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# BASQUE COUNTRY DIGITAL ECONOMY AND SOCIETY REPORT. DESI 2023

EXECUTIVE SUMMARY

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## Executive summary

The ongoing digitalisation of economies and societies is a fundamental pillar of socioeconomic development in the 21st century. In affecting all sectors of the economy, the public administration and the daily life of citizens, digitalisation has profound implications for the competitiveness of companies, for the wellbeing of people and for the environmental sustainability of our societies. Thus, it is included as a fundamental element within the knowledge lever in Orkestra's competitiveness for wellbeing framework and has a central presence in both European and Basque policies as part of the often-cited twin transitions (digital and green).

Given its centrality for future competitiveness and wellbeing, digitalisation merits a deep and holistic analysis that allows us to understand in which areas territories are advancing more, or less, rapidly compared to others. This was the objective of the DESI (Digital Economy and Society Index), developed in 2014 to analyse the digitalisation performance of European Union member states.

In December 2022, the European Parliament and the European Council took the decision to declare this decade a Digital Decade to highlight the importance of digitalisation and to broaden the European policy approach to digital transformation. As a result, DESI has assumed greater importance in monitoring digitalisation in Europe, with the first edition of the annual *State of the Digital Decade Report* published in September 2023. This report compares the performance of Member States in a dashboard structured in 4 dimensions: (i) digital skills; (ii) digital infrastructures; (iii) digital transformation of enterprises; and (iv) digitalisation of public services.

The application of the DESI 2023 methodology and dashboard to the Basque Country shows that it has improved in all indicators, something that reflects the situation of continuous progress in which we find ourselves with respect to the digitalisation of our economy and society. However, improved indicators are a generalised trend in all territories and the positioning of the Basque Country relative to others, as well as the recent evolution in this positioning, presents a mixed and nuanced scenario in each of the four dimensions.

### Digital skills

The Basque Country has clear strengths in digital skills, but without being a leader in Europe in this dimension. In fact, while the Basque Country is positioned above the European average in all indicators, and relatively high in the ranking in all but ICT graduates, it is only among the leading territories in the indicator of female ICT specialists. One area that draws attention, especially for the future, is the number of ICT graduates, where the Basque Country has lost positions in the ranking and is far behind the leading countries.

### Digital infrastructures

In digital infrastructures, the Basque Country is clearly among the leaders in Europe, being positioned in the top 7 positions in all indicators, except for 5G coverage where it is advancing more slowly than other territories having lost positions this last year. The Basque Country has a wider mobile broadband deployment than all Member States and is in second position in fixed broadband deployment of at least 100 Mbps and fibre to the premises (FTTP) coverage.

### Digital transformation of enterprises

The picture is very mixed with respect to the digital transformation of enterprises, with some clear strengths and weaknesses. While companies in the Basque Country are well positioned in the fundamentals of digitalisation, such as having a basic level of digital intensity, exchanging information electronically and managing social networks, its positioning is somewhat lower in more advanced elements such as the use of big data, the cloud, electronic invoicing and, especially, artificial intelligence. Moreover, in the case of big data and electronic invoicing, it has lost positions in the ranking, indicating that other territories are advancing

faster. Finally, the Basque Country continues to lag the European average in indicators related to online commerce, a persistent characteristic over time that may reflect a greater presence of SMEs of an industrial nature, more oriented to business-to-business commerce than to the end consumer. It may also be related to a greater orientation towards proximity trade, but nevertheless indicates that there may be opportunities in e-commerce that are not being exploited.

### **Digitalization of public services**

This last dimension lacks several of the indicators included in the European DESI, given the difficulties of finding indicators compatible with those of the e-Government Benchmark. Of the three – very different – indicators included, the Basque Country demonstrates European leadership in access to electronic health records and a medium and improving positioning in the number of e-government users. The Basque Country is at the bottom with respect to the indicator reflecting the difficulty of using public administration websites. However, it is important to recognise the limitations of this indicator as it only has data for one year, mixes websites from different levels of administration, and does not take into account that the volume of users accessing public administration websites may vary from one place to another.

In terms of **implications for the actions of government, businesses and other stakeholders in the Basque Country**, the analysis points to the need to:

- Continue with the efforts of recent years in the dimensions of digital skills, infrastructures, and digitalisation of public services (including a reflection around the ease of use of the websites of the different public administrations), to maintain and increase their current good positioning.
- Increase efforts with respect to the low rates of ICT graduates and relatively low rates of ICT specialists, especially important given their probable interrelation with some of the most sophisticated areas of digital transformation of companies, in which the Basque Country is somewhat behind other territories (the use of big data, the cloud, electronic invoicing and, especially, artificial intelligence).
- Reflect, considering the specificities of the economic fabric of the Basque Country, on how our companies are advancing in the most sophisticated areas of digital transformation and what barriers they are facing. This is especially important considering that the European Commission has set very ambitious targets for 2030 in these areas, and it is expected that the efforts of countries to achieve them will result in improvements in these indicators.



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