHubMT, which is overseen by the Malta Digital Innovation Authority and is the European Digital Innovation Hub in Malta, supports startups and SMEs working on digitally innovative solutions by offering test-before-invest services and access to advanced technology, including a high-performance computing system to accelerate digital transformation. Other services include guidance and support in relation to digital entrepreneurship, access to finance and funding, innovation ecosystems, and networking. This support is also sustained via the DiHubMT accelerator and incubator. These initiatives align with the broader ambition of Malta to position itself as a leading technology hub in the Mediterranean region, fostering a dynamic ecosystem that supports startups and entrepreneurs in emerging industries. Many of the programmes offered are designed to support both local and international startups, offering a combination of financial backing, training, and strategic partnerships. These initiatives are closely aligned with national policies that promote innovation and digital transformation, providing startups with a solid foundation to succeed both domestically and internationally<sup>88</sup>.

A notable strength of the innovation ecosystem support network in Malta is the evident collaboration between the private and public sectors, which ensures that startup ventures have access to a wide array of resources, from technical expertise to regulatory guidance. Additionally, these networks often serve as platforms for international collaboration, connecting entrepreneurs in Malta with international investors, mentors, and partners, further amplifying their growth potential. This robust support infrastructure contributes to the growing reputation of Malta as a hub for innovation and entrepreneurship promoting sustainable economic growth across multiple sectors<sup>89</sup>.

As previously noted, TAKEOFF is the premier business incubator in Malta, operating within the University of Malta's Centre for Entrepreneurship and Business Incubation (CEBI), and working in close collaboration with the national economic development agency Malta Enterprise and Business First<sup>90</sup>. As a critical component of the innovation ecosystem, TAKEOFF supports the transformation of innovative ideas into viable enterprises by providing resources and guidance tailored to the needs of startups and small businesses. One of the key benefits offered by TAKEOFF is its intensive incubation and acceleration programmes, which are designed to support venture founders at various stages of their entrepreneurial journey. For newcomers

<sup>88</sup> Malta Media. Malta's startup ecosystem: Opportunities and challenges. Malta Media. <https://malta-media.com/maltas-startup-ecosystem-opportunities-and-challenges/>

<sup>89</sup> Start in Malta. Ecosystem. Start in Malta. <https://startinmalta.com/ecosystem/>

<sup>90</sup> Takeoff Business Incubator. <https://takeoff.org.mt/>

to business, TAKEOFF offers a 25-component incubator programme that provides essential education, training, mentorship, and support in business development. For startups looking to scale rapidly, the accelerator programme offers more intensive support, with a 125-component structure that focuses on growth and development. For those aiming for international expansion or significant financing, the Catapult programme delivers a comprehensive 625-component strategy to help businesses secure major funding and global growth opportunities.

TAKEOFF also provides mentoring and business development support, leveraging a network of experts from the University of Malta and the broader business community. This mentorship is a critical component, providing hands-on guidance and practical advice to help founders navigate challenges and achieve success. TAKEOFF also hosts seminars and workshops, providing entrepreneurs with the tools and practical knowledge they need to strengthen their enterprises.

In addition to educational and training support, TAKEOFF is instrumental in helping startups secure financing and capital through its partnerships with both public and private investors. In a joint initiative between the Ministry for the Economy, Enterprise and Strategic Projects (MEEP), MDIA and the University of Malta, funding has been distributed among a number of start-ups and academics helping them develop and commercialize innovative concepts. TAKEOFF also connects entrepreneurs with potential funding sources, ensuring that they have the financial backing needed to grow their businesses. Moreover, the incubator provides access to a vibrant co-working space including meeting rooms, networking events, and 24/7 access, offering entrepreneurs a productive environment to focus on building their ventures.

Various events are organized throughout the year by key ecosystem players to share best practices, provide financial assistance information, and offer networking opportunities. These gatherings bring together SMEs, startups, innovators, investors, and stakeholders, fostering a vibrant culture of innovation. Events such as the Start Up Festival, Tech Expo, Design MT, and SME Week also contribute to these networking opportunities. Notably, Malta celebrates Innovation Month every October, during which a series of initiatives and gatherings highlight the national commitment to driving entrepreneurial growth and technological advancement.

Support networks in Malta are also tailored to specific sectors, offering focused support and ensuring that startups receive industry-relevant guidance and investment to scale effectively. As the leading ecosystem for EdTech startups, education institutions, and corporations, SuperCharger has developed an accelerator programme that has provided support for over 100 startups worldwide. Its comprehensive network of investors, experts, and education institutions enables startups to expand internationally while promoting innovation in education and the future of work. By collaborating with higher education institutions, SuperCharger sources cutting-edge EdTech solutions, advancing educational transformation on a global scale<sup>91</sup>.

Malta Accelerate is another key player and an important contributor to the growing digital and climate-tech innovation ecosystem<sup>92</sup>. Focused on sustainability-driven ventures, Malta Accelerate offers tailored support to startups in sectors such as clean energy, sustainable agriculture, water management, and the circular economy. Core services provided by Malta Accelerate include access to private equity investment, and guidance for entrepreneurs through various preparatory stages such as financial forecasting and pitch deck revision. Partnerships with reputable venture capital firms also enable startups to secure critical funding for growth. Startups also benefit

<sup>91</sup> SuperCharger Ventures. <https://www.superchargerventures.com/about>

<sup>92</sup> Malta ClimAccelerator. Malta Accelerate. <https://www.maltaccelerator.com/malta-climaccelerator/>

from public funding and grants through close collaboration with entities such as the European Institute of Innovation and Technology (EIT) and the Malta Council for Science and Technology (MCST), that provide access to European and national funding schemes. Additionally, Malta Accelerate provides business development services, by supporting mentorship programmes and helping startups pilot their products through market testing.

The innovation ecosystem in Malta is characterized by its strong interconnectedness and sector-specific support networks, ensuring tailored assistance for startups and fostering a dynamic entrepreneurial environment. Additionally, sector-specific initiatives such as SuperCharger Ventures (EdTech) and Malta Accelerate (climate-tech) provide tailored mentorship and support. This ensures that startups in emerging industries can profit from opportunities to address unique challenges and capitalize on local and regional markets. The collaboration of Malta with European bodies such as the EIT and MCST through initiatives such as Malta Accelerate enables startups to access European Union funding, expand globally, and engage in cross-border collaborations, solidifying the role of Malta as an innovation hub.

It is also essential to recognize the role of organizations such as the Junior Achievement Malta Foundation (JA Malta) in nurturing the entrepreneurial mindset needed for these advancements<sup>93</sup>. Established in 1989, JA Malta is a non-governmental, non-profit organization that offers entrepreneurship education across all educational levels. JA Malta collaborates with the public and private sectors to deliver programmes that introduce young people to business, enterprise, and economics through practical, hands-on learning experiences. Through sponsorship from the Ministry of the Economy, Enterprise and Strategic Projects, JA Malta launched two programmes, Its Our Planet (IOP) and Economics For Success (EFS), to provide primary and secondary school pupils attending the Skola Sajf summer school, with a practical understanding of how the world of economics functions in everyday life. The programmes introduced students to concepts such as pricing, value for money, and basic banking, while also emphasizing sustainable living and the importance of protecting natural ecosystems. Employing a holistic hands-on approach focused on activities and games, JA Malta succeeded in reaching out to 2 150 students across 125 classes.

Initiatives such as the Company Programme, where secondary and post-secondary students create and run their businesses, provide real-world entrepreneurial training. Through competitions, mentorships, and workshops, JA Malta equips students with the skills and confidence needed to innovate and thrive in a rapidly evolving economy. By fostering these essential skills from a young age, JA Malta helps to ensure that the future workforce is not only digitally literate but also entrepreneurial and adaptable, qualities crucial for the successful adoption and growth of AI and other emerging technologies. This alignment between the national strategic vision and grassroots educational initiatives reflects the comprehensive approach taken in Malta to creating a sustainable, innovation-driven economy. In this context, JA Malta serves as a bridge, connecting the foundational principles of the AI strategy with the practical development of human capital, ultimately supporting the transformation of Malta into a dynamic innovation hub. The JA Malta Centre of Excellence further exemplifies the importance of cross-sector collaboration in strengthening the innovation ecosystem. Bringing together educational institutions, industry leaders, and the public sector stakeholders, the JA Malta Centre serves as a vibrant hub for entrepreneurship and innovation education. By providing a dedicated space

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<sup>93</sup> Junior Achievement Malta Foundation. <https://jamalta.org/>

for experiential learning, the JA Malta Centre facilitates workshops, mentoring, and networking opportunities that connect students with real-world business challenges and experts.

The JA Malta Centre of Excellence is more than just a physical venue, it also functions as a catalyst for students to develop entrepreneurial skills, engage with emerging technologies, and collaborate on innovative projects that have real-world impact. This cross-sector collaboration ensures that young people are not only learning about entrepreneurship theoretically but are also applying these concepts in practical, impactful ways. This initiative aligns perfectly with the broader strategy of Malta to become a leader in digital innovation. By engaging key stakeholders from various sectors, the JA Malta Centre creates a dynamic environment where ideas can be exchanged, partnerships can be formed, and innovative solutions can be developed. This underscores the importance of a holistic approach to education and innovation, where the combined efforts of academia, industry, and government drive progress towards becoming a hub for technological and entrepreneurial excellence. The JA Malta Centre of Excellence demonstrates how effective cross-sector collaboration can support the growth of a sustainable and innovative economy, bridging the gap between strategic policy frameworks, such as the national AI strategy, and the practical development of skills and ideas that will shape the future of Malta.

As is the case in a number of European Union member states, the Enterprise Europe Network (EEN) also plays a key role in fostering the innovation ecosystem in Malta<sup>94</sup>. Launched in 2008, under the initiative of the European Commission, the EEN is the world's largest support network for SMEs with international ambitions and provides a wide range of services including advice and guidance on European Union legislation and standards, support in forming international business partnerships, and assistance in accessing European Union funding. With over 600 member organizations in more than 60 countries, the network plays a pivotal role in fostering innovation and growth by connecting SMEs with global markets and facilitating cross-border collaboration.

In Malta, the EEN operates through partners such as the Malta Chamber of Commerce and Malta Enterprise, providing SMEs with support to expand their businesses internationally<sup>95</sup>. EEN in Malta offers services such as guidance on European Union regulations, assistance in identifying business and technology partners abroad, and guidance on accessing European Union funding schemes. By connecting local businesses with international markets, EEN helps companies in Malta to innovate, scale, and compete globally.

Together, these interconnected support mechanisms contribute to a robust and sustainable innovation ecosystem in Malta, ensuring that startups across various sectors have access to the resources, expert mentorship, and global connections necessary for long-term success.

## 4.6 Entrepreneurs

Entrepreneurs are the driving force behind the innovation ecosystem of Malta. By transforming ideas into viable products, services, and businesses, they fuel economic growth and generate new opportunities. Their willingness to take risks, coupled with dynamic energy, drives the development of groundbreaking technologies and solutions, making them indispensable in ensuring sustained progress, job creation, and the diversification of the economy in Malta.

<sup>94</sup> Enterprise Europe Network. <https://een.ec.europa.eu/>

<sup>95</sup> Enterprise Europe Network Malta. Malta Enterprise. <https://enterprise-europemalta.com/>

According to one entrepreneur, three key sectors in Malta show particularly strong growth potential. The first is fintech, where the established financial services sector provides fertile ground for innovative financial solutions to flourish. The second is iGaming, which has been a cornerstone of the digital economy in Malta. Malta was the first European Union member state to regulate remote gaming, beginning with the issuance of the Remote Gaming Regulations in 2004. Today, this framework, now updated by the Gaming Act of 2018, has established the Malta Gaming Authority (MGA) as a leading regulatory body in the industry<sup>96</sup>. The third sector is digital health and life sciences, an expanding sector supported by a robust healthcare system and the regulatory excellence of the Malta Medicines Authority. This sector offers significant opportunities to leverage existing healthcare strengths in Malta, facilitating innovation in medical technologies, digital healthcare solutions, and life sciences.

Startup ventures and entrepreneurs in Malta act as catalysts for technological advancement and contribute significantly to the diversification of the economy. A notable success story is Trust Stamp, the first NASDAQ-listed company in Malta. Specializing in AI-driven biometric solutions for identity verification and fraud prevention, and employing privacy-enhancing technologies such as tokenization, Trust Stamp has emerged as a leader in securing sensitive data<sup>97</sup>. This success highlights the global potential of entrepreneurs in Malta in developing and pioneering cutting-edge solutions.

Another example of a standout success story is that of MultiversX, a blockchain platform focusing on decentralized finance (DeFi), gaming, and non-fungible tokens (NFTs). MultiversX supports over 300 projects with an ecosystem valued at USD 1 billion, and offers a highly efficient blockchain infrastructure that facilitates seamless transactions, attracting developers and businesses eager to build decentralized applications and assets<sup>98</sup>. The influence of MultiversX within blockchain technology showcases the growing potential of Malta to become a hub for blockchain and decentralized innovation.

In the fintech sector, Weavr.io is a startup gaining global attention with its embedded banking platform. By enabling non-financial businesses to seamlessly integrate banking services, Weavr.io has secured USD 4 million in venture capital to further expand its offerings and international reach. This success illustrates how fintech startups in Malta can scale globally to position the country as a critical player in the financial technology sector<sup>99</sup>.

Similarly, CityFALCON, another fintech success story, employs AI and machine learning (ML) to deliver personalized financial insights, democratizing access to financial data for both individual investors and professionals. By supporting data-informed investment decisions, CityFALCON enhances the potential of Malta in the global fintech landscape<sup>100</sup>.

Adding to the diverse technology ecosystem in Malta is Draw and Code, a company specializing in immersive technologies such as augmented reality (AR) and virtual reality (VR). By blending artistic creativity with technological innovation, this startup creates interactive installations and immersive experiences that contribute to the reputation of Malta as a hub for creative technology solutions<sup>101</sup>.

<sup>96</sup> Endevio. iGaming industry in Malta. <https://www.endevio.org/en/insights/igaming-industry-in-malta>

<sup>97</sup> Trust Stamp. <https://truststamp.ai/>

<sup>98</sup> MultiversX. <https://multiversx.com/>

<sup>99</sup> Weavr. <https://www.weavr.io/>

<sup>100</sup> CityFALCON. <https://www.cityfalcon.ai/>

<sup>101</sup> Draw & Code. <https://drawandcode.com/>

In the video gaming sector, twin brothers Andrew and Julian Farrugia were named Young Entrepreneurs of the Year for their achievements. The brothers founded Anvil Studios, a Malta-based video game development company that is gaining increasing recognition for its innovative approach. Anvil Studios has built a reputation for creating engaging and immersive video games that combine historical themes with modern gameplay mechanics, and have captured the attention of both gamers and critics by showcasing an ability to balance creativity and business acumen. The entrepreneurial journey of the brothers, launching in Malta and expanding their reach internationally, has made them inspiring figures in the digital innovation and startup ecosystem<sup>102</sup>.

eCabs Technologies, founded by Matthew Bezzina, offers another notable example of innovative entrepreneurship in Malta. eCabs Technologies has become a dominant player in the ride-hailing industry in Malta, often likened to Uber for its transformative local impact. The company revolutionized transportation in Malta by offering a technology-driven solution to the challenges of urban mobility. Much like Uber, eCabs Technologies allows users to book rides through its mobile app, providing convenience and real-time ride tracking. What sets eCabs apart is its local expertise and deep integration into the local market. It offers a variety of transportation services, including cabs, executive rides, and even options for businesses, catering to both residents and tourists alike. Over the years, eCabs has expanded its fleet and services, solidifying its position as the go-to option for ride-hailing on the island<sup>103</sup>.

These success stories serve to demonstrate that the vibrant and growing startup ecosystem in Malta, though still developing, is fuelled by a blend of entrepreneurial talent, government support, and international collaboration. These success stories help to elevate the startup ecosystem of Malta, particularly in the fintech, blockchain, and creative technologies sectors. This dynamic environment continues to cultivate new generations of innovators, ensuring that Malta remains at the forefront of the global digital economy.

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<sup>102</sup> Anvil Game Studios. <https://presskit.anvilgamestudios.com/>

<sup>103</sup> eCabs Technologies. <https://ecabstech.com/>

## 5 Future direction

The innovation ecosystem of Malta has made considerable progress, evolving into a collaborative environment that supports entrepreneurship, digital transformation, and sustainable development and growth. The collaborative network of stakeholders from across the public and private sectors, academia, and support organizations has contributed significantly to the economic advancement of the country.

While the ecosystem remains relatively small, its high level of interconnectedness and adaptability has allowed Malta to pursue opportunities in key technological areas such as AI, fintech, gaming and clean technology. This inter-connected cohesion has not only nurtured local entrepreneurship but has also attracted international companies and investors, further fuelling the ambitions of the country to become a digital powerhouse by 2031.

The success of the innovation ecosystem has been amplified by the alignment of Malta with broader European Union frameworks, providing access to essential funding and regulatory support and enabling the country to keep pace with regional goals, especially in the realms of digitalization and green transition.

Despite impressive achievements in recent years, particularly in AI, fintech, gaming, and clean technology, the innovation journey is still far from complete. Sustaining the current momentum and success will require continued investment in AI-driven innovation and its cross-sector applications. AI is already transforming key verticals such as healthcare, finance, and public services, and its integration with other emerging technologies, such as blockchain, quantum computing, and the Internet of things (IoT), will unlock new opportunities for digital transformation and economic growth.

These efforts must remain future-focused, ensuring policies, infrastructure, and resources support scalable, sustainable AI solutions while remaining adaptable to future technological shifts. As Malta moves forward, strengthening AI capabilities and fostering a broader ecosystem for next-generation technologies will be critical to building a resilient, inclusive, and globally competitive digital future. By staying at the forefront of technological innovation, Malta can continue to drive long-term economic prosperity while enhancing the well-being of its people.

As Malta prepares for the next phase of its innovation journey, strengthening key capacities will be essential. In a rapidly evolving global technological landscape, characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), Malta must continue developing the human and institutional capacities necessary to navigate these challenges. While it is important to celebrate the achievements and best practices developed in Malta to date, staying ahead of the curve and ensuring sustained progress depends on continuous capacity development. To further accelerate innovation and cultivate a thriving, sustainable innovation ecosystem, the following areas should be prioritized to ensure long-term success:

1. **Adopting a futures thinking strategic approach:** Incorporating long-term strategic foresight into decision-making will help stakeholders in Malta to anticipate emerging challenges and opportunities, identify priority sectors to be developed, and proactively respond and adapt to global and technological shifts. This approach will ensure that the innovation ecosystem remains resilient, future-ready, and well-positioned for sustainable growth.

2. **Designing sustainable and bankable initiatives:** Fostering stronger collaboration across stakeholder groups and sectors will drive the development of ecosystem-driven initiatives, ensuring that digital solutions are bankable, scalable, impactful, and aligned with the competitive advantages that help position Malta in the global economy.
3. **Supporting key economic sectors:** Strengthening value chains in priority sectors while leveraging local technological expertise will enhance the competitiveness and economic resilience of Malta both regionally and internationally.
4. **Sustaining support for SMEs and entrepreneurs:** Providing startups and small businesses, particularly in niche sectors, with access to critical resources, mentorship, and funding will drive inclusive growth and enhance the overall strength of the innovation ecosystem in Malta.
5. **Ensuring policy flexibility:** Adopting agile, adaptive, and experimental policy frameworks will enable Malta to respond rapidly to technological advancements, encourage innovation, and maintain long-term competitiveness.

The ITU Digital Skills Toolkit could also serve as a useful resource for Malta as the country seeks to further improve a comprehensive digital skills development strategy. The ITU Digital Skills Toolkit is designed to help countries enhance digital capabilities across various levels of society, with a focus on equipping citizens, the workforce, and ICT professionals with essential skills for the digital economy. Given the national commitment to alignment with European Union digital transformation goals, the toolkit provides a valuable framework for the promotion and development of digital inclusivity, ethical technology use, and an upskilled and future-ready labour force<sup>104</sup>.

Incorporating the ITU Digital Skills Toolkit and associated recommendations into the national digital strategy would complement goals previously outlined in the National eSkills Strategy 2022-2025. This strategy emphasizes the need for a digitally skilled workforce to support the development of key sectors such as AI, blockchain, and IoT. This also aligns closely with broader European Union digital innovation goals for 2030 and beyond. The ITU Digital Skills Toolkit also highlights the importance of multi-stakeholder involvement and public-private partnerships, elements that are already central to efforts in Malta to advance its digital skills agenda and build a future-ready workforce<sup>105</sup>.

By focusing on these future-oriented capabilities, Malta can further strengthen its innovation ecosystem and ensure that it remains internationally competitive. As the country progresses toward the goals outlined in the Malta Economic Vision 2031, and the Malta AI Strategy, it must remain adaptable and committed to sustainable and inclusive growth. This principle underpins the latest commitment from the Government to deliver a comprehensive Malta Vision 2050 aimed at addressing increasingly complex and interconnected challenges and opportunities while consolidating sector-specific strategies under a shared national vision. The lessons learned along the way will also offer valuable insights for other nations, demonstrating how a small yet focused, collaborative, and resilient ecosystem can drive technological innovation and economic progress.

<sup>104</sup> International Telecommunication Union. (2024). Digital Skills Toolkit.

<sup>105</sup> eSkills Malta Foundation. (2022). National eSkills Strategy 2022-2025.

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