

The role of eGovernment in deepening the single market

SUMMARY

eGovernment, which involves deploying technology to deliver public services, increases administrative efficiency and reduces the administrative burden on the public and businesses. The EU has been actively promoting implementation of eGovernment practices, in particular in cross-border situations.

Many studies point to significant savings for national authorities and reduced costs for businesses through further advancement of eGovernment in Europe. However, a low level of digitisation of public services and the lack of interoperability between eGovernment systems still present major electronic and procedural barriers to the free movement of goods, services and people in the single market. Other problems include insufficient access to information and low usability of the services offered. Many Member States are well advanced at national level, but the cross-border provision of e-services is still lagging behind.

In order to address these issues, various policy initiatives have already been launched or are planned under the digital single market strategy and the eGovernment 2016-2020 action plan. A further boost should come from the current Estonian EU Council Presidency, which has made promotion of eGovernment one of its main priorities.



In this briefing:

- Background
- EU role
- The need to promote cross-border e-services
- Current situation
- Policy responses
- Main references

Background

In the broadest sense, eGovernment means the deployment of information and communication technologies (ICT) to improve public services. ICT enables faster and more efficient processing of data and can help to cut red tape for citizens and businesses, by making their interactions with authorities quicker, more convenient and less costly. This increased efficiency can bring important cost savings¹ and lead to new kinds of services being offered. Recent trends show that the availability of public eServices and user [satisfaction](#) are on the rise.

In 2016, in OECD countries,² about 36 % of individuals submitted online forms via public authorities' websites. Since 2006 the number has tripled. [Usage](#) of digital services varies according to education, income and age. In 2016, 54 % of individuals with a higher education qualification submitted forms online compared with 17 % of individuals with a low level of education, while 49 % of the top income quartile submitted online compared with only 25 % of the poorest. Furthermore, 42 % of individuals aged 25-54 did so compared to 24 % of those aged 55-74. The [literature](#) shows that while public sector organisations collect and store large amounts of data, it often remains fragmented between institutional levels and entities (this is known as the silo effect). eGovernment [solutions](#) can help to break down these information silos (e.g. by integrating sets of data) and reuse it for informed policy-making and increased efficiency. eGovernment can also improve the involvement of citizens in dialogue with public authorities, which increases transparency and [participation](#) in the democratic process and in policy-shaping.

Delivering eGovernment means more than merely increasing the use of ICT tools in public administration; it also [entails](#) rethinking and redesigning organisations and processes, as well as developing new ways to deliver public services more efficiently. Some of the challenges often mentioned in the context of eGovernment include the digital divide³ (citizens who do not have the skills or access to benefit from online public services), concerns about the handling of sensitive data and cyber security, and the management of profound organisational and cultural change in public administration.

EU role

In the EU, the main responsibility for implementing eGovernment practices lies with the Member States. However the EU plays an important role in encouraging the exchange of best practices among Member States and the development of technological and conceptual solutions. This concerns cross-border situations in particular. Citizens exercising their right to work or live in other Member States, and businesses that sell goods or provide services across the EU, interact with administrations in other Member

Estonian EU Council Presidency

The Estonian [Ministry of Economic Affairs and Communications](#) has remarked that 'although eGovernment has been among the key European policy topics for more than 15 years, the progress has been too slow to match the speed and size of the challenge as well as potential'. Estonia, which is one of the most [advanced](#) Member States in terms of digital public services, has made promotion of eGovernment one of the main priorities of its ongoing presidency. The [programme](#) underlines that Estonia will focus on discussions on the future of eGovernment and the free movement of data across borders as well as on efforts to advance digital single market strategy initiatives and implement cross-border digital public services in Europe. The presidency intends to reach a common understanding among Member States on how to achieve efficient eGovernment in the EU, as expressed in the planned ministerial [Tallinn Declaration](#). Estonia will also organise the [Tallinn Digital Summit](#) to bring together EU Heads of State or Government on 29 September 2017. eGovernment will be one of the key topics, and the discussions will consider a timeframe up to 2025.

States. Developments in this area are lagging behind compared with eGovernment at national level. The [European Commission](#) mentioned in 2015 that 'in many EU countries the public sector is slow in implementing digital end-to-end services, let alone in achieving cross-border interoperability'. Contributing to the development of efficient and effective cross-border public services is therefore one of the EU's main tasks.

Furthermore, for about two decades, the EU has been supporting the development of eGovernment by building infrastructure, encouraging the sharing of best practices, and conducting research into how digital public services can be delivered efficiently and effectively. Currently, EU efforts are focussed on supporting the [interoperability programme](#), implementing public administration-related initiatives of the [digital single market \(DSM\) strategy](#), setting in motion the 2016-2020 [eGovernment action plan](#), and providing funding for digital government development via various EU instruments, such as the [Connecting Europe Facility](#) (CEF), the [ISA² programme](#) (Interoperability solutions for European Public Administrations) and Horizon [2020](#).⁴

EU principles for the development of eGovernment

The EU's 2016-2020 eGovernment action plan, which sets out the mid-term vision for digital public services, contains a set of principles applicable to EU initiatives: (i) **digital by default**: public administrations should preferably deliver services in digital form (while maintaining alternative channels open for those who are disconnected), through a **single contact point** or a one-stop-shop, and via different channels, (ii) **once only**: citizens and businesses should have to supply the same information only once to a public authority, which can then re-use this data for different purposes, (iii) **cross-border by default**: relevant digital public services should be available across borders to prevent further fragmentation and facilitate mobility within the single market, (iv) **interoperability by default**: public services should be designed to work smoothly across the single market and across organisational silos, relying on the free movement of data and digital services in the EU, (v) **inclusiveness and accessibility**: services need to be inclusive by default, meeting various needs such as those of the elderly or disabled people, (vi) **openness and transparency**: information and data should be shared by public authorities, but citizens and businesses need to have access and be able to check and correct their data, and (vii) **trustworthiness and security**: personal data protection, privacy, and IT security should be integrated as of the design phase.

The need to promote cross-border e-services

EU citizens are essentially free to work in, and re-locate to, any country within the European Union, just as businesses are free to trade and conduct business in other Member States. While operating across borders, citizens and businesses have to interact with Member States' administrations, which in many cases is not an easy process. Essentially, the low level of digitisation of public services and the lack of interoperability between eGovernment systems generates considerable electronic and procedural barriers to the free movement of goods, services and people.

A recent [research paper](#) found evidence that every year 8 % of active EU companies (around 1.8 million) need to find online information about the rules and procedures applicable in other Member States, spending between 9 and 648 hours performing online searches. They incur costs on account of the time spent by employees (between €233 and €16 813 per company) or when they outsource the task (between €3 000 and €15 000), bringing the total costs to between €3 233 and €31 813 for each company, which means an aggregate cost of between €5.8 billion and €57.2 billion at EU-28 level. Single market-related information, advice, problem-solving mechanisms, contact points and procedures are often dispersed, incomplete, and characterised by varying inter-connectedness and

user-friendliness. Businesses also reported differing levels of clarity (i.e. heterogeneity in the approaches chosen by different information providers). SMEs are particularly affected since they often lack the resources necessary to find information and assistance. Difficulties in obtaining information also lead to delayed or abandoned investment decisions.

Another important stumbling block is the cross-border transmission of supporting evidence. Member States frequently demand certified, translated and authenticated documents or data, especially from non-domestic applicants. In many cases companies still face paper-based formalities, whether for starting-up a business, filing or reporting. For example, online company registration is not universally available at national level. Even among the most advanced Member States, which have already implemented their own national once-only solutions, information exchanges on a cross-border basis have not been developed.

Furthermore, awareness among consumers and businesses of online EU-level services that could help them in the event of a problem is low – a [study](#) produced for the European Parliament found that as many as 92 % had no knowledge of any such services. The minority that do use these services often cannot leave feedback.

eProcurement has the potential to facilitate access to intra-EU markets, and stimulate competition across the single market. Using digital tools can bring together large numbers of purchasers and suppliers, thus improving the efficiency and competitiveness of tendering. However, since national systems lack interoperability, there is also a risk of single market fragmentation in this field. The average [import penetration](#) in the private sector is around 19 %, while in the public sector it stands at only 7.5 %. The situation differs among Member States, with Portugal, for example, making the use of eProcurement mandatory across all platforms while bigger EU countries are lagging behind. The Commission has estimated that, on average, less than 5 % of procurement is conducted electronically today. This persistence of barriers in the single market prevents enterprises from taking full advantage of business opportunities in other Member States.

Furthermore, since across the EU public administrations are increasingly taking up eGovernment in an effort to modernise, there is also a risk that they may develop mutually incompatible solutions, which put up new barriers to the single market.

Cross-border digital public services are therefore a necessary condition for the effective functioning of the single market. According to the [Commission](#), they make it easier for companies to access intra-EU markets, increase user confidence and stimulate competition across the EU. Costs for businesses are reduced as access to [online content](#) is faster and often easier compared with using traditional sources of information, and the cost of sending, sharing and receiving via electronic communication is lower when compared with physical means of exchange. Businesses can therefore save time and fulfil their legal obligations more rapidly. A fully digital data-based, paperless environment requires fewer physical resources (in terms of staff and infrastructure) while reducing transaction costs for end-users (not least by shortening administrative processing times and lowering the number of points of contact). Cross-border public services can also enable the companies to grow abroad, by bringing entry barriers down (for example, by providing relevant information on legal requirements, as well as the possibility of following administrative procedures online).

A [study](#) for Parliament's Internal Market and Consumer Protection (IMCO) Committee underlined that eGovernment, in particular those services that can be accessed from

anywhere, by anyone, at any time, can be highly effective in reducing costs and barriers in the single market.

The role of public administration in advancing the single market is manifold: helping businesses operate online across borders, simplifying access to information under EU business and company laws, and making it easy to start doing business, to expand and to operate in other Member States, by means of comprehensive and accessible public e-services. The improvement in efficiency is expected to generate significant benefits for public authorities.

Estimates suggest that improving online information would cut the time and resources needed by public administrations to answer requests and potentially yield a [reduction](#) in annual costs for national administrations of as much as €500 000. For businesses the potential [savings](#) at EU level just from cutting red tape by means of better online information are between €4.4 billion and €50.4 billion. Further savings will materialise with the introduction of a '[once only](#)' principle across the EU. Currently used in only 48 % of cases on average, if fully [implemented](#) it is likely to generate an annual net saving of around €5 billion per year. Full exploitation of public sector data has the potential to reduce administrative costs significantly: for the 23 largest Member State [governments](#) there are estimated savings of 15 % to 20 %, equivalent to €150 to €300 billion and accelerating annual productivity growth by 0.5 % over a decade. The main benefits are greater operational efficiency (owing to improved transparency), increased tax collection (owing to customised services), and less fraud and fewer errors (owing to automated data analytics). Moreover, the full implementation of a 'digital by default' strategy in the public sector (all services being provided only digitally) could result in annual savings of around €10 billion at EU level. All these beneficial effects are likely to be multiplied by their cross-border availability as this increases administrative efficiency still further.

Current situation

The EU Member States rank rather high in the global eGovernment benchmarks. Every other year the United Nations (UN) produces a global survey of eGovernment. In the 2016 [survey](#), Europe was the highest-ranking region overall for eGovernment.⁵ The UN underlined that eGovernment development in Europe is progressing steadily across the continent and the use of a digital identity is fast becoming a norm and a necessary feature of eGovernment websites in Europe (often linked to a personal identification number and recognised as a legal instrument for authenticating users).

Actions and targets relating to eGovernment are also regularly measured and communicated through the [Digital Scoreboard](#). The digital public services dimension consists of four indicators: the percentage of internet users who have sent completed forms to a public administration via the internet (34 % in 2016); the level of sophistication of a country's eGovernment services (the pre-filled forms indicator, which measures the extent to which data that is already known to the public administration is pre-filled in forms presented to the user, 49 % in 2016); the level of completeness of a country's range of eGovernment services (the online service completion indicator, which measures the extent to which the various steps in an interaction with the public administration can be performed completely online, 82 % in 2016), and the government's commitment to open data (open data indicator, 59 % in 2016). Estonia had the highest overall score, followed by Finland, the Netherlands and Denmark. Romania, Hungary and Croatia had the lowest overall scores, and the differences between the best and worst performing Member States are quite pronounced.⁶

Progress with the EU's eGovernment action plan is measured regularly in annual [eGovernment Benchmark reports](#). The 2016 report signals the possibility of a performance divide in the EU. The Commission stated that: the 'digital diagonal' string of countries from the south-west to the north-east of Europe perform above the European average and are also in most cases showing stronger progress than the European average, while the other European countries are behind the European average on both progress and performance'.⁷ The report noted that currently 81 % of public services are available online (improvement of 9 % since 2012) in the EU28+ (an aggregate that includes the EU28 plus Iceland, Montenegro, Norway, Switzerland and Turkey). However, a closer look at the cross-border dimension reveals a less positive picture.

The business mobility benchmark indicates that cross-border services are lagging behind services offered at national level. A quarter of the services that enable foreign entrepreneurs to start their business in another Member State exist only offline, without the provision of online information. By contrast, entrepreneurs who set up a business in their own country face similar difficulties in only 2 % of cases. Foreign start-ups are also disadvantaged when accessing information on services (33 % as opposed to 39 % for domestic entrepreneurs) and using services across borders (possible in 27 % of cases, compared with 46 % for domestic entrepreneurs). The most common barriers reported are language (decreasing importance but still the highest at 30 %), lack of information on foreign websites, the need for a physical encounter to perform the service successfully, and the need for translation or recognition of required document(s). The Commission notes that, in terms of cross-border mobility, business-related services are more advanced than citizen-related services and they are advancing steadily (the indicator rose from 53 % in 2013 to 64 % in 2015). The United Kingdom, Denmark and Sweden are the most business-friendly countries when it comes to cross-border activities.⁸ Generally, support and feedback functionalities are available online for foreign users but in more than half of cases the user experience leaves room for improvement. Furthermore, in less than half of cases public services can be accessed easily on a mobile device.⁹

The Commission notes that the availability of online information and guidance is improving, but that ease and speed of use have remained the same since 2013, indicating that governments should focus more on user experience. Considerable burdens remain in complying with administrative requirements, and governments accommodate foreign businesses more successfully than they do foreign citizens. Finally, interoperability in Europe might be improving slowly, but robust indicators to give an accurate view are still missing.

Policy responses

As announced in the DSM strategy, the proposal for a [single digital gateway](#) (May 2017) aims to facilitate the access of people and companies, through a single digital entry point, to high quality information, online administrative procedures and assistance services. Thirteen key administrative procedures will have to be made available online (in the language(s) of the country and in one additional EU language), including starting a business, registering an employer, registering employees with pension and insurance schemes, notifying end of contract to social security offices, and paying social contributions for employees. Furthermore, any procedure currently available online for domestic users will be accessible to users from other Member States. A fully fledged gateway could be operational as of 2020. The gateway will apply the 'once only' principle. The EU is also supporting the large-scale implementation of this principle¹⁰ through 'The Once-Only Principle Project' ([TOOP](#)) and a programme of coordination and support

([SCOOP4C](#)). Research on this topic is prioritised in the funding for 2016 to 2017 under [Horizon 2020](#). Europe also aims to achieve 'once only' full e-procurement by supporting measures that encourage the uptake of the [European Single Procurement Document](#), [e-Certis](#) and [e-invoicing](#) and coordinating development of the national e-procurement systems. By 2018 companies should be able to bid electronically for contracts across the EU, and by 2019 e-invoicing should be accepted by public authorities.

The [European services e-card](#) currently under discussion introduces a simplified electronic procedure enabling providers of business and construction services to fulfil the administrative formalities required to provide services abroad. The EU is also examining a proposal to extend the [Single Electronic Mechanism](#) (one stop shop) for registration and payment of VAT to cross-border business-to-consumer [online sales of physical goods](#). Furthermore, the Commission work programme for 2017 announced an initiative on company law to facilitate the use of [digital technologies](#) throughout a company's lifecycle as well as cross-border mergers and divisions.

The [EU Interoperability framework](#) published in March 2017 will help Member States to follow a common approach when digitising their public services (also across countries and policy areas). It offers guidance to public administrations on how to improve governance of their interoperability activities, establish cross-organisational relationships, streamline processes supporting end-to-end digital services, and ensure that both existing and new legislation do not compromise interoperability efforts. Interoperability for cross-sector and cross-border online services is further supported by a dedicated [programme](#) with a budget of €131 million (2016-2020) that is tasked with developing solutions on the basis of business and citizen needs, helping with coordination and putting in place instruments which boost interoperability at EU and Member State level. A further step advancing the digitisation of public services in Europe is the acceleration of the cross-border and cross-sector use of electronic identification (eID), including mobile ID, and [trust services](#) (in particular eSignature, website authentication and online registered delivery services). Cross-border public services will be also be strengthened by advancing the interconnection of Member States' business and insolvency registers so that transparency and legal certainty in the single market are increased.

Two initiatives announced in the Commission president's 2017 [State of the Union address](#) should also contribute: the [cyber-security package](#) aims to make cooperation and information sharing between the public sector and government easier and the [free-flow](#)

European Parliament position

In its May 2017 [resolution](#) the European Parliament underlined that digitalisation of government services should help to achieve the full potential of the single market. It called on the Commission to assess the needs of consumers to boost the use of public e-services and to facilitate and encourage public-private cooperation in the cross-border and cross-sector use of digital identification and signatures. The resolution also stated that legislation may be the only way to create an appropriate legal framework for EU-wide digital systems.

Parliament highlighted the importance of promoting the best practices already in use as well as the indispensability of maintaining the highest standards in data protection and security in advancing cross-border eGovernment. Member States were called upon to promote and increase the use of eProcurement and contract registers. Parliament noted that language barriers must be addressed in order to improve the functioning of cross-border e-services and called on public administrations, especially in border regions, to make their information and services available in other relevant languages. Parliament also underlined that interoperability, open standards and open data were the building blocks underpinning cross-border digital public services.

[of non-personal data](#) proposal is likely to promote cross-border and cross-sector use of data.

Main references

Davies R, [eGovernment – Using technology to improve public services and democratic participation](#), EPRS, European Parliament, September 2015.

Ernst&Young and Tech4i2, [Study on information and assistance needs of businesses operating cross-border within the EU](#), May 2017.

[EU eGovernment Action Plan 2016-2020](#), European Commission, April 2016.

[Reducing costs and barriers for businesses in the single market](#), study for the IMCO Committee, Policy Department for Economic and Scientific Policy, European Parliament, April 2016.

Endnotes

- ¹ For example, the [European Commission](#) estimates that eProcurement generates savings between 5 and 20 % and rapid recuperation of the related investment costs. Given the size of the total procurement market in the EU, each 5 % saved could return around €100 billion to taxpayers.
- ² Other financing possibilities for eGovernment in the EU are available from the [European structural and investment funds](#) (ESIF), the [Justice Programme](#) and the [Structural Reform Support Service \(SRSS\)](#).
- ³ Some researchers [challenge](#) this view arguing that in developed countries a divide in digital skills is more or less irrelevant in the uptake of eGovernment. Internet access is almost universal nowadays. It is possible that 'in the long run, many citizens are going to use eGovernment services anyway, no matter how skilled they are, no matter how complex these services are'.
- ⁴ Other financing possibilities for eGovernment in the EU are available from the [European Structural and Investment Funds](#) (ESIF), the [Justice Programme](#) and the [Structural Reform Support Service \(SRSS\)](#).
- ⁵ The survey mentions that the 16 EU Member States are among the top 30 countries worldwide for eGovernment.
- ⁶ The Digital Economy and Society Index ([DESI](#)), which quantifies digitisation of public services, showed in 2017 that Estonia was leading at 0.84, while Romania was last at 0.27.
- ⁷ Countries that performed better than the EU average included Austria, Belgium, Denmark, Estonia, France, Germany, Latvia, Lithuania, Luxembourg, Portugal, Spain, Sweden, and the Netherlands.
- ⁸ The last two countries, together with Cyprus and Luxembourg, are the most advanced in terms of the implementation of the 'cross-border by default' principle.
- ⁹ This figure does not make a distinction between national and cross-border levels.
- ¹⁰ A 2017 [report](#) prepared for the European Commission contains a detailed overview of barriers to implementation of the principle and ways forward.

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