



The progress towards the EU's Digital Decade ambition
Final Summary of Key Findings

Deloitte LLP

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Context, scope and purpose of the study

In the context of the EU’s digital vision, this study provides an update on the EU’s progress towards the Digital Decade targets, and the status of the Recovery and Resilience Facility, and identifies policy enablers that alongside digital investment could help deliver the EU’s digital ambitions.

Context for the study

The EU’s 2030 Digital Compass sets out the ambition for the digital transformation of the EU and Digital Decade targets to measure progress towards that ambition.¹ The Recovery and Resilience Facility (RRF) is a temporary instrument intended to mitigate the impact of the pandemic while supporting digital and green investments.

A report published by Deloitte in June 2021 found that:²

- **The Digital Decade targets are ambitious** and will require Member States to make significant progress across each target area.
- **The gap between current and target levels of digitalisation varies greatly** across Member States, with each facing different challenges.
- **Further private and public investment** may be needed in certain areas to achieve targets, **in particular Infrastructure, Digital Skills and Businesses.**

Scope of the study

A year on from the launch of the RRF in February 2021, Deloitte has undertaken a study, commissioned by Vodafone, that builds on the previous report by:

- Providing an overview of the **current state of digitalisation** in the EU27 and **progress made towards the Digital Decade targets;**
- Summarising the progress of the RRF and the **digital investments** that are being made by Member States from the **RRF;**
- Identifying **key policy enablers**, that could help make digital investments more effective and unlock the further investment that is needed to support the digital transformation.

This document presents a summary of the key findings from the main report to that study, to be published on 25 March 2022. It should be read in conjunction with that report.

Purpose of the study

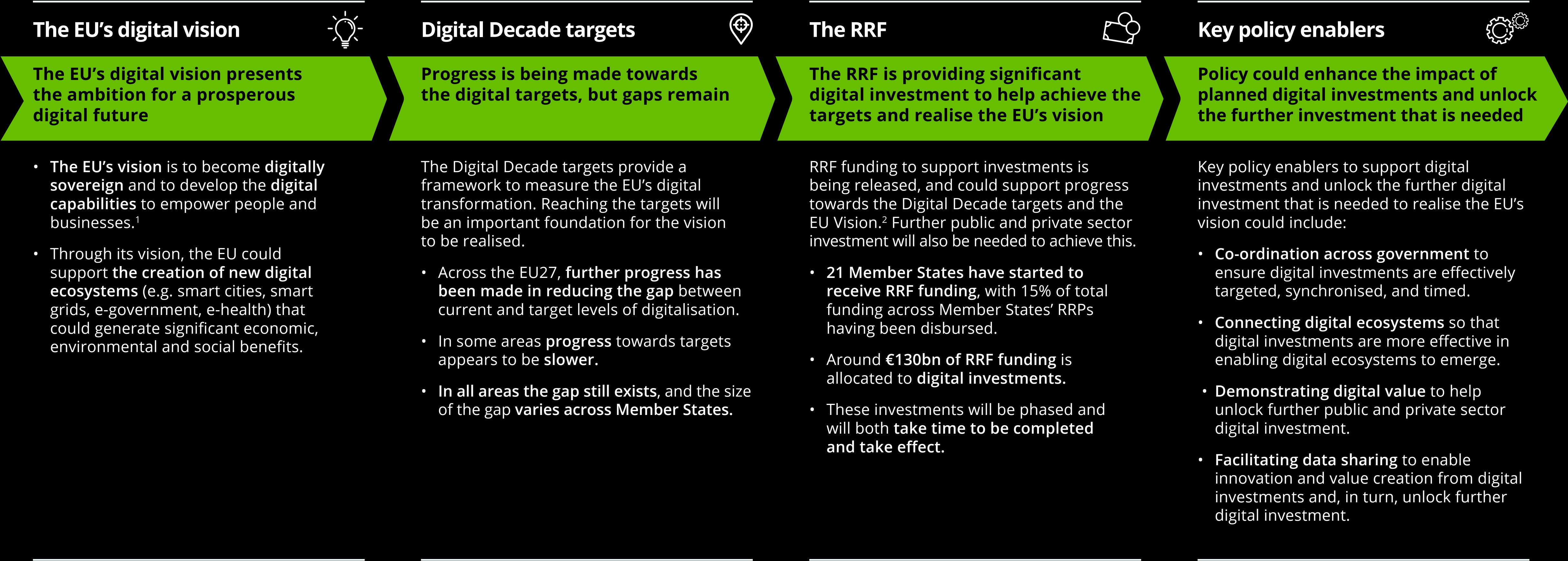
This Summary of Key Findings, alongside the main report, is intended to provide a basis for discussion of:

- Where **action** may be needed in order to **achieve the EU’s digital targets.**
- What Member States have already achieved and how these achievements can inform future investments.
- How to unlock the potential of the RRF as an opportunity to stimulate digital and sustainable transformation.

¹ European Commission ² Deloitte (2021)

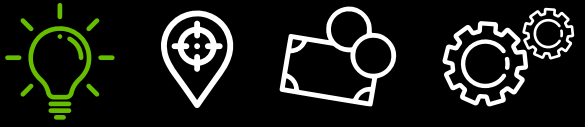
Key findings

The EU’s digital vision is ambitious, and while progress is being made towards digitalisation targets, the scale and complexity of the digital transformation means that digital investments and policy enablers are key to realising the vision.



¹ European Commission ² European Commission

The EU's digital vision | Ambition for a prosperous digital future

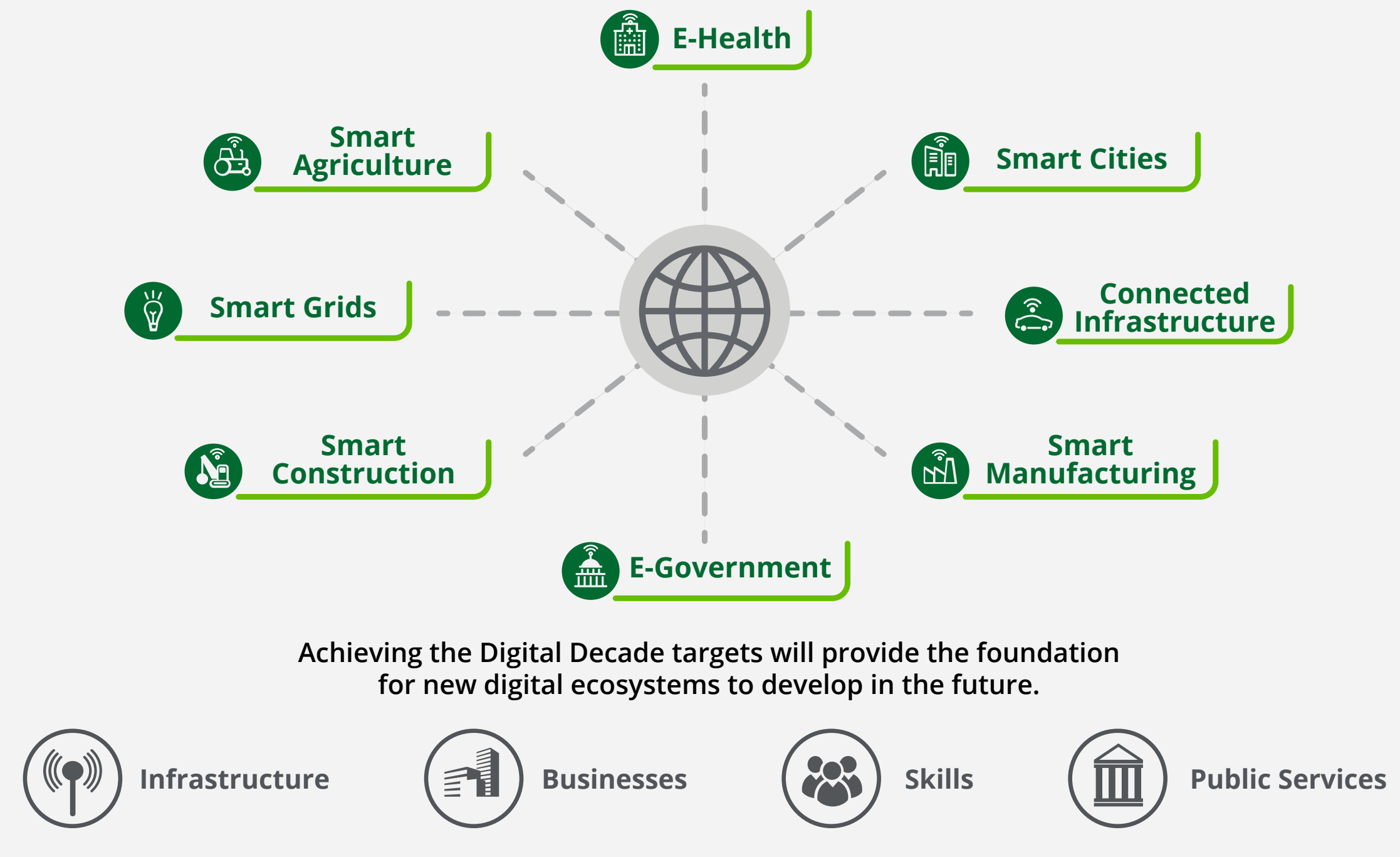


The EU's vision is to help build the digital capabilities that empower people and businesses and create digital ecosystems that can generate significant economic, environmental and social benefits.

The EU's vision for a digital future

The EU has the vision to be **digitally sovereign** in an interconnected world by **building and deploying technical capabilities** that empower people and businesses to seize the potential of the digital transformation, and help build a **healthier and greener society**.¹

New and emerging digital ecosystems



Benefits of digital ecosystems

Economic benefits: Productivity gains and innovation that drive economic growth.

The cumulative additional GDP contribution of new digital technologies could amount to €2.2trillion in the EU by 2030.²

Environmental benefits: Energy efficiency and reduced emissions that support sustainability.

Technologies could help reduce emissions by 7 times more than the amount created by the ICT sector and could reduce global emissions by up to 15%.³

Social benefits: Inclusion and better quality of life for all citizens.

Usage-based insurance (UBI), coupled with Assisted driving technologies, which use real-time vehicle data, could help reduce the projected annual death toll of 2m from road accidents by 10% by 2025.⁴

¹ European Commission: 2030 Digital Compass; ² European Commission: Shaping the Digital Transformation in Europe; ³ European Commission: Supporting the Green Transition; ⁴ World Economic Forum

Digital Decade targets | Summary of progress towards the targets



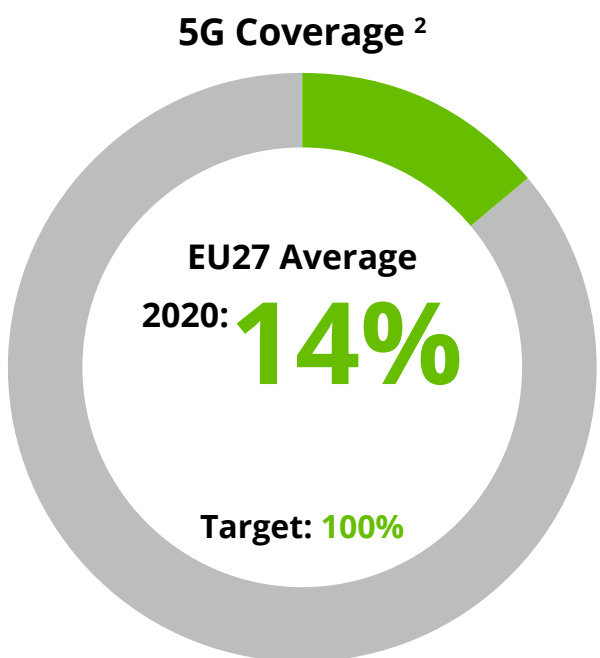
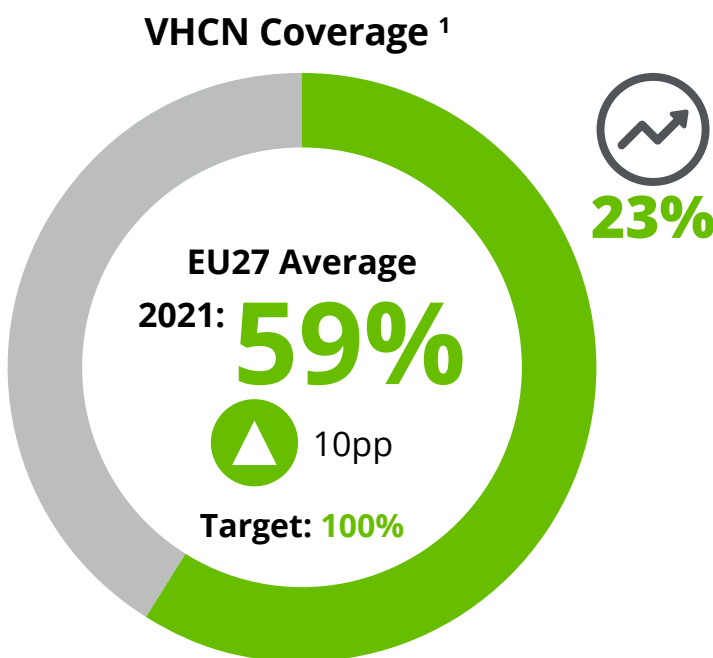
While gaps still remain, further progress has been made towards the Digital Decade targets over the last year, in particular levels of Very High Capacity Network (VHCN) coverage and cloud computing adoption.

Key takeaways

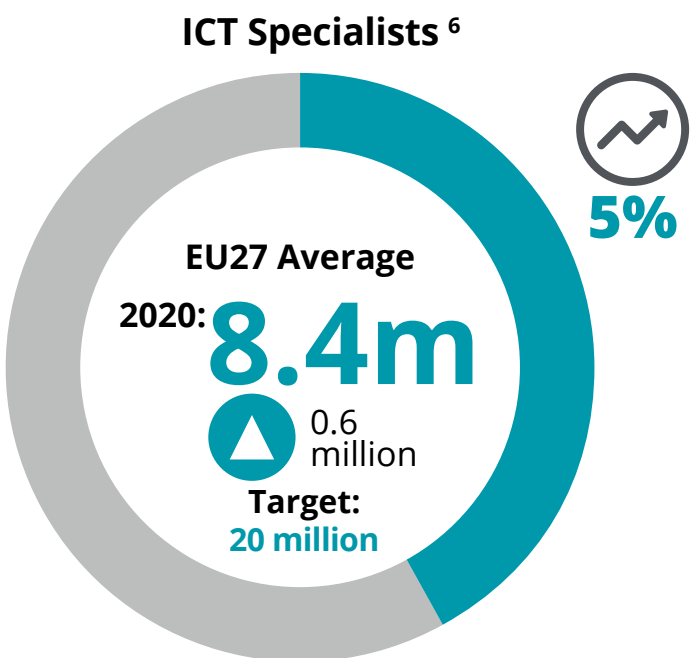
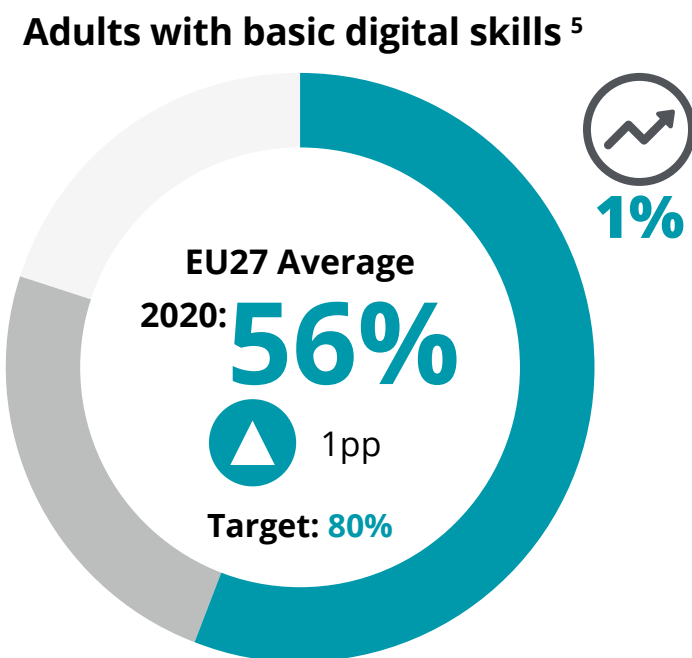
- In all areas the gaps still exist and vary across Member States.
- Progress has been made in reducing the gap between current and target digitalisation levels over the last year, in particular in increasing VHCN coverage and cloud computing adoption (although gaps remain).
- In some areas, such as business digital intensity and basic digital skills, progress towards targets appears to be slower.
- In some cases assessing indicators over a longer time horizon (e.g. the next 3-4 years) may provide a better indication of progress towards the targets, given that planned digital investments will take time to feed through to the indicators (e.g. it may take several years for investments in digital skills to have a material impact on the number of ICT specialists).
- Further support, including investment, may be needed in areas that appear furthest from the target and/or where there has been relatively slow progress to the target.

Digital Decade targets

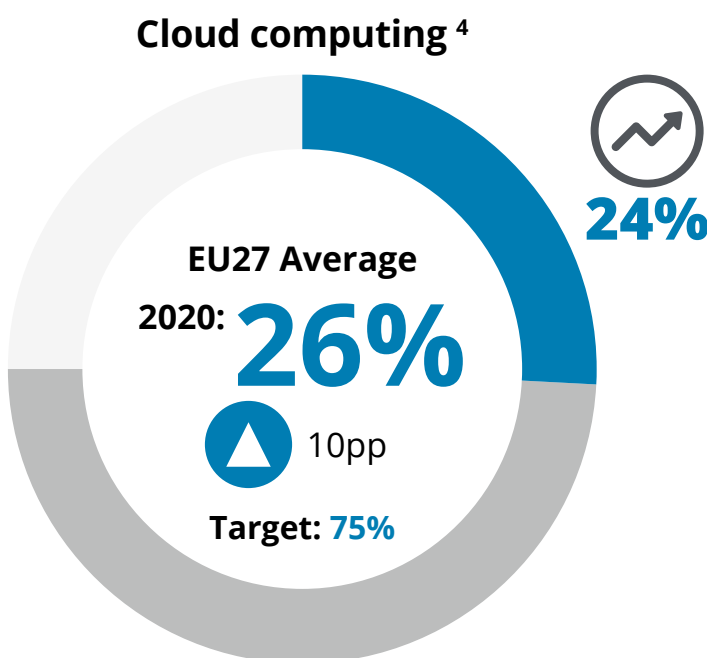
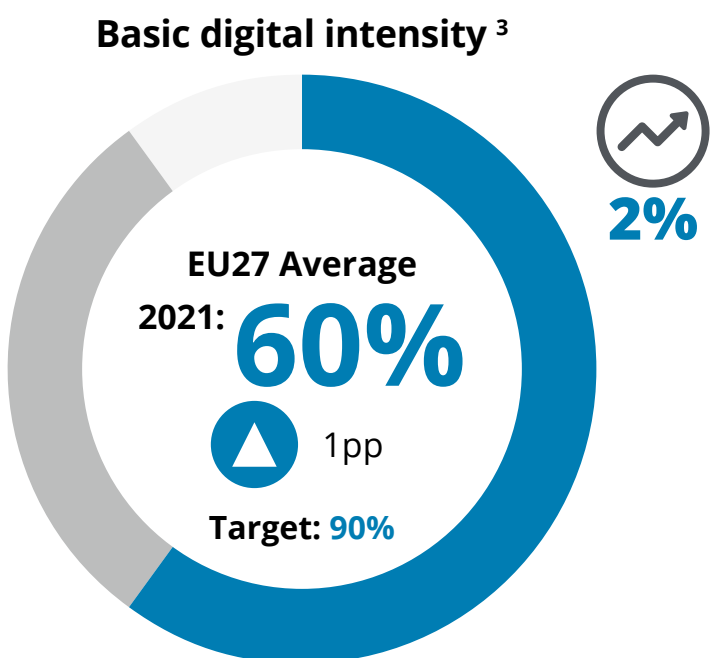
Infrastructure



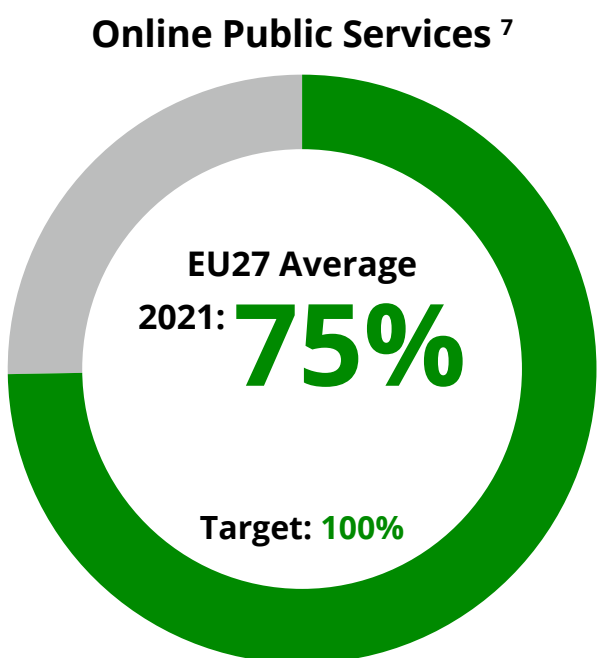
Skills



Businesses



Public Services



Average annual growth rate across the past five years (2016-2021). Note that data for all interim years is not available for some indicators and/or the average growth rate might take into account a shorter period than 5 years.



Percentage point increase (or increase in the number of ICT Specialists) in the last year for which data is available. Due to data limitations, the number for basic digital intensity and cloud computing represents the change in the last two years.

¹ DESI; Share of households covered by VHCN; ² DESI; 5G mobile broadband coverage (% of households). Historic data not available; ³ Eurostat (DII) & DESI; The Digital intensity Index (DII) measures the availability at firm level of 12 different digital technologies; ⁴ Eurostat; Share of enterprises using at least one cloud computing service; ⁵ DESI; ⁶ Eurostat; ⁷ DESI; Share of administrative steps that can be done online for major life events. Historic data not available. Note: The data represents the latest data available for each indicator. Where 2021 data is not available, data from the latest year available is considered.

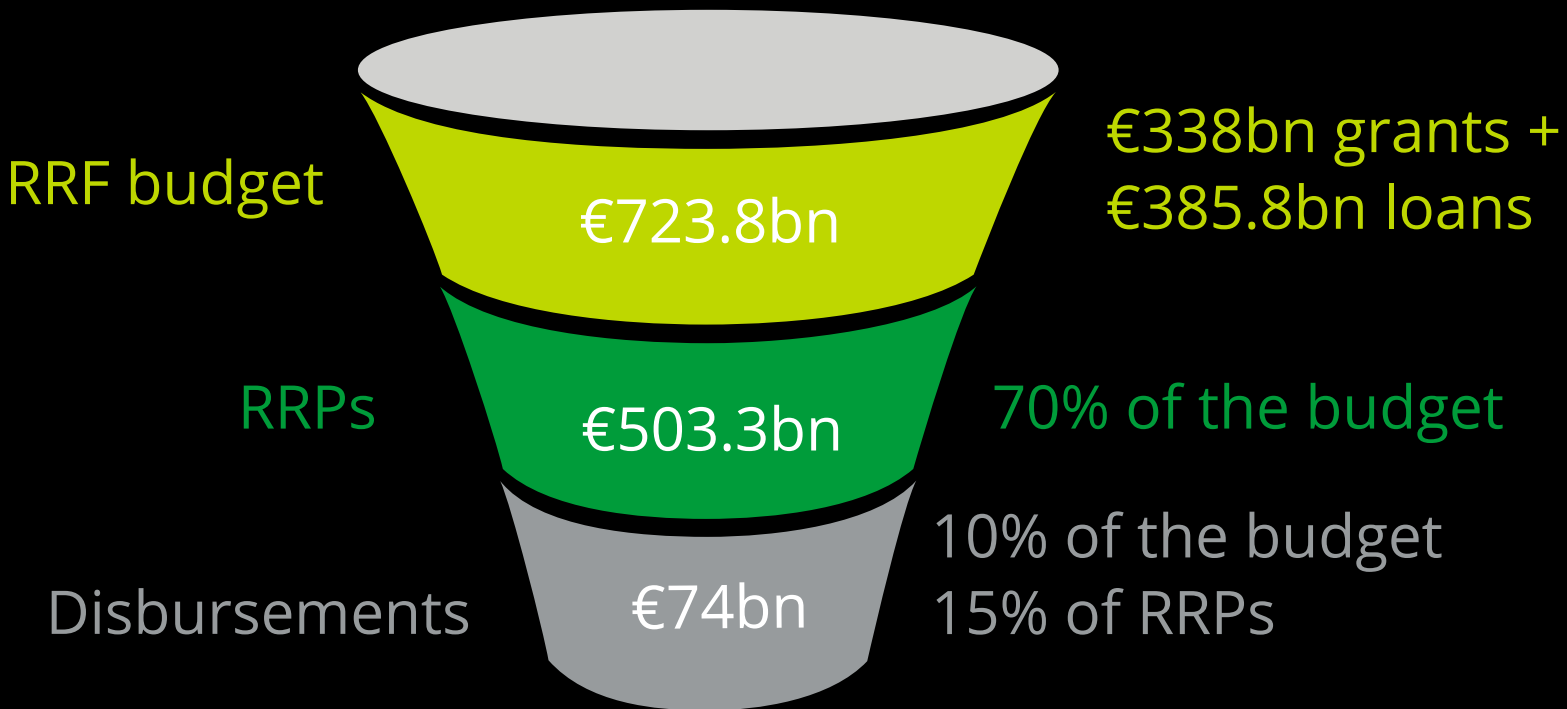
The RRF | The disbursement of funding



21 Member States have started to receive RRF funding, with around 15% of total funding across Member States' RRP having been disbursed, some of which is already being used for digital investments.

Some funding has already been disbursed, but there will be an update to the allocation of grants to reflect changes in GDP growth

- Of the €503.3bn in the RRP, €74bn (15%) has been distributed to Member States so far. Some of this funding has already been used for digital investments.
- 30% of the grants in RRP (€101.4bn) are expected to be reallocated to reflect variations between forecast and actual GDP growth, with Member States impacted differently.
- Based on the latest GDP forecasts (published in November 2021), Ireland, Romania and the Netherlands may see the largest relative decreases in grants while Germany, Portugal and Spain may see the largest relative increases.¹

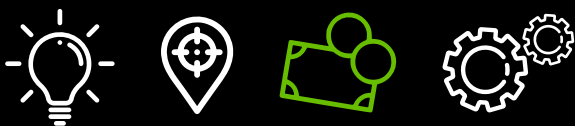


Member States are at different stages of the process to access RRF funds.



¹Based on the European Commission's Autumn 2021 GDP forecasts. European Commission

The RRF | Digital and green RRP investments linked to the Digital Decade targets

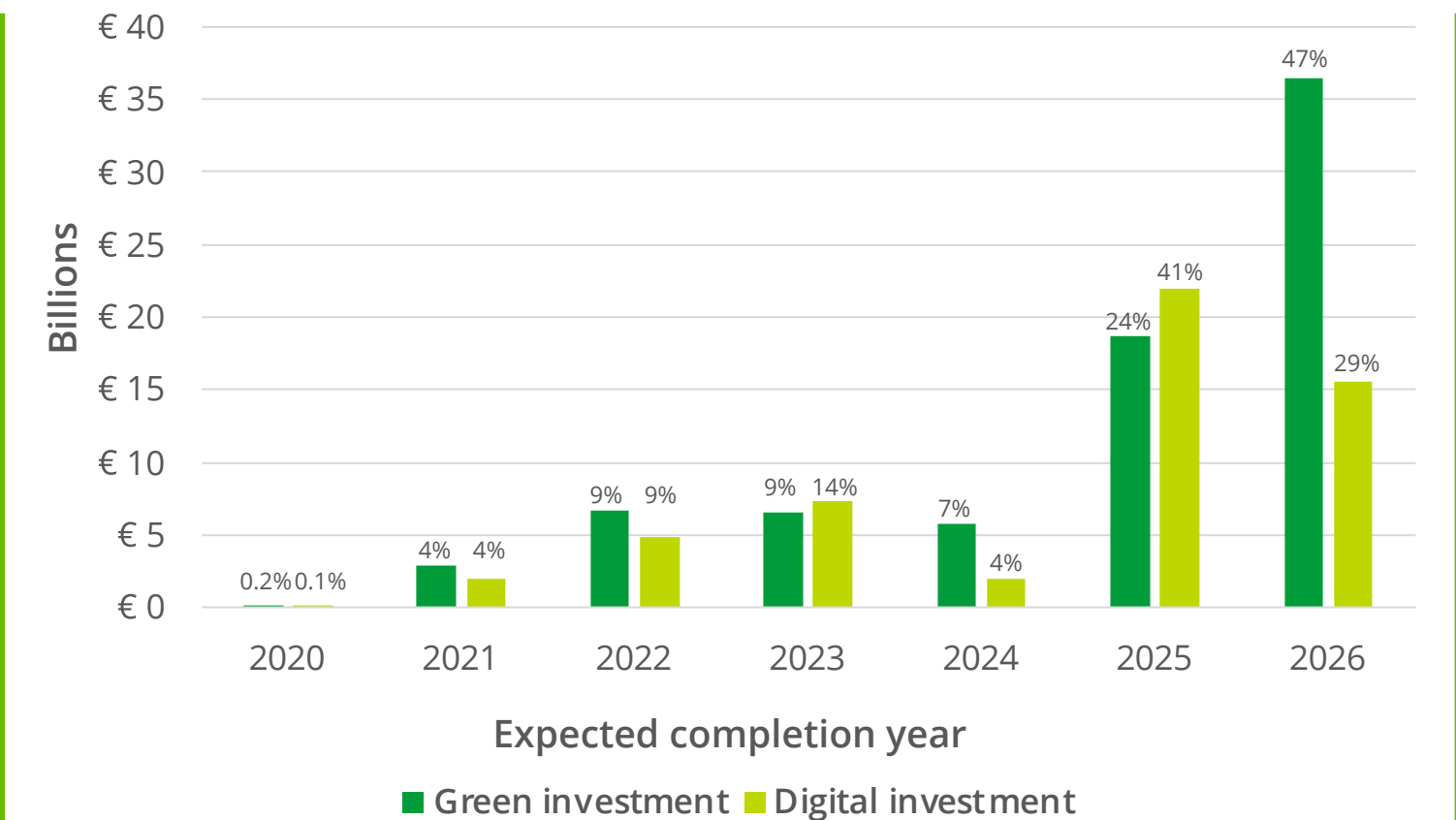


Around €130bn of RRF funding is allocated to digital investments, with some of the largest digital investments focussed on digital health, infrastructure and SME digitalisation; these investments will be phased and take time to be completed and take effect.

The completion of digital and green projects will take time as most investments will be spread over several years and will be completed towards the end of 2025/26.

Based on the investment timeline, it might take some time until the digital progress enabled through those investments will be reflected in the Digital Economy and Society Index (DESI) score.

Figure 1: Investment profile of digital and green investment for six of the seven selected Member States (incremental proportion of digital/green funding completed over time)¹



Member States are investing large amounts in digital health, digital skills, the digitalisation of SMEs, and the deployment of digital infrastructure, contributing towards achieving the Digital Decade targets.

Digital expenditure across Member States amounts to 26% of the RRF funding linked to RRP, around €130bn.²

Examples of some of the largest digital investments planned

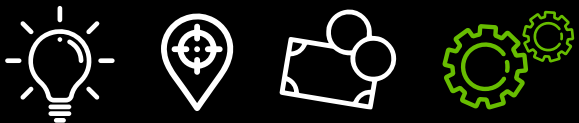
Selected Member States³

Digital health & e-medical records France Digital Health Expected investment completion year: 2024 €2bn 24% of total digital investment	Digitalisation of SMEs Spain Digitalisation and innovation of SMEs Expected investment completion year: 2025 €3.5bn 18% of total digital investment
Digital Skills Czechia Digital Schools Expected investment completion year: 2026 €0.2bn 11% of total digital investment	Digital infrastructure Italy Plan Italia 1Gpbs Expected investment completion year: 2026 €3.9bn 9% of total digital investment

Details on green and digital investments and the Digital Decade targets that those investments address for each of the seven Member States can be found in the main report.³

Note: 1 Investment year refers to the expected completion date of investment projects and does not show when investments are being carried out (due to data limitations). Some investments may be spread over multiple years. Information is based on the review of the European Commission's RRP assessments and analyses for seven selected Member States; Public information on the investment profile for Italy was limited and, therefore, it is excluded from the chart. 2 European Commission; 3 The Member States were selected on the basis that they have the highest absolute level of funding, of those Member States whose RRP contain the relevant information to undertake the analysis.

Key Policy enablers | Proposed key enablers to deliver the EU's 2030 vision



Policy can play a key role in making these digital investments more effective and help unlock the further investment that is needed to support the digital transformation.

Key policy enablers | Enhancing the impact of planned digital investments and unlocking the further investment that is needed

Four key policy enablers have been identified based on a literature review and interviews with policymakers and industry experts. The following sets out potential policy measures for each enabler.



Co-ordination across government to ensure digital investments are effectively targeted, synchronised, and timed.

Creating a whole-of-government coordinator	Using cross-government liaison offices and events	Developing aligned cross-government Key Performance Indicators (KPIs)
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"It's critical to have aligned incentives across government at the central, regional and local authority level"

General Director of an Association for Digitalisation



Demonstrating the value of digitalisation to help unlock further public and private sector digital investment.

Creating pilot schemes as proof of concept	Using case studies as benchmarks	Developing measurement frameworks
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"A significant amount of our RRF budget for digital development will be invested in a pilot project to support SMEs"

Assistant Secretary of a Member State's Department for Business



Connecting digital ecosystems so that digital investments are more effective in enabling digital ecosystems to emerge.

Creating forums for public / private collaboration	Trials and testing facilities for industry collaboration	Creating task forces to help facilitate collaboration
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"Building connections and enabling knowledge sharing between private entities is crucial"

Managing partner of a public investment fund



Facilitating data sharing to enable innovation and value creation from digital investments and, in turn, unlock further digital investment.

Reducing process complexity	Safeguarding the sharing of data	Creating local data platforms
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"Exchanging data between public service systems is key for the digitalisation of the country. This relies on having interoperable standards and systems for data sharing"

Member of a Member State's Parliament



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