

Securing the Digital Leap. How to Harness the Digital Transformation During the COVID-19 Pandemic

Policy Recommendations¹

Key Messages

- Most citizens of the Western Balkans considerably increased their use of online services during the pandemic.
- A majority would like to see this trend continued in most fields
- Obstacles, such as the lack of apps, devices or internet access were encountered by most citizens.
- Some online services, in particular shopping and public administration, lag behind.
- Making the digital leap sustainable requires locking in the success through better infrastructure.
- Shopping and e-government require greater availability of services and reducing administrative obstacles.
- Teleworking needs to be promoted and supported in private business, with potential knock-on effects in other spheres of digitalisation.
- Regional cooperation, including data gathering, coordination and exchange of best practices is essential.

Introduction

The economies of the Western Balkans have been lagging behind the EU average in terms of their digital transformation in recent years. Indicators from access to broadband internet at home, availability of computers, digital literacy and online usage suggest a considerable gap to the EU. In addition, there is considerably regional diversity. As the COVID-19 pandemic forced millions of citizens to use digital services to work and study from home, to stay in touch with friends, watch movies, communicate with authorities and go shopping. This unprecedented digital leap took place worldwide, including the Western Balkans. Based on the findings of the accompanying study, this policy brief sets out key recommendations how to take advantage of the digital leap and make its successes sustainable. The net increase in online services

¹ The primary author of the policy brief is Florian Bieber (Centre for Southeast European Studies, University of Graz). The policy brief was commissioned by the German Eastern Business Association and Deutsche Telekom, Nokia, atene KOM, SAP and Klett. The views, findings, and conclusions or recommendations are strictly those of the author.

was largest for information (36.1%), social contacts (35.7%), education (33.4%), and entertainment (30.8%). On the other hand, work (18.1%), shopping (9.2%) and public services (6%) have been laggards.²

While citizens have experienced obstacles across the region, from the lack of adequate devices—most used mobile phones for all services—to limited services and internet availability, they are overall satisfied with the experience. Thus, citizens would mostly like to continue to these online services, with the understandable exception of education. A net number of citizens³ would like see work (18.3%) to information (41.5%) stay the level as during the pandemic or increase.

The policy recommendations seek to help maintain the digital leap that occurred in 2020 and learn the lessons for the experience of citizens across the Western Balkans.

Recommendations

There have been multiple initiatives to promote the digital transformation of the Western Balkans. These include the 2018 Digital Agenda for the Western Balkans, the Multi-annual Action Plan on Regional Economic Area launched in 2017, and three digital summits since 2018. They all outline the key steps and the roles to be played by governments of the region, regional organizations (particularly the RCC), and the EU, in cooperation with businesses and civil society. These recommendations build on these initiatives, draw on the findings of the accompanying study, and reflect the preceding 2018 policy brief.⁴

Some of the policy recommendations provided in 2018 have been partly addressed, such as abolishing regional roaming charges in 2021. The Western Balkans Investment Framework (WBIF), launched in 2017, also includes investments in improving the region's digital infrastructure. Other commitments undertaken at the digital summits, including the latest summit in Tirana in November 2020, have included key messages formulated in 2018, such as improving e-government and developing a Digital Education Action Plan.⁵ The 2018 Digital Agenda for the Western Balkans similarly places emphasis on e-government, improving digital infrastructure, enhancing digital skills, and other measures to close the digital gap.⁶

As the accompanying study highlights, much can be done – and needs to be done – to promote the digital transformation of the Western Balkans. Many recommendations offered in 2018 remain highly relevant today and have been further underlined by the effects of the COVID-19 pandemic. These include measures

² The survey data is based on a representative survey conducted in all 6 Western Balkan economies in October 2020 by IPSOS. The net increase is based on citizens using it more, minus those who used it less during the pandemic.

³ Number of those wanting to see levels increase or remain as during the pandemic minus those who wish a decrease.

⁴ Institute of Economics, Zagreb, Centre for Southeast European Studies, University of Graz, *The Impact of Digital Transformation on the Western Balkans—Tackling the Challenges towards Political Stability and Economic Prosperity*, 2018, 11, <https://wb6digital.files.wordpress.com/2018/01/wb6-study.pdf>

⁵ *Conclusions of the Western Balkans Digital Summit*, Tirana, November 2020.

⁶ European Commission, *Measures in support of a Digital Agenda for the Western Balkans*, 22.6.2018.

to improve e-commerce and e-government, promoting teleworking, and improved use of digital services for education. All these recommendations are reiterated in this policy brief.

The policy recommendations can be grouped into three categories: 1. ensuring to close the digital gap between the Western Balkans and the EU; 2. reducing intra-regional divides; and 3. mitigating the potential risks of the digital transformation.

Making the digital leap sustainable while avoiding the risks of exclusion requires measures in a variety of fields. These respective digital policies must be integrated into a comprehensive approach that includes all stakeholders. It must be regional to free-up synergies across the Western Balkans, using the emerging regional economic area and sharing best practices. Furthermore, the policies need to be harmonized with the EU to avoid duplicating efforts and erecting barriers to EU integration.

1. Closing the Digital Gap between the Western Balkans and the EU

- *Reducing structural obstacles.* In comparison to the EU, many households in the Western Balkans still lack adequate internet access for using all online services. There is a need for adequate digital infrastructure. Both fixed and mobile. The COVID-19 pandemic led to a dramatic increase in internet traffic that will continue to grow due to technological progress and new digital services in the future (although this growth will probably not be as dramatic as in 2020). As a result, further investments in digital infrastructure are needed in order to improve availability, especially internet speeds. This should be accomplished by (de-)regulation and reforms that explicitly take investment incentives into account, and by making public (especially EU) funds available for digital infrastructure deployment initiatives that will provide fixed and mobile access capabilities and ensure technology potential for future throughput increases like fiber access and Fixed Wireless access FWA (4G/5G) as a path to future 6G deployment (EU's Hexa-X).
- *Making digital service mobile-friendly.* As mobile phones are the dominant device used to access online services, and as many households lack access to computers, online services should be made compatible with mobile phones. This particularly includes public eServices as well as education and health sector.
- *Using digital resources in education.* Many citizens' positive experience with online education and using digital textbooks and other online resources alongside printed materials, as well as the experience in digital teaching, should be used to permanently introduce digital resources to schools and universities. Such a regional educational strategy can increase digital skills among younger citizens entering the workplace and thus reduce the digital gap with the EU average. Furthermore, this could help deal with some of the region's other shortcomings in educational systems. This would require the

strategic use of digital platforms and efforts to determine an appropriate balance between online and offline teaching and education.

- *Promoting teleworking.* There is a need to support private companies, particularly SMEs, in adapting for staff to work from home. The benefits of increased teleworking extend beyond the COVID-19 measures, as they allow for lower startup costs for companies while enabling staff to work from different locations, including rural communities. Such a policy should include providing funds, tax breaks and know-how for SMEs in adopting both teleworking and e-commerce. Increased teleworking in the private sector could be a catalyst for the digital transformation of private companies.
- *Increase e-government.* E-government continues to lag behind other services, despite clear benefits, including reducing opportunities for corruption, simplifying administrative processes, and economic advantages. Using the experience of the 2020 digital leap in other fields, as well as reducing administrative and legal obstacles, could facilitate a boost to e-government.
- *Reducing obstacles for online banking and shopping.* Demand for such services is substantial, so growth could be driven by reducing obstacles to using them, such as by reducing restrictions regarding payment services and increasing trust in online shopping.
- *Promoting and funding regional digital start-ups.* Supporting digital companies in the region would help create a more competitive digital playing field, encourage innovation and incentivize new initiatives. This could be achieved through specific regional schools and training programs, regional prizes and support for such initiatives.

2. *Reducing intra-regional divides*

- *Reducing regional digital barriers.* An effective regional economic area must reduce barriers to cross-border online trade and cross-border dataflows. Regional cooperation regarding online business would increase market sizes and make online shopping more attractive. To strengthen regional initiatives and businesses, while keeping in mind that scalability is key for digital businesses to be viable (especially vis-à-vis global competitors), cross-border digital businesses and data flows should be facilitated. This requires a joint and harmonized approach across the region.
- *Sharing of best practices.* There is no single regional champion in the use of digital services. Instead, different countries perform better in different domains and can share strategies and approaches. Such an effort could be coordinated by the RCC.

- *Promote digital preparedness.* In response to COVID-19, the economies of the Western Balkans, like much of the rest of the world, were required to switch many services online at short notice and with much improvisation. This highlights the importance of a digital preparedness plan that would facilitate any future digital shift, whether due to other emergencies or for other reasons.
- *Harmonizing data gathering on digitization.* A regional data gathering hub would help creating the basis for solid data and comparison within the region and with the EU. A WB-DESI should be established on a continuous basis and possibly coordinated by RCC and supported by technical / academic support.

3. *Mitigating the risks of the digital transformation*

- *Tackling misinformation and conspiracy theories.* Both present an important risk to public and health policy and democratic processes in the region. They can be best confronted by a regional strategy and approach, closely harmonized with the current EU initiatives on liability issues, e-commerce, disinformation, etc. (Digital Services Act – DSA). These measures should include requiring clear and transparent ownership of online (and traditional) media, and clear rules and laws on mis- and disinformation, including liability.
- *Reducing the digital gap.* As some social groups are at risk of being left behind by the digital transformation, particularly the elderly and less educated, specific policies need to target these groups so that they are not left out. These could include specially designed, targeted training programs.