

# European Investment Bank The EU bank \*\*\*\*

Digitalisation of government services

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#### **Outline**

- Concept of digital transformation
- Economic impact of digitalisation
- Public sector opportunities
- ► EIB role in support of digital transformation
- Cases
- Conclusions



### Some basic economic rules on digitalisation

- Everything digital can be reproduced and transmitted at zero marginal cost
- 2. If something can be digitalised, it will (sooner than expected)
- 3. Everything that can be digitalised, will be scaled up and point 1. will hit in → market dominance
- 4. If a business is about to be digitalised, others will run it
- 5. Almost nothing will be as before
- 6. You cannot avoid it, but you can bungle it ...
- .... But in any case, there will be significant economic net benefits, if properly done (scope for compensating losers!)



# Market failures hindering digital technologies

- Universal access to infrastructure
- ► Limited appropriability, like R&D, lead to suboptimal investment
- Adoption barriers due to lack of skills
- Cybersecurity
- Market size/market fragmentation
- Finance



# **Digital transformation**



# Digital infrastructure

VHC fixed networks, Rural networks, 5G mobile networks, Space



# Strategic digital technologies

Semiconductors, Machine Learning and AI, Blockchain, High-Performance Computing



#### Public services

eHealth, eGovernment, smart cities, digital education



# Business innovation

Digitalisation of SMEs, Industrial IoT, deployment Al/Big data, new business models

#### Skilled workforce

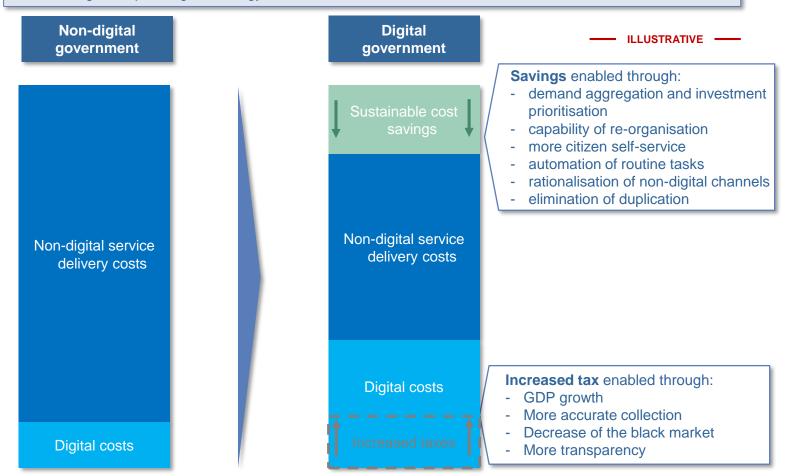
**Cyber-security** 



# Digital solution: Transition to e-government

E-government business case

- There are significant opportunities to reduce the cost of delivering government services at the same time as the range and quality of services is increased.
- Investment in ICT may increase over time to deliver overall business savings.
- Investment should focus on business and service improvement; while, at the same time the cost of building and operating technology assets be reduced.



## Digital: implementing policy priorities

Policy priorities

1 Green transition and energy access

2 Digital transformation

Growth and jobs

4 Inclusion

Improving governance

Contribution of digital to priorities

Fostering the green digital economy through industry and the financial sector will be essential for meeting the **Green Deal objectives**. Digitalisation presents new tools to achieve **green transition** & energy objectives.

The EU strives to foster a human-centric vision for the digital economy and society. The EU seeks to ensure that technology works for the people, digital economies are fair and inclusive, and our societies are open, democratic and sustainable.

The emergence of a digital economy, bringing new products and services, has the potential to create jobs, particularly among young people.

Digital technologies have demonstrated their capacity to increase access to and improve the delivery of services, improve productivity and job creation, and promote accountability and transparency, among other benefits..

EIB's sector relevance

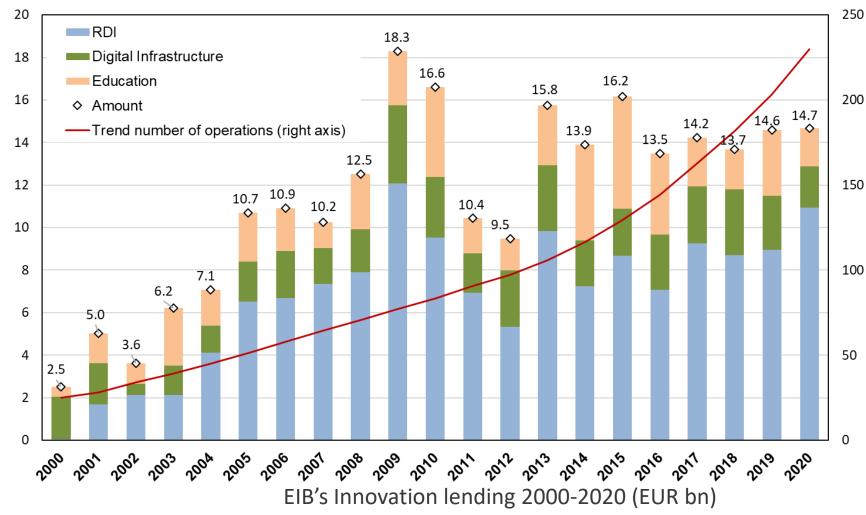
EIB's digital-sector lending activities fully supports the European Commission's and Member States policy priorities

The EIB is a strong partner on digital transformation.



#### EUR 100.7bn of EIB financing to Innovation during the 2014-2020 MFF period

The operations are increasingly complex and cater to the needs of smaller, less mature promoters





## **EIB Case 1: PagoPA (Italy)**



- Digital transformation of payments to/from public sector entities on a single platform
- PagoPA's remit is to make digital public services more amenable to the average person, thereby accelerating the adoption of innovative technology platforms by public administrations at central and local level
- EUR 60M development project (2020-23)
- Development of innovative products such as the IO app, the single point of contact for digital public services (to date 27 million installations)



## **EIB Case 2: Telekom Slovenije fibre rollout extension**

Senior Loan – Connecting Europe Facility Debt Instrument (17% effective EU First Loss Piece transfer rate)

#### 2020 Slovenia

Loan size: EUR 100 million

- Project will extend the promoter's fibre optic network, increasing the speed of internet connections in Slovenia;
- Investment increases Slovenia's resilience to natural disasters such as the COVID-19 pandemic by ensuring continuity of business and public services including education;
- Operation benefits from the European Union's Connecting Europe Facility.





#### **Conclusions**

- Digital transformation is a great opportunity to reap economic benefits
- Digital transformation cannot be avoided, but it should be done efficiently
- Europe is lagging behind in investments in innovation and digitalisation.
- Public sector can take a leading role
- EIB is a partner of this
- Role for advisory support for project preparation and implementation.



# Thank you

