

development cooperation since 2007, primarily focusing on education (currently around EUR 30 million annually) and recently complemented by Green Growth cooperation (energy, critical raw materials and environmental protection). Plans to set up a Commission office in Nuuk are advancing.

Greenland's government has a strong interest to broaden this relationship in order to diversify its economy, but crucially lacks investment and a skilled workforce. The EU has the opportunity to become a key partner in this endeavour. Greenland is seeking a more active role in foreign policy (within the constitutional limits of the self-rule act), having joined sanctions on Russia, aiming to diversify trade relations, and looking particularly to Canada and the US. The US opened a consulate in Nuuk two years ago and started engaging in development cooperation in Greenland (support to mineral resources, education, organising business fora to discuss opportunities for trade and investment with between the US and Greenland). Greenland has a stable macroeconomic outlook, which is underpinned by an annual block grant from the Danish government. While heavily reliant on fisheries and the public sector, Greenland's economy has shown sound growth rates in the past years.

The EU has been a reliable partner in support of the Greenlandic education sector since 2007 and expectations that it will continue to support education are high. This Action aims at consolidating gains achieved by EU investment in Greenlandic education to further reinforce the EU partnership with this Arctic Overseas Territory. It is also economically and socially warranted. Current plans of the government of Greenland to use the country's significant hydropower potential and mineral resources, as well as the tourism influx that is expected to result from the ongoing expansion of the airport infrastructure in three cities, will all require a steady and reliable increase in the availability of skilled workers to attract investment and then carry out work, if Greenland is not to rely heavily on immigration. Therefore, investing in green skills and increasing the number of Greenlanders with skills relevant for sustainable tourism other "green jobs", as well as extractive industries is key for sustainable growth.

Greenland has significantly relied on EU budget support for its education sector with a record for steady improvements and adequate absorption capacity of EU funds underpinned by a regularly executed, in-depth policy dialogue. With the support for the education sector, Greenland has, in particular, managed to increase the share of children in day-care, to create more diversified educational options (especially for young people), develop online provision of education (and educational guidance) to remote settlements, and not least increase recruitment to secondary and higher education and training despite an overall drop in youth population. Nevertheless, significant challenges still remain, notably with regard to drop-out and early leaving of pupils and students, matching (projected future) labour needs and availability of apprenticeships, technical education and re-/up-skilling, as well as factors external to the education system that impede learning success, such as socio-psychological issues.

2.2 Problem Analysis

Short problem analysis:

The lack of a skilled workforce is putting major limitations on Greenland's economic growth. While some progress has been made over the past years, completion rates as well as final grades are still too low. Greenland's education institutions across the system (pre-school to higher education) are suffering from a chronic lack of qualified teachers, which is especially pronounced in remote locations. Greenland's youth is facing comparatively high rates of socio-psychological problems.

Greenland is the world's biggest island but is very sparsely populated with some 56.500 inhabitants distributed on 5 major towns and approximately 60 smaller settlements. The economy is based mainly on fishery, which makes it vulnerable to fluctuations in world market prices, whereas other sectors – notably the exploitation of mineral resources as well as tourism – still only contribute a minor part of the GDP. However, the sources of revenue are not sufficient to balance the state budget, and therefore Greenland is dependent on an annual block grant from Denmark as a major contribution to its economy (see below in section 2.3.3).

In the efforts to develop a more robust, diversified, green and sustainable economy, the Government of Greenland (GoG) is investing heavily in education and training, as a well-educated workforce is a prerequisite for economic progress. For many years, education and training has accounted for over 25% of the state budget, which is one of the highest levels in the world (2022: 26.3% of overall GoG budget). However, Greenland's existing workforce is characterised by a low level of education, where a substantial amount – over 60% – of persons in the age bracket