TransFormWork 2 / Project 101145650

Social partners together towards a better and effective regulation of Artificial Intelligence for a just transition to the work of the future

Second European Round Table
Bologna, 27th March 2025

Review of AI at the National Levels

2019 AI Strategy

Education & workforce

Legal & Ethical Framework

Infrastructure

| Investment, Start-ups and Innovation | Public Sector Adoption | Private Sector Adoption |

Initiatives

MDIA has been involved in several projects in line with the strategy, including:

- the European Digital Innovation Hub,

- the Technology Assurance Sandbox, and

- various schemes designed to support the adoption of AI.

These programs seek to enhance research, foster commercial adoption, and provide scholarships to grow the talent pool, tackling the persistent challenge of attracting and retaining skilled professionals.

The authorities allocated a substantial portion of multi-year funds from the EU's Recovery and Resilience Fund and cohesion funds—€196 million, or 1.0 per cent of the 2023 GDP—for digital transformation.

2019 AI Strategy - Review

80% of the measures outlined in the 2019 strategy were successfully implemented, established, or remain ongoing.

20% either did not take off or became obsolete.

Consequently, the MDIA felt that the strategy needed to be updated and realigned to maintain its ongoing relevance.

The realignment of the strategy was driven by multiple factors, including:

- ongoing implementation efforts with new targets,

- rapid technological innovation means that some actions became obsolete,

- regulatory developments, and

- societal changes

The new Strategy

Unlike the 2019 strategy, the 2024 strategy will function as **a live evergreen document** that is continuously updated, rather than revised at fixed intervals. The approach will follow a cycle of implementation, monitoring, evaluation, assessment, and realignment.

The primary focus of the 2024 strategy is to ensure human and societal well-being, with economic growth arising as a natural consequence. The strategy is guided by high-level principles, including diversity, accountability, responsibility, legal liability, transparency, explainability, human agency and oversight, safety, as well as data governance, protection, and privacy.

The structure of the strategy is built on three layers:

- Underlying Foundations: **AI for social well-being and sustainability.**

- Strategic Enablers: Cultivating an informed public and a skilled workforce, and strengthening regulation, policy, and support.

- Strategic Drivers: Leveraging AI in specific domains, developing data infrastructure as a core driver, and advancing AI through new work and techniques.
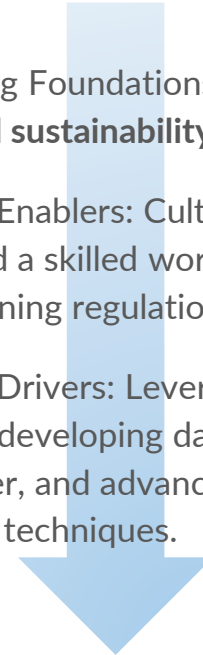
The new Strategy – How will it be drafted?

- Review of other local policies and strategies which have an impact or are impacted by the AI strategy review

- Review of other nation's AI strategies

- Monitoring the EU AI Act and the regulatory context in which the local strategy will operate

- Take note of advancements in AI technology and emerging trends

- Review the ethical AI framework adopted by international bodies

- Look into emerging technical guidelines and risk assessment frameworks for safe AI

Stakeholder meetings with over 50 individuals representing 30 entities including:

- Private sector users of AI

- Private sector developers of AI

- Private sector service providers

- Public Sector and Authorities

- Academia

Reached out to over 30 entities that include:

- Representative bodies

- Ministries and authorities

- Political Parties and organisations

Current Situation

Trans Form Work II

IMF report

- In 2023, 13.2% of Malta's companies (excluding agriculture, fishing, mining, and the financial sector) used at least one AI technology.

- Sector: the largest proportion of companies using AI is found in the information and communication sector at 35.3%, followed by administrative and support service activities at 12.4%, manufacturing at 10.1%, wholesale and retail trade at 9.4%, and accommodation and food services 7.6%

- The broader picture reveals uneven uptake, with some businesses hesitant to embrace AI due to cost concerns, regulatory ambiguity and a lack of skilled talent.

According to the IMF, around **60% of the labour market of Malta is highly exposed to AI**, indicating an overlap between AI applications and the skills required for these jobs and approximately **30% of the labour market is at risk of job displacement**

"The labour market of Malta is slightly less susceptible to AI-related job displacement than other advanced economies due to higher complementarity. However, approximately one-third of the labour force is at risk of job displacement, **with women, young, and people with only high school degrees being particularly vulnerable**. A mitigating factor in Malta is its already tight labour market."
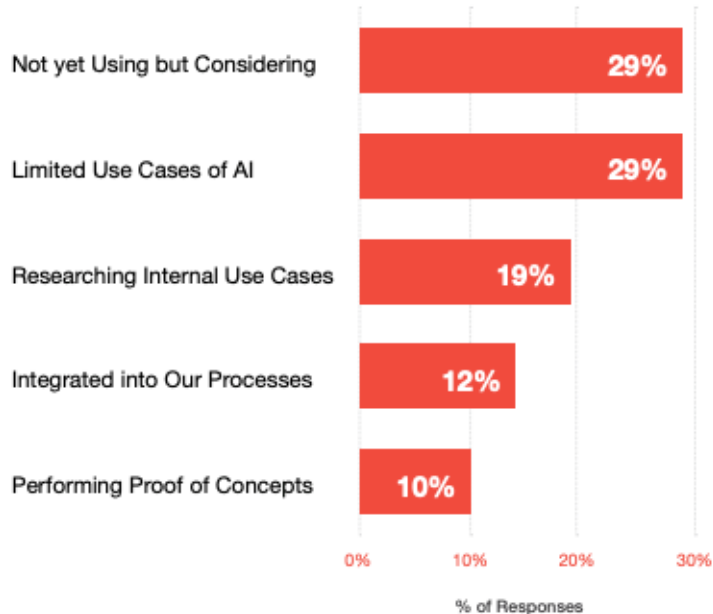
PwC Malta study: Executive summary

- From an AI strategy and adoption perspective, <u>56%</u> responded that they <u>do not have an individual or team dedicated to assessing potential AI use cases</u>. This suggests a significant gap in structured AI evaluation and implementation
- <u>75%</u> of organisations identified themselves as having <u>no AI governance framework in place</u>, indicating a substantial lack of oversight and control over AI initiatives and related regulatory obligations.
- <u>41%</u> of organisations view the potential for AI as <u>having the greatest impact on their internal operations, suggesting a focus on improving efficiency and productivity</u>. Meanwhile, <u>29% are looking to enhance customer experience through AI, and 21% aim to improve their data-driven, decision-making capabilities</u>.

The PwC Malta
**AI Business
Survey Report**

20 24

pwc.com/mt/digital

Use of AI
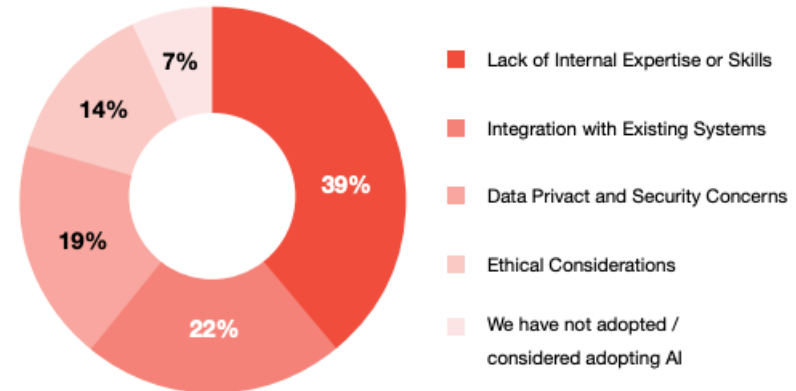
To what extent is your company actively considering AI (e.g. GenAI) technlogy as a tool (e.g. leveraging prebuilt tolls like ChatGPT or Microsoft Copilot) in your business operations?

Not yet Using but Considering — 29%
Limited Use Cases of AI — 29%
Researching Internal Use Cases — 19%
Integrated into Our Processes — 12%
Performing Proof of Concepts — 10%

% of Responses

Overall, 59 participants completed the survey on behalf of their organisation, between March and September 2024. The survey targeted individuals who are most engaged with AI practices in their organisation.

In your opinion, what are the main challenges your organisation anticipates encountering in the adoption of AI technologies (e.g. GenAI)?

- Lack of Internal Expertise or Skills — 39%
- Integration with Existing Systems — 22%
- Data Privact and Security Concerns — 19%
- Ethical Considerations — 14%
- We have not adopted / considered adopting AI — 7%

Governance

Which of the below statements best describes the governance framework your company is considering in lieu of AI (e.g. GenAI)?

- There is no AI governance framework
- There is a champion leading the framework with weak documentation of procedures
- There is a general AI governance framework with a set of policies and procedures
- There are designated champions in the firm responsible for various AI governance elements
- There is a specific team to centralise the AI governance framework across the business

75%

7%

5%

7%

7%
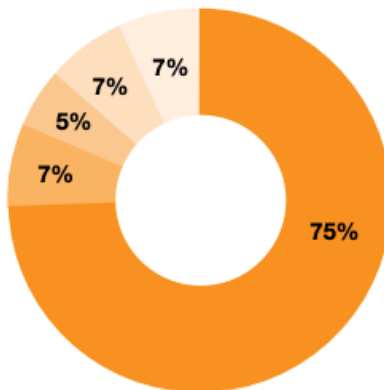
Which of the statements, best describes your organisation approach to the upcoming EU AI Act?

- No awareness of the EU AI Act
- Aware of the EU AI Act, Do no understand Impact
- Assigned an internal team to understand Impact
- Currently investing in monitoring our AI compliance

3%

12%

29%

56%
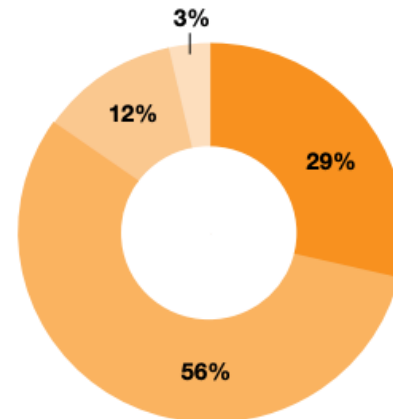
Use of AI

AI was identified as the primary enabler for optimising internal business operations, accounting for 42%. Similarly, respondents highlighted customer experience (27%) as a significant area for AI optimisation. In this context, the customer encompasses both the workforce that interacts with AI and the clients benefiting from service delivery enhanced by AI usage.

From the following statements, where do you anticipate the biggest impact of AI in your industry, in the next 24 months?
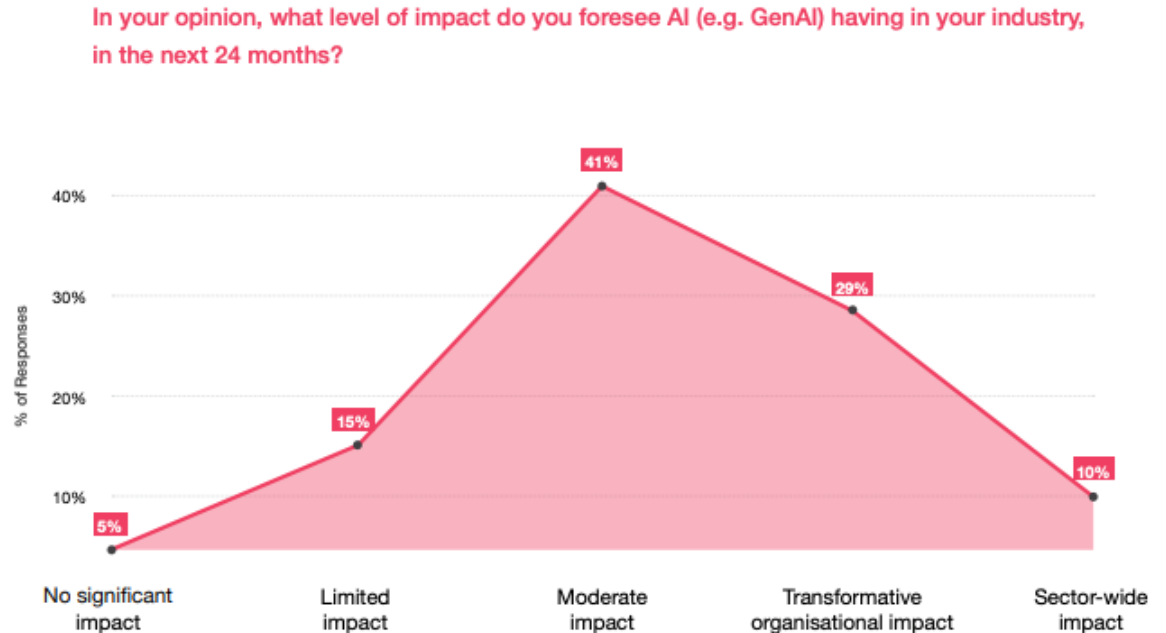
- Optimising internal operations
- Enhancing customer experiences
- Augmenting data driven decision making
- Other
- Improving marketing and advertising strategies with personalised content generation
- Streamlining customer service and support through AI-driven solutions

2%
3%
5%
20%
42%
27%
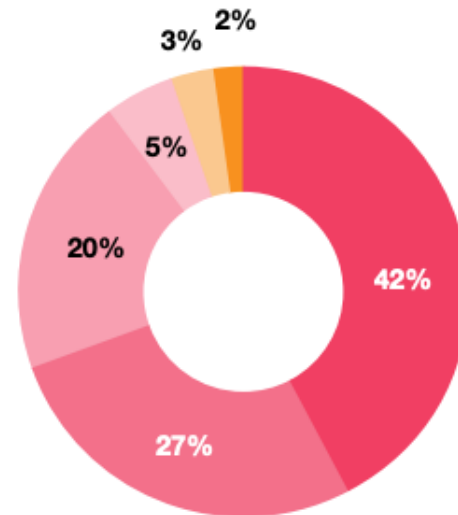
Impact of AI

Interestingly, 41% of respondents indicated that the anticipated impact of AI technologies would be significant for their departmental processes, although they did not view it as transformative to their operational model. This suggests that while businesses may foresee optimisation within their human resources departments, they do not expect conventional processes to be completely re-engineered through the use of AI tools. At the same time, **it is important to note that most respondents are still exploring the best ways to leverage AI technologies**, which may imply a need for further study and experimentation with AI initiatives.

In your opinion, what level of impact do you foresee AI (e.g. GenAI) having in your industry, in the next 24 months?

Conclusions of PWC's Annual Digital Conference: Intelligent Digital 2024

There is a need for an adaptive AI governance framework - one that emphasises **responsible AI adoption** in a manner that is trusted, safe, and compliant with relevant regulations such as the EU AI Act.

AI is **not a one-size-fits-all solution**, and the successful realisation of its opportunities requires business leaders to invest in AI training and education.

AI adoption

Trans
Form
Work II

Example of initiatives announced in 2025

- 'EU4Health' programme: a four-year 'BreastScan' project which seeks to enable more accurate diagnoses in a shorter time, allowing for timely interventions that lead to improved patient outcomes.
- The Energy and Water Agency (EWA) and Water Services Corporation (WSC) will test an AI model that continuously monitors key data such as water usage, groundwater levels, and weather patterns. This model aims to predict and manage water supplies in response to the growing population and tourism, changing climate, increasing water demand, and diminishing traditional sources.
- A research project at the largest care home in Malta aims to test the use of robots and AI in elderly care, with the goal of assisting caregivers in elderly homes with daily tasks, thereby enabling them to concentrate on critical responsibilities. For instance, semi-humanoid robots equipped with AI will help with cleaning and medication reminders.

Social Partners

The Malta Chamber - The economy and society are being impacted by digitalisation, which, if used properly, can enhance productivity and economic growth. AI and automation can address inefficiencies and reduce costs. This requires investment in education, training, and reskilling, ensuring efficient allocation of labour and also addressing the labour shortage.

GWU - is actively highlighting the significance of upskilling and reskilling in our collective agreements. When a workplace invests in automation or digitisation, we remain dedicated to facilitating the restructuring process of that company.

Thank you

Trans
Form
Work II