



European Committee  
of the Regions

INTERREGIONAL GROUP FOR INSULARITY

*The President*

Rue Belliard/Belliardstraat 101 B-1040 Bruxelles

**COMMISSION OF TERRITORIAL COHESION AND BUDGET OF EU (COTER)  
MEETING IN PRAGUE ON**

***"8th report on economic, social and territorial cohesion"***

by

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*"The real challenge is no longer good digital innovation,  
but the good governance of the digital"*

L. Floridi, *Soft ethics, the governance of the digital and the General Data Protection Regulation, Regulation*, in *Phil.Trans.R. Soc. A*, 376: 20180081.

Thank you President Sarrabezolles, and to all the members of the Commission of territorial cohesion and Budget of EU (COTER) joined in Prague for the Czech presidency of EU.

My position of today follows the speech during the meeting of the Commission on 7th April in Bruxelles and the vote on the proposal of opinion on "*Digital cohesion*" in ECON commission, the last 8th of July, where I am rapporteur for the opinion.

The 8 Report on economic, social and territorial cohesion can only be considered not adequate to the peculiarities of the European island areas than in the document of the Commission whose position is only marginally detected and analyzed.

The territory of the European Union, includes about 450 inhabited islands, representing 5% of the land surface of Europe with approximately 20 million inhabitants. Some of them are not far from the continent, others are decentralized enormously, others are part of an archipelago and suffer a "double insularity" respect to the mother island (prime example is Sicily). Considering the will of the European legislator to support the reasons of less favoured regions, in particular those island regions (art. 174 e 175 European Treaty), and considering all the problems of permanent nature in these areas (the precariousness of communication systems, the high cost of energy, the promotion of tourism, the recovery of ports poorly exploited, etc.) should hope that the criterion for the allocation of Structural Funds is finally bound to territorial factors as well as economic, devoting due attention to the island territories.

One of the key priorities of the Committee of the Regions is ***Digital Cohesion***. A new perspective of the principle of cohesion. Economic, social and territorial cohesion is one of the key objectives listed in the *Treaty on the Functioning of the European Union* (Article 174 TFEU). It encourages balanced development across the European Union (EU), the reduction of structural disparities between regions and the promotion of genuinely equal opportunities for all individuals. Moreover, according to Article 175, "*The formulation and implementation of the Union's policies and actions and the implementation of the internal market shall take into account the objectives set out in Article 174 and shall contribute to their achievement.*". Cohesion Policy is one of the main tools for cities and regions in many areas such as energy, green transition or humanitarian aid.



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In the 2020 EU *Annual Local and Regional Barometer* report, the CoR highlighted digital cohesion as a key anchor in creating inclusive societies in the EU: "*Digital cohesion*" is an important additional dimension of the traditional concept of economic, social and territorial cohesion defined in the EU Treaty. "Digital divide" is a common term that refers to "different levels of access and use of information and communication technologies and, more specifically, to the gaps in access and use of Internet-based digital services"<sup>1</sup>. The 2021 EU *Annual Local and Regional Barometer* shows how the existing digital divides are not diminishing, but, on the contrary, growing along the following key components of digital transformation in the EU. And point out that Digital cohesion, demography and brain drain are key to reduce territorial disparities.

1) In the area of *connectivity and digital infrastructure*, Islands and rural areas are still lagging behind in terms of *Next Generation Access* coverage and the total coverage of households with high capacity networks. Infrastructure is a prerequisite for the development of Europe's digitalisation. Building awareness, financial support and further training of SMEs is essential in order to achieve a proper and fast digital transformation. The Digital Decade defines two targets in the area of broadband connectivity for 2030: gigabit coverage for all households and 5G in all populated areas.

2) Data on the level of *basic digital skills* is not available at local and regional level. Instead, a *proxy indicator* of individuals' ability to use the internet daily has been used. The data thus show that while in some Western EU Member States the urban-rural digital gap is being closed in terms of digital skills (such as in Germany, Sweden, the Netherlands and Belgium), it is still significant in all other Member States, in particular for Southern and Eastern Europe<sup>2</sup>.

3) As regards *digitalisation of public services*, the gap between individuals living in cities and those in urban areas even increased from 2019 to 2020. The acceleration of digitalisation during the COVID-19 pandemic does not guarantee improved access and use of e-services. The pandemic has exposed a growing digital divide between well-connected urban areas and rural, mountain and island areas, amongst those who know how to use the digital space, and those who don't. The availability, the actual use of technology and the ability to harness the vast opportunities that digital technologies offer have therefore had a huge impact on cohesion across the EU.

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<sup>1</sup> See J. VAN DIJK, *The digital divide*, Cambridge, 2020.

<sup>2</sup> Despite many Europeans using internet regularly, some barriers persisting. The top reasons for not having internet access at home in 2019 remained the lack of need or interest (45% of households without internet access in 2019), insufficient skills (45%), equipment costs (25%) and high cost barriers (23%). The deterring effect of each of these factors varies significantly in strength across Member States. For example, only 5% of Estonian households without internet access mentioned costs as a barrier, but as many as 53% did so in Portugal. A lack of relevant skills is an important factor deterring households from having internet access at home. Moreover, given that this factor limits awareness of potential benefits from digitisation, it may also be among the reasons behind the large numbers of EU households that still claim not to have internet access at home, because they do not need it.

See *The Digital Economy and Society Index (DESI) 2021*, <https://digital-strategy.ec.europa.eu/en/policies/desi>.



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4) The *digital transformation of businesses* measured through the number of unicorns located in the EU shows that there are 126 unicorns mapped in the EU and these are largely concentrated in the continental part of Europe and in capital regions.

The 8<sup>th</sup> Cohesion Report, to be discussed today, shares some of the findings we have identified in our last year's study:

- the highly developed regions have a better access to high capacity networks, which risks further increasing territorial disparities, because less developed regions may be increasingly excluded from economic opportunities;
- there is also a significant divide in broadband connection speeds between cities and rural, mountain and insular areas;
- there are significant differences when it comes to digital skills, too: there is a clear divide across countries (between more and less developed) and between rural and urban areas. We need to bear in mind that digital cohesion is not only about the access to digital technologies, but also about the actual capacity to use them<sup>3</sup>.

Crucial questions are raised in the *Report*, such as the role of the cohesion policy as the driving force of Europe's "*convergence machine*" and how, fundamentally, cohesion policy can support the green and digital transitions which are at the centre of policy making fit for today's societal, environmental and economic demands.

Such is the focus of my opinion on "*Digital Cohesion*" which addresses the reasons behind the increasing digital divide in the Union, the challenges experienced in the regions that are making efforts to close the digital gap but still lagging behind. Crucially, the widening digital gap, a recent development discovered only a few years ago, is not recognised formally as a threat to the EU's cohesion.

A public debate on how to close the innovation and digital gap is necessary but should be focused on achieving a clear understanding of the '*Digital Cohesion*' concept, which calls for the recognition of the essential role that technology plays in our life, and requires the integration of the Cohesion objectives (set out in the EU Treaty) in the digital rights, principles and policies of the Union. Sicily, my region for example, has always been a central trading point in the Mediterranean and we want, and have the know-how, to position ourselves in prime position to seize the economy and society of tomorrow. The availability, the actual use of technology and the ability to harness the vast opportunities that digital technologies offer have therefore had a huge impact on cohesion across the EU.

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<sup>3</sup> During 2020, 55% of enterprises that recruited or tried to recruit ICT specialists reported difficulties in filling such vacancies. In key areas, such as cybersecurity or data analysis, there are constantly hundreds of thousands of vacancies. More than 70% of businesses report a lack of staff with adequate (*digital*) skills as an obstacle to investment. There is also a severe gender balance issue, with only 19% of *ICT* specialists and one in three science, technology, engineering and/or mathematics (*STEM*) graduates being women. Finally, this is compounded by a lack of capacity in terms of specialised education programmes in areas such as AI, quantum and cybersecurity, and by the poor integration of digital subjects into other disciplines. A well *The Digital Economy and Society Index (DESI) 2021*, <https://digital-strategy.ec.europa.eu/en/policies/desi>.



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The works on our opinion have already started, first by having an exchange of views in the ECON commission and also by conducting a research, by our contractor, on a Foresight study on Digital cohesion. Thank you to all of you who participated in a structured survey on weak signals and wild cards and their possible impact on digital cohesion. Your input to the study, and thus to our draft opinion, is very valuable.

The narrative we are trying to build with this opinion, and which we have already introduced into the *CoR resolution on the contribution of the local and regional authorities to the Conference on the Future of Europe*, is about the digital cohesion and its introduction as an important additional dimension of the traditional concept of economic, social and territorial cohesion into the EU Treaty.

Unfortunately, the events in Ukraine, accompanying refugee crisis and electronic warfare also show us that digital technologies are a key factor in bolstering our resilience. The capacity of citizens to connect to the Internet, to have access to the latest news, to be well informed and to process the information received, to enable relevant humanitarian actions, are crucial to help to cope with the unprecedented crisis that we are faced with. Therefore, the "*resilience*" aspect of digital cohesion will also have to be properly addressed.

Thank you once again to this debate and I am looking forward to receiving any input you may have to my draft opinion or any comments you may raise today in the debate. Many thanks in advance for your kind collaboration.