



OPINION

European Economic and Social Committee

Digital transition in the Euro-Mediterranean region

Digital transition in the Euro-Mediterranean region
(own-initiative opinion)

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1. Conclusions

- 1.1 The digital transition is revolutionising every aspect of life with significant gains in terms of efficiency and enabling users to achieve more fulfilling lives. It is regarded as a pillar of resilience in the post-COVID-19 period, and has accelerated exponentially since the beginning of the pandemic, notably with the EU's actions in the digital field which the COVID-19 mitigation strategy has shown to be effective.
- 1.2 The benefits of digitalisation are well-known in specific sectors such as e-education, e-health, e-government, agri-business, e-justice and e-banking. Many governments in the Mediterranean region are promoting these sectors, but the effort is not homogeneous across the region and may lead to an even deeper digital divide among countries. Provision of infrastructure to support these technologies is therefore crucial.
- 1.3 The digital divide in terms of access and usage exists not only between different Mediterranean countries, but also within countries in the region, with rural and remote areas, informal workers, women and the elderly worsen off. Thus in order not to exacerbate existing inequalities, efforts to close the digital gap are essential both at the regional and national level.
- 1.4 Digital connectivity is becoming a right for every human being. The UN Secretary-General's Roadmap for Digital Cooperation has already produced a set of targets for 2030. In contrast, the "right to disconnect" is a debated issue and a reality in a number of European countries.
- 1.5 Digital skills are essential and therefore should be integrated into the training programmes aimed at young people in the region, given the very high youth unemployment rates. An effective labour market policy in the region will aim to make young people not only technology users but also technology producers. Both employment and entrepreneurship in this field are very promising career paths.
- 1.6 A solid legal framework is necessary to protect users from digital risks such as cybersecurity attacks, and to ensure data protection mechanisms respect human rights on digital privacy. The cyber security index provided by the International Telecommunication Union ([ITU](#)) measures the commitment of countries to cybersecurity at a global level. The index shows, in general, higher security levels in the northern Mediterranean region, whereas Egypt outperforms among the southern Mediterranean countries.
- 1.7 It is also needed to ensure a fair and competitive digital market in light of digital giants. There is a significant gap within the digital legal framework of the countries in the northern and southern Mediterranean. One can highlight the lack of an independent authority in charge of promoting the digital transition in the southern Mediterranean region.
- 1.8 The EESC explicitly emphasises that the UN Human Rights Conventions and the ILO Core Conventions must be ambitiously implemented in all states of the Mediterranean region so that the digital transition can genuinely contribute to prosperous ecological, economic and social development.

2. Introduction

- 2.1 The digital transition has implications for every aspect of our lives, from consumption to work and production. In response to the COVID-19 global pandemic, there has been an unprecedented acceleration in this transition within the past few years. With digitalisation considered one of the main pillars of recovery on both shores of the Mediterranean, people are adopting digital tools faster than ever. Tele- and remote working are becoming a reality, and e-commerce and the platform economy are growing at an unprecedented pace, compensating for business shutdowns due to the pandemic. Meanwhile, this rapid transition can create a new source of deepening inequality as the most vulnerable population groups who are facing digital exclusion, are the ones hit the hardest by the pandemic.
- 2.2 The main goals of this document are to:
- assess the current state of digital transition in the Euro-Mediterranean region, programmes and progress made;
 - highlight the potential benefits of digitalisation and in particular new opportunities for SMEs, through e-commerce, e-education, e-governance, e-health and digital banking;
 - identify barriers to digitalisation, with the main barriers relating to digital infrastructure and access, the digital divide both within a country (rural/urban, women/men, youth/elderly) and between countries (north/south), lack of essential digital skills and digital literacy. Hence, the digital transition can lead to increased inequality in a country and also to divergence in development patterns among the countries in the region;
 - highlight risks associated with digitalisation, from risks relating to cybersecurity, digital sovereignty, data protection, digital piracy to civil freedom.

3. Background

- 3.1 We are currently living through a period of rapid digitalisation and can find digital tools present in every aspect of our lives, including health, work, governance, education and running a business, among others. Digital skills are essential in the new world of work to secure job opportunities, and are rewarded with higher incomes. The digital economy is composed of the *core IT/ITC sectors*, such as hardware manufacture, software and IT consulting, information services and telecommunication, the *narrow scope digital economy* including digital services and platform economy and the *broad scope digitalised economy* taking into account e-businesses, e-commerce, industry 4.0, precision agriculture and algorithmic economy, with the sharing economy and gig economy being at the forefront of the digital economy¹.
- 3.2 Digitalisation was on the rise even before the COVID-19 pandemic, with the major recent trends in digital technologies in the fields of blockchain, data analytics, artificial intelligence (AI), 3D printing, internet of things, automation and robotics, cloud computing² as well as tracking and remote monitoring systems.

¹ Bukht, R. and Heeks, R., "Defining, conceptualising and measuring the digital economy", *Development Informatics Working Papers*, No 68, 2017.

² [Digital economy report 2019](#), UNCTAD

- 3.3 This trend towards rapid adoption of digital tools and technologies has been called the Fourth Industrial Revolution, with outstanding potential to raise global income and quality of life.
- 3.4 Furthermore, with more than 30% of the population all over the world using social media platforms, digitalisation can be regarded as a double-edged sword that can enhance social cohesion and bring different cultural backgrounds together, or act as a tool for spreading extreme ideas, ideologies and fake news.
- 3.5 The number of individuals using the internet has been on the rise in past decades and in the region, reaching as much as 93.2% of the population in Spain in 2020, 90.8% in Cyprus, 90.1% in Israel, 86.9% in Malta, 86.6% in Slovenia, 84.1% in Morocco, 77.7% in Türkiye, 77.6% in Montenegro and 71.9% in Egypt. The lowest figure in the region is for Algeria covering 49% of population in 2018 (latest available data, ITU World Telecommunication/ICT Indicators database). These figures merely highlight the regional disparity in terms of digital access. One should note that at the national level, rural and remote areas have much lower levels of connectivity.
- 3.6 The Mediterranean EU Member States have endorsed the digital transition, and scaled up their virtual policies, including the Digital Single Market³ and the Digital Europe Programme⁴. Europe's Digital Decade was published by the European Commission in March 2021, outlining digital targets for 2030 and a vision for Europe's digital transformation⁵. One instrument of the Digital Decade is the Digital for Development (D4D) Hub⁶, launched in December 2020, with the goal of harmonising and coordinating digital initiatives among the Member States⁷. Furthermore, digitalisation is a main pillar within the new Agenda for the Mediterranean, proposed by the European Commission in February 2021. In particular, the "new Agenda aims for a green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal."⁸
- 3.7 The COVID-19 pandemic has had implications for working behaviour and has pushed people towards remote working. While teleworking has a number of disadvantages, its advantages range from spending less time commuting, lower emissions and positive effects on the environment, to better work-life balance especially for parents⁹. The teleworking capacity differs across both shores of the Mediterranean. Many workers from the south have less teleworking capacity as they cannot access the necessary tools, or are simply carrying out jobs that cannot be accomplished remotely. Al Azzawi (2021) has developed a "teleworkability" index for Arab countries, finding a significant gap in that teleworking capacity across the

3 The Digital Single Market aims at enhancing the access, quality and security of connectivity within the Member States. <https://ec.europa.eu/eurostat/cache/infographs/ict/bloc-4.html>

4 The Europe Digital Decade is composed of four main pillars covering Skills, Infrastructure, Government and Business: https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes/digital-europe-programme_en

5 https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/europes-digital-decade-digital-targets-2030_en

6 [The Digital for Development \(D4D\) Hub](#)

7 Langendorf, M., "Applying Europe's Digital Agenda in Mediterranean Partner Countries: Opportunities and Pitfalls", *IEMed. Mediterranean Yearbook*, 2021.

8 [Renewed partnership with the Southern Neighbourhood](#), European Commission, 2021

9 [Working from home: From invisibility to decent work](#), ILO, 2021

region. She confirms that the most vulnerable workers do not have the capacity to work remotely and thus have been the most severely affected by the pandemic¹⁰. Europe's experience on wide adoption of teleworking highlights the importance of having in place a legal framework for "the right to disconnect" in order to respect the boundaries between personal and professional life¹¹.

- 3.8 Digitalisation has led to the rise of the platform and gig economy. Even though there are many opportunities within the platform economy, it has also led to growing concerns about working conditions and, in particular, limited social security coverage, fragmented working hours and low income levels and the struggle to ensure collective rights¹². In this regard, the [ILO Centenary Declaration for the Future of Work](#) (2019) calls for policies and measures to address the challenges and opportunities of the digital transformation of work, including platform work.
- 3.9 The rapidly advancing digital transition, especially in economic and working life, naturally has strong effects on all sociocultural structures. Thus, it could be observed during the Arab Spring that digital communication tools were primarily used for the successful organisation of civil resistance and cooperation amongst activists. However, further developments showed that in those countries where no sustainable democratic structures were established, the suppression of fundamental freedoms – including the right to freedom of expression in digital media – as well as workers' rights – including the right to freedom of association, which is becoming even more important in the platform and gig economy – has worsened again. For example, independent civil society organisations, such as trade unions, human rights NGOs or employers' organisations and their activists, are repressed simply because they exercise fundamental freedoms or express dissenting opinions. In addition, websites of domestic and international news and independent organised civil society organisations are repeatedly blocked. The UN Conventions on Human Rights and the ILO Conventions are often only formally, but not properly, implemented in some states in the Mediterranean region.
- 3.10 Digitalisation is crucial for SME development¹³. The benefits vary from lower costs, time and resource savings and greater efficiency, to better supply chain integration and product differentiation¹⁴. The OECD SME and Entrepreneurship Outlook 2019¹⁵ offers a more detailed picture of such benefits. One example is big data analytics which, combined with sensors, apps, cloud computing, and 3D printing, allows for greater customisation.
- 3.11 Although there are numerous benefits of digitalisation for SMEs, they face a number of obstacles, with one of the most important being lack of access to finance¹⁶. The second major obstacle is lack of access to digital skills, education and training whereas the adoption of digital

10 Al Azzawi, S., "[Lives Versus Livelihoods: Who Can Work from Home in MENA?](#)", *ERF Working Paper*, No 1471, 2021

11 EPRS Briefing on *The right to disconnect*, PE 642.847 – July 2020

12 [OJ C 290, 29.7.2022, p. 95](#)

13 EESC information report on [Digitalisation and SMEs in the Mediterranean region](#)

14 Kergroach, S., "Giving momentum to SME digitalization", *Journal of the International Council for Small Business*, Vol. 1, No 1, 2020, pp. 28-31

15 [OECD SME and Entrepreneurship Outlook 2019](#)

16 EESC information report on [Access to finance for SMEs and midcaps in the period 2014–2020: opportunities and challenges](#)

business models and technologies requires both financial investments and in-house digital skills. A digital preparedness index for SMEs has been developed by the Euro-Mediterranean Economists Association (EMEA), based on a survey targeting southern Mediterranean SMEs. Showing that the level of preparedness for the digital transformation depends on the infrastructure capacity, telecoms and technological progress achieved at country level but also on the capacity of firms at micro level; larger firms are more prepared for digitalisation and younger firms are more likely to pursue it¹⁷.

- 3.12 The downside of digitalisation is the loss of jobs due to automation in some economic sectors. Civil society can play an important role in accompanying workers to upskill, with the goal of making the digital transition a just transition and in line with the EU's "leave no one behind" action plan.
- 3.13 In order to promote digitalisation and to design the most effective policies, it is of paramount importance to measure and monitor the digital transition using sound and measurable indicators. Since 2014, the European Commission has developed the Digital Economy and Society Index (DESI)¹⁸, showing progress in the areas of digitalisation in the Member States but also a persistent digital gap¹⁹. The DESI Index can form the basis for a reference monitoring framework for non-EU Mediterranean countries.

4. **General comments**

- 4.1 The profound impact of the digital transition is being felt across societies and the economies. Although the southern Mediterranean region is facing challenges in terms of providing universal accessibility, and enhancing citizens' digital skills, the region is no exception in accelerating towards the digital transition and benefiting from it in numerous areas.
- 4.2 *E-commerce* has been ramped up due to social distancing measures. Online shopping is widely adopted, with a rise in both business-to-consumer (B2C) and business-to-business (B2B) e-commerce. The chief executive of Africa's largest e-commerce operator, Jumia, announced a four-fold surge in grocery sales, especially in Tunisia and Morocco where lockdowns resulted in a 100% rise in sales²⁰.
- 4.3 *E-education* flourished at a fast pace as COVID-19 led to school closures. Governments even introduced some e-learning platforms, such as the "Darsak" platform in Jordan. Some countries have introduced a hybrid system, for instance in Egypt²¹. Online platforms are becoming very trendy, even for specific projects to connect with local professional associations, municipalities,

¹⁷ Ayadi, R. and Forouheshfar, Y., "MSMEs digitalization in the Mediterranean: A new digital preparedness index", *EMANES working paper*, 2022, to be published soon

¹⁸ <https://digital-strategy.ec.europa.eu/en/policies/desi>

¹⁹ https://ec.europa.eu/commission/presscorner/detail/en/ip_21_5481

²⁰ Sidlo, K., "[Digital Transformation in the Southern Neighbourhood](#)", *EuroMeSCo Euromed Survey*, 2021

²¹ El Kadi, T.H., "[Uneven Disruption: Covid-19 and the digital divide in the Euro-Mediterranean Region](#)", *IEMed Mediterranean Yearbook*, 2020

and key actors²². Some EU funding should be specifically directed at education/training in digital upskilling and for young people to develop e-competences, to pursue IT and AI studies for future secure work.

- 4.4 *E-governance* is believed to reduce red tape and the burden of administrative procedures, leading to efficient and easy delivery of public services. Moreover, it can be a tool for democratisation and to increase active participation of citizens. Enhancing e-governance is a priority among the EU Member States, and forms one of the pillars of the DESI Index. The southern Mediterranean region is also moving in this direction. Morocco has made significant progress with its national e-government initiative²³. In 2019, Egypt launched an e-payment system for tax collection and paying bills, among other things. In January 2020, the Jordanian Ministry of the Digital Economy migrated its information and communication technology (ICT) infrastructure to the cloud to expand services to citizens²⁴.
- 4.5 *E-health* is a cost-effective way of obtaining and providing necessary support. E-health solutions played a key role in the fight against the COVID-19. These solutions employ telemedicine and mobile health applications. In the past two years, big data analytics for epidemiological surveillance has proven to be useful to fight the pandemic. For instance, in Tunisia, *Tobba.tn*, a digital platform for online consultation, was launched by a group of doctors²⁵.
- 4.6 *Digital banking* is an efficient tool to make financial inclusion a reality, with mobile banking already having proven its role in the past. Fintech solutions can boost digital transformation and enhance financial inclusion. These services are taking over and their goal is to eliminate the use of cheques and cash transactions completely which could cause the exclusion of the elderly who may not be equipped with the necessary digital skills.
- 4.7 *E-justice* facilitates access to legal services and reduces the cost of court hearings, filings, etc., and the time needed to access them.
- 4.8 Given the present impact of global warming, the diminishing food supply chain and higher food prices, the agricultural industry can become more competitive and efficient by applying precision agriculture, and by using big data and block-chain technology. This can lead to high efficiency in water, soil nutrient management and disease control with advanced temperature monitoring and less need for manpower²⁶, and hence become a tool for mitigating climate issues.

22 For instance, in this project it is proposed that the owner of the platform should be the EU, municipalities, universities, companies or ministries of education in Türkiye, Morocco, Egypt and Algeria:

Akpınar P., van Heukelingen, N., Babıroğlu O.N. and Durukan, F.R., "[A new formula for collaboration: Turkey, the EU & North Africa](#)", 2022

23 [Digital Government Review of Morocco](#), OECD, 2018

24 El Kadi T.H., "Uneven Disruption: Covid-19 and the digital divide in the Euro-Mediterranean Region", IEMed Mediterranean Yearbook, 2020

25 El Kadi T.H., "Uneven Disruption: Covid-19 and the digital divide in the Euro-Mediterranean Region", IEMed Mediterranean Yearbook, 2020

26 EESC opinion on *Energy and digital transition of rural areas*, NAT/859, adopted on 21 September 2022

4.9 Internet usage patterns vary across Mediterranean countries. In the southern Mediterranean countries, internet usage through mobile phones and social media is dominant. Unlike the northern Mediterranean countries, however, online shopping is not very common. This could be to some extent explained by financial exclusion and a low proportion of bank account ownership in the south²⁷.

5. **Obstacles to digitalisation**

5.1 One of the main obstacles to digitalisation is the digital divide, which not only exists between countries, especially among Mediterranean countries (there are significant gaps within the 2021 edition of the Network Readiness Index-NRI²⁸). At the national level, different population groups do not have the same level of access to technological tools. The divide is present among men and women, rural and urban areas, young people and the elderly. From a business perspective, there is a digital divide based on the size and sector of activity, with smaller firms – unlike larger firms – facing exorbitant costs not only in terms of materials but also and, above all, due to the need to upskill workers. Other socio-economic factors, such as income and education levels, can be a source of digital exclusion.

5.2 Most of the Southern Neighbourhood countries have significant mobile internet coverage gaps. This problem arises particularly in geographically large countries such as Algeria and Libya and, to a lesser extent, in Egypt. Investment in digital infrastructure and building steady high-speed internet connections are crucial in rural areas, where digitalisation can be a potential lever for inclusive growth²⁹.

5.3 Digital illiteracy, more present among people with lower educational attainment, is often highlighted as another obstacle to digitalisation. This calls for reforms to education and vocational training programmes so that they include vital digital skills for the future labour market. Digitalisation is also considered as part of the upskilling needs of employees.

5.4 Gender is another factor influencing digital literacy, with men generally having better access to digital tools and accordingly a better knowledge of digital skills. In Tunisia, 72.5% of men use the internet while this figure is 61.1% for women. Some countries have already bridged the gap. In Slovenia, for instance, this gap is less than 2 percentage points with 87.2% of men and 86% of women using the internet. Türkiye, on the other hand, has a deeper gender gap in internet access, amounting to 11.2 percentage points (ITU World Telecommunication/ICT Indicators). EU Member States are committed to bridging the gender gap in digital skills by 2030 by developing policies to encourage girls to follow ICT subjects and monitoring progress through the Women in Digital (WiD) scoreboard.

²⁷ El Kadi T.H., "Uneven Disruption: Covid-19 and the digital divide in the Euro-Mediterranean Region", IEMed Mediterranean Yearbook, 2020

²⁸ <https://networkreadinessindex.org/nri-2021-edition-press-release/>

²⁹ [Smart Cities and Inclusive Growth](#), OECD, 2020

6. Risks associated with digitalisation

- 6.1 Rising concerns about governments, businesses and citizens gradually losing control over their data brings the issue of "Digital Sovereignty" into the spotlight. This also affects countries' capacity for innovation, and the ability to shape legislation in a digital environment³⁰. These concerns are valid as Europe and the Mediterranean are lagging behind in investment in AI, while the presence of foreign social media giants is gaining increasing influence.
- 6.2 Some of the Mediterranean countries are reluctant to venture into rapid digital transition. The political unwillingness is due to the fear of losing control over the population, leading to filtering and censorship. Meanwhile, digital tools can allow civil society organisations to be heard and to promote democracy. The Tunisian National Dialogue Quartet, laureate of the 2015 Nobel Peace Prize, is an example of the important role that civil society organisations can play in a peaceful transition of a society.
- 6.3 Since digitalisation paves the way for social and economic development, an independent authority should put in place an adequate digital regulatory framework, promoting digital rights principles, such as internet neutrality.
- 6.4 Rapid digitalisation increases the risk of cyber threats. The role of the authorities is key in setting up a well-designed legislative framework to protect users. Currently Morocco, Tunisia, Algeria and Egypt have all enacted cybersecurity laws. However, these laws lack data protection components³¹. It is key to protect people's personal sensitive data such as data relating to health, etc.
- 6.5 Data protection is becoming one of the most crucial areas of the digital transition. The question of ownership and safeguarding the massive amount of data is high on the agenda of policymakers. This is in response to the surge in big data analysis and with social media platforms gaining unprecedented power and influence. It is argued that the regulatory framework in the Southern Neighbourhood is still underdeveloped and legislation for emerging technologies is not being passed quickly enough³². There are countries that even express a lack of political will to advance on this matter. The issue is even more acute in the case of sensitive data, for instance regarding health applications and platforms. Notably, there is scepticism in southern countries where the legislation for GDPR and similar privacy protection might still not be in place. In Europe, the [Digital Services Act \(DSA\)](#) and the Digital Markets Act (DMA) aim to build a safer digital space for users while fostering innovation and competitiveness.
- 6.6 Digital piracy is another pitfall of digitalisation. Digitalised creations subject to Intellectual Property Rights (IPRs) are extremely easy and cheap to be copied and distributed at large scale. Creative businesses will suffer more from this phenomenon and, in the absence of effective legislation, artists' and creative workers' business models will become unsustainable.

³⁰ EPRS Briefing on [Digital sovereignty for Europe](#) (PE 651.992 - July 2020)

³¹ Langendorf, M., "Applying Europe's Digital Agenda in Mediterranean Partner Countries: Opportunities and Pitfalls", IEMed. Mediterranean Yearbook, 2021

³² Sidło, K., "Digital Transformation in the Southern Neighbourhood", EuroMeSCo Euromed Survey, 2021

- 6.7 Digitalisation can lead to civil suppression. In some countries, digital rights are under attack by authorities as digitalisation is viewed as a means of surveillance. For instance, due to the pandemic, location-tracking applications have been used to monitor the spread of the virus, raising concerns over human rights³³. The possible tracking of every digital activity presents a serious threat to democracy and can be used as a means of oppression. The 2021 "Freedom of Net report" ranks France the highest with a score of 78 out of 100, Italy 76, Tunisia 63, Morocco 53, Lebanon 51, Jordan 47, Türkiye 34 and Egypt 26³⁴.
- 6.8 The persistent digital divide can potentially lead to more significant inequalities and divergence within the Mediterranean region. Some countries lack the digital infrastructure (coverage or access to fixed broadband), or some remote and rural areas may be simply left without coverage or 4G/5G networks. Another source of the divide is the lack of digital skills among the population and digital illiteracy. In particular, low levels of digital literacy are more common in the countries from the south, especially among women and the elderly³⁵.
- 6.9 The formation of technology giants creates an obstacle for fair competition in the digital markets. Tax evasion makes the markets unfair for local emerging SMEs, which are very unlikely to survive. It also contributes to a digital brain drain. Another risk associated with the technology giants is their capacity to absorb emerging actors, which creates monopolies and prevents digital hubs from being created in Europe and the Mediterranean area. This may be due to the lack of a regulatory framework and even tax loopholes for multinational companies that adversely affect fair competition.
- 6.10 The lack of serious implementation of the UN Human Rights Conventions and the ILO Conventions in some states of the Mediterranean region acts as a barrier to the establishment of independent civil society organisations – including NGOs, independent trade unions and employers' associations – and thus endangers the sustainable digital transition. The EESC therefore explicitly emphasises that the UN Human Rights Conventions and the ILO Conventions must be ambitiously implemented in all states of the Mediterranean region so that the digital transition can genuinely contribute to prosperous ecological, economic and social development.
- 6.11 Furthermore, the war in Ukraine presents a major threat for the countries across the region and could be associated with higher risks of cybersecurity attacks.

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³³ Langendorf, M., "Applying Europe's Digital Agenda in Mediterranean Partner Countries: Opportunities and Pitfalls", IEMed. Mediterranean Yearbook, 2021

³⁴ <https://freedomhouse.org/policy-recommendations/internet-freedom>

³⁵ Sidlo, K., "Digital Transformation in the Southern Neighbourhood", EuroMeSCo Euromed Survey, 2021