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REPORT

on the role of cohesion policy in promoting innovative and smart transformation and regional ICT connectivity
(2021/2101(INI))

Committee on Regional Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the role of cohesion policy in promoting innovative and smart transformation and regional ICT connectivity (2021/2101(INI))

The European Parliament,

- having regard to Article 174 of the Treaty on the Functioning of the European Union on strengthening the economic, social and territorial cohesion of the Union,
- having regard to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy¹ (the Common Provisions Regulation), and in particular its first policy objective as laid out in Article 5,
- having regard to Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund²,
- having regard to Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments³,
- having regard to Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013⁴,
- having regard to Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU)⁵,
- having regard to Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund⁶,

¹ OJ L 231, 30.6.2021, p. 159.

² OJ L 231, 30.6.2021, p. 60.

³ OJ L 231, 30.6.2021, p. 94.

⁴ OJ L 231, 30.6.2021, p. 21.

⁵ OJ L 437, 28.12.2020, p. 30.

⁶ OJ L 231, 30.6.2021, p. 1.

- having regard to Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017⁷,
- having regard to Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme (Digital Europe Programme Regulation)⁸, which is dedicated to supporting digital transformation in the EU,
- having regard to the NextGenerationEU recovery instrument,
- having regard to the Commission communication of 19 February 2020 entitled ‘Shaping Europe’s digital future’ (COM(2020)0067),
- having regard to the Commission communication of 9 March 2021 entitled ‘2030 Digital Compass: the European way for the Digital Decade’ (COM(2021)0118),
- having regard to the Commission communication of 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),
- having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640),
- having regard to the Commission communication of 1 July 2020 entitled ‘European Skills Agenda for sustainable competitiveness, social fairness and resilience’ (COM(2020)0274),
- having regard to the Commission communication of 30 September 2020 entitled ‘Digital Education Action Plan 2021-2027 – Resetting education and training for the digital age’ (COM(2020)0624),
- having regard to the Commission communication of 30 June 2021 on a long-term vision for the EU’s rural areas – towards stronger, connected, resilient and prosperous rural areas by 2040 (COM(2021)0345),
- having regard to the Commission’s Digital Economy and Society Index reports of 2020,
- having regard to the study of its Policy Department for Structural and Cohesion Policies of 15 June 2018 entitled ‘Digital Agenda and Cohesion Policy’,
- having regard to the Declaration of Commitment on Women in Digital of 9 April 2019 signed by EU ministers and Member States’ representatives plus Norway and the UK,
- having regard to the Berlin Declaration on Digital Society and Value-Based Digital Government of 8 December 2020,
- having regard to the European Institute for Gender Equality report of 16 October 2020 entitled ‘Gender Equality Index 2020: Digitalisation and the future of work’,

⁷ OJ L 107, 26.3.2021, p. 30.

⁸ OJ L 166, 11.5.2021, p. 1.

- having regard to the recommendation of the Council of the Organisation for Economic Co-operation and Development (OECD) on Broadband Connectivity amended on 24 February 2021,
- having regard to the European Council conclusions of 2 October 2020 on COVID-19, the single market, industrial policy and digital, and external relations, specifically those on the digital transformation,
- having regard to the draft Council conclusions of 11 December 2020 on digitalisation for the benefit of the environment,
- having regard to the draft Council conclusions of 7 April 2021 on telework in the context of remote work,
- having regard to the combined teleworking and climate plan of the City of Brussels,
- having regard to the study of its Policy Department for Economic, Scientific and Quality of Life Policies of 30 April 2021 entitled ‘The impact of teleworking and digital work on workers and society: Special focus on surveillance and monitoring, as well as on mental health of workers’,
- having regard to the Commission’s EU Action for Smart Villages,
- having regard to the study of its Policy Department for Structural and Cohesion Policies of 30 September 2020 entitled ‘EU Lagging Regions: state of play and future challenges’,
- having regard to the Cork 2.0 Declaration of 5 and 6 September 2016 entitled ‘A Better Life in Rural Areas’,
- having regard to the joint Committee of the Regions and Commission study of 18 January 2018 entitled ‘Innovation camp methodology handbook: realising the potential of the entrepreneurial discovery process for territorial innovation and development’⁹,
- having regard to Ireland’s rural development policy for 2021-2025 entitled ‘Our Rural Future’ and its focus on telework in rural areas,
- having regard to the European Foundation for the Improvement of Living and Working Conditions report of 28 September 2020 entitled ‘Living, working and COVID-19’,
- having regard to the Commission study of August 2019 entitled ‘The changing nature of work and skills in the digital age’¹⁰,
- having regard to the Commission working paper of December 2018 entitled ‘The

⁹ Rissola, G., Kune, H., Martinez, P., *Innovation camp methodology handbook: realising the potential of the entrepreneurial discovery process for territorial innovation and development*, Publications Office of the European Union, Luxembourg.

¹⁰ Arregui Pabollet, E. et al., *The Changing nature of work and skills in the digital age*, Publications Office of the European Union, Luxembourg.

Geography of EU Discontent¹¹,

- having regard to its resolution of 20 May 2021 on shaping the digital future of Europe: removing barriers to the functioning of the digital single market and improving the use of AI for European consumers¹²,
 - having regard to its resolution of 15 January 2020 on the European Green Deal¹³,
 - having regard to its resolution of 25 March 2021 on cohesion policy and regional environment strategies in the fight against climate change¹⁴,
 - having regard to its resolution of 20 May 2021 on reversing demographic trends in EU regions using cohesion policy instruments¹⁵,
 - having regard to Rule 54 of its Rules of Procedure,
 - having regard to the letter from the Committee on Employment and Social Affairs,
 - having regard to the report of the Committee on Regional Development (A9-0010/2022),
- A. whereas the EU’s ambition is to pursue effective digital policies that empower all people and businesses to achieve a sustainable and prosperous digital future in all regions;
- B. whereas the digital transformation must be fair and inclusive, create opportunities and promote equality, quality of life, regional competitiveness and the modernisation of the economy;
- C. whereas the digital transition must go hand in hand with the ongoing green transition – together referred to as the twin transitions; whereas the social dimension of this must not be disregarded;
- D. whereas a modern economy entails the introduction of new business models in accordance with trends that represent the Fourth Industrial Revolution, which will respond to the modern challenges of the digital and green transformations;
- E. whereas the European regions with the greatest need for a sustainable transition are generally those with high levels of poverty and exclusion; whereas decisive measures and investment are needed for a speedy recovery that should focus on mitigating the economic and social effects of the pandemic, restarting economic activity, fostering sustainable development, the green transition and the digital transformation, and implementing the policy principles of the European Pillar of Social Rights, with a view to improving Europe’s competitiveness;

¹¹ Dijkstra, L., Poelman, H., Rodríguez-Pose, A., *The Geography of EU Discontent*, Publications Office of the European Union, Luxembourg.

¹² OJ C 15, 12.1.2022, p. 204.

¹³ OJ C 270, 7.7.2021, p. 2.

¹⁴ OJ C 494, 8.12.2021, p. 26.

¹⁵ OJ C 15, 12.1.2022, p. 125.

- F. whereas the new multiannual financial framework, coupled with NextGenerationEU, constitutes the largest ever stimulus package in the EU and will help rebuild a greener, more digital and more resilient Union in the post-COVID-19 era; whereas at the same time, the new cohesion policy presents an unprecedented opportunity for Member States to boost digitalisation as it requires them to allocate a minimum amount to the digital transition and to ensure that certain conditions are in place, as outlined in the 2021-2027 cohesion policy investment framework, in order to receive such funding;
- G. whereas there is still a digital divide in the EU in terms of geography, age, gender, educational attainment, socioeconomic status and income, which prevents some individuals and businesses from reaping the benefits of the digital transformation; whereas this digital divide can further alienate regions suffering from demographic decline, feeding into the EU's territorial imbalances;
- H. whereas the level of broadband coverage in Europe shows that there is still a need for significant investment, especially in rural areas, where 10 % of households are not covered by any kind of fixed network and 41 % lack fast broadband technology of any kind, and with only 59 % having next-generation broadband access (at least 30Mbps), compared with 87 % of households in the rest of the EU¹⁶; whereas in addition to poor ICT connectivity, rural and peripheral areas often face other structural challenges such as a lack of infrastructure and services, low incomes, or a lack of education facilities and cultural assets, which cause highly skilled people to move to more promising areas (brain drain)¹⁷; whereas EU funding should facilitate the provision of essential infrastructure in order to tackle demographic challenges;
- I. whereas small and medium-sized enterprises (SMEs) are the backbone of the European economy, representing 99 % of all businesses in the EU and employing around 100 million people; whereas they account for more than half of Europe's GDP and are pivotal not only to achieving the EU's twin transitions to a sustainable and digital economy but also in adding value in every sector of the economy; whereas, however, only 17 % of SMEs have successfully integrated digital technologies into their businesses, compared with 54 % of large companies; whereas some industries and traditional sectors such as construction, agri-food, textiles and steel are lagging behind in their digital transformations¹⁸;
- J. whereas although the COVID-19 pandemic has resulted in a massive expansion of telework and ICT-based mobile work (TICTM)¹⁹, which offers great potential to further connect workplaces from urban centres to smaller towns, suburbs and rural areas, there are marked differences in the ability to telework between high- and low-paid workers, white- and blue-collar workers and between genders²⁰; whereas TICTM and the digitalisation of services can, under certain conditions, facilitate a more balanced geographical distribution of employment and the population;

¹⁶ Commission staff working document of 11 June 2020 entitled 'Digital Economy and Society Index (DESI) 2020' (SWD(2020)0111).

¹⁷ SWD(2020)0111.

¹⁸ Negreiro, M., Madiaga, T., European Parliamentary Research Service, *Digital Transformation*, June 2019.

¹⁹ Draft Council conclusions on telework in the context of remote work, paragraph 17.

²⁰ Commission working paper of May 2020 entitled 'Teleworkability and the COVID-19 crisis: a new digital divide?'

- K. whereas in order to contribute to the implementation of the European Pillar of Social Rights, the ESF+ should support investments in people and systems in the areas of employment, education and social inclusion, while also providing support to improve the quality, inclusiveness, effectiveness and relevance to the labour market of education and training systems, including the promotion of digital learning and the professional development of teaching staff; whereas doing so would support economic, territorial and social cohesion in accordance with Article 174 of the Treaty on the Functioning of the European Union;
- L. whereas the experiences of the COVID-19 pandemic have shown how important the development of digital infrastructure is for the functioning of economies and societies including public health services, public education and public administration; whereas it has also highlighted many of the existing problems in rural areas and has emphasised the vulnerability of these regions, notably in terms of digital capacity, the quality and provision of health services, education, broadband access, the resilience of value chains, and digital skills;
- M. whereas although the European Skills Agenda set the objective of having 70 % of the EU's adult population possess at least basic digital skills by 2025, 42 % of the EU population still do not have basic digital skills and 37 % of workers still lack sufficient digital skills, according to the Commission; whereas there are still severe geographical disparities in ICT skills; whereas women are disproportionately underrepresented in the ICT sector in the EU, as they occupy only 17 %²¹ of specialist ICT roles and are less likely to have specialist digital skills and work in ICT-related fields; whereas fewer than 25 % of enterprises in the EU-27 provided ICT training to their personnel in 2019, with significant differences between the Member States²²; whereas the gender divide remains persistent for start-ups in particular, with 91 % of total capital invested in European tech in 2020 going to all-male founder teams²³;
- N. whereas the development of the ICT sector and measures to promote innovation are also necessary to support economic and social digitalisation in general and digitalisation in the industrial sectors in particular;
- O. whereas the digitalisation of public services must go hand in hand with the rights to privacy and personal data protection in compliance with the General Data Protection Regulation²⁴;

Cohesion policy for 2021 to 2027 and the challenges of the twin transitions

1. Welcomes the cohesion policy package for 2021 to 2027 and its first policy objective (PO 1) focusing on the development of 'a more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity'²⁵;

²¹ European Institute for Gender Equality, 'Work-life balance in the ICT sector – Women in the ICT sector'.

²² Commission Joint Research Centre, policy brief, *Telework in the EU before and after the COVID-19: where we were, where we head to*, 2020.

²³ *The State of European Tech report 2020*.

²⁴ OJ L 119, 4.5.2016, p. 1.

²⁵ Article 5(1)(a) of Regulation (EU) 2021/1060.

2. Highlights the role that the new cohesion policy can play in advancing the twin digital and green transitions; underlines that the digital and innovation components of the new cohesion policy will be key in enabling a sustainable and inclusive transformation of society towards a more social and competitive economy and achieving the goals of the European Green Deal and the targets of Europe's Digital Decade for 2030; stresses the need for good and affordable digital infrastructure alongside measures to develop the digital skills of all user groups, which should also be encouraged by the flexible and complementary deployment of various types of support and funding;
3. Recalls that support through the European Regional Development Fund and Cohesion Fund (ERDF-CF) under PO 1 is available to Member States to make investments in innovation in line with the concept of smart specialisation; calls on national and regional authorities to upgrade their approach to smart specialisation by focusing on the most promising areas and projects in terms of innovation opportunities and sustainable development;
4. Emphasises the importance of the smart villages concept in tackling the EU's digital and climate-related challenges and welcomes its integration into the future common agricultural policy (CAP) and cohesion and regional policies; insists that Member States include the smart villages approach in their cohesion policy programmes at national and regional level;
5. Recalls that under the ERDF-CF Regulation, Member States are required to allocate at least 8 % of their resources to investment for jobs and growth to achieve sustainable urban development; deplores the fact that a similar allocation for rural areas could not yet be established; notes, in this regard, that the regulation states that special attention shall be given to tackling environmental and climate changes and to harnessing the potential of digital technologies for innovation purposes, allowing for regional authorities to focus funding in the area of sustainable urban development;
6. Recalls that the Digital Europe Programme Regulation establishes that joint action between this instrument and the ERDF-CF needs to contribute to the development and strengthening of regional and local innovation ecosystems, industrial transformation and the digital transformation of society and public administrations;
7. Urges the Council and the Commission to set more ambitious goals for the digital development of all EU regions and calls for a European digital action plan for all regions with mid-term targets and measures for 2025 and specific recommendations for the EU and the Member States in order to achieve tangible results by 2030;
8. Stresses the need to ensure that digitalisation processes take due consideration of regional specificities and particular needs; recalls that a one-size-fits-all approach may risk exacerbating the existing gap between regions and territories with different levels of development;
9. Stresses the importance of ensuring consistency between the numerous EU initiatives and programmes promoting digitalisation and of creating synergies with cohesion policy instruments accordingly in order to maximise the opportunities in this area; urges the Member States to take account of the need for digitalisation investments to include a growth objective that is aligned with sustainable economic development strategies,

while avoiding duplication;

10. Notes that an efficient mobility system is one of the conditions for regional economic development, territorial cohesion and the development of regional potential; points out the need, therefore, to provide the necessary funding for the development and maintenance of environmentally sustainable and affordable transport links, which could encourage the older generation to stay in agriculture for longer and attract young people from regional centres to work in rural areas;
11. Underlines that less developed regions in the EU face specific challenges; calls on the Commission to provide these regions with tailor-made assistance aimed at strengthening administrative capacity, knowledge and technology-driven expertise in order to ensure a successful transition of their economies and societies to an increasingly digital future;
12. Welcomes the Council's position supporting the Commission's recognition of the 'twin challenge' of the green transition and digital transformation; underlines the potential of the twin transition to create new green and digital jobs necessary for the economic recovery after the COVID-19 pandemic and is convinced that the digital component will be key to achieving the ambitions of the European Green Deal and the UN Sustainable Development Goals, as set out in the EU digital strategy 'Shaping Europe's digital future';
13. Underlines the need to support the development of digital solutions not only for climate prevention, such as the reduction of greenhouse gas emissions through digital resource efficiency and smart innovation, but also for climate adaptation; highlights the need to develop digital warning tools and apps to reduce the negative effects of natural disasters, such as floods, mudslides, heat waves and forest fires;

Overcoming digital gaps

14. Calls on the Commission to ensure that the future rural observatory gathers comprehensive and up-to-date data on the digital divide in order to support Member States in identifying the needs of their regions and cities; considers it fundamental to have up-to-date information on the progress of digitalisation in all European regions and calls on the Commission to provide Digital Economy and Society Index data at NUTS 2 level;
15. Stresses that there are two sides to the digital divide: infrastructure and capacity, that their origins are different, and that different policies must be applied to them and tailored to their respective features;
16. Notes with concern the digital divide that persists in and between Member States; is particularly concerned about the urban-rural digital divide in terms of the quality and affordability of broadband networks²⁶; recalls, in particular, that future investments under the ERDF-CF should contribute further to the development of high-speed digital infrastructure networks; highlights the need to prioritise rural areas in this respect;

²⁶ Negreiro, M., European Parliamentary Research Service, *The rise of digital health technologies during the pandemic*, April 2021.

17. Urges the Commission and the Member States to provide support and assistance to existing platforms and projects in the field of inclusive and fair digitalisation as instruments to bring all areas of the EU, including remote and rural areas, into the 21st century;
18. Notes that there is a critical digital skills divide between adults in rural areas and those living in cities, which especially affects those on low incomes, women and the elderly; notes that this divide is particularly marked in certain Member States and exacerbates the existing difficulty of finding a job in rural areas; calls on the Member States to invest in targeted upskilling and educational measures to close digital gaps and highlights that these gaps are linked to a lack of access to high-capacity networks, among other causes;
19. Notes with great interest the Commission's Digital Compass, which will seek to translate the EU's digital ambitions for 2030 into concrete targets across four main sectors: skills, secure and sustainable digital infrastructure, the digital transformation of business, and the digitalisation of public services; asks the Commission to report regularly on the progress made in these four areas;
20. Is convinced that digitalisation represents an opportunity to improve quality of life and promote education opportunities, job creation, innovation and better accessibility of public services in rural and lagging regions, thereby helping to reverse depopulation trends and combat the brain drain;
21. Welcomes the 2030 Digital Policy Programme objective of ensuring that all populated areas in the EU are covered by 5G by the end of the decade; calls on the Commission to promote measures in upcoming legislation to facilitate the deployment of 5G networks in rural areas, in particular by reducing or removing onerous administrative procedures;
22. Highlights the need to overcome the persisting digital divide between rural and urban areas and to harness the potential of connectivity and digitalisation in rural areas through the development of a horizontal strategy; calls on the Member States to use the resources of cohesion policy, the CAP and NextGenerationEU to roll out and develop a concept of smart villages post-2020 which will contribute to digitalisation, the reinforcement of economic potential, innovation and social inclusion in rural areas and the empowerment of rural communities through tailored projects aimed at improving broadband connectivity and infrastructure; recalls, however, that the digitalisation strategies should be adapted to the rural context and implemented with the involvement and active participation of the rural communities themselves and the application of digital and robotics technologies in agriculture; stresses that the 2030 goal of a transition to sustainable agriculture can be achieved through the promotion of new technologies, research and innovation and the ongoing transfer of knowledge to the countryside;
23. Urges the Member States to use the financial resources available to them through both the European Structural and Investment Funds and NextGenerationEU to the fullest and most efficient extent in order to provide regions with the targeted support they need to catch up and to overcome the digital divide in rural areas and between generations; calls on the Member States, moreover, to support the deployment of very-high-capacity

networks through adequate public funding schemes in areas not served by the market and provide cross-sectoral and comprehensive solutions, such as smart villages and rural innovation hubs; supports efforts to promote digitalisation by strengthening thematic concentration in cohesion policy, while simultaneously promoting cooperation with the European Investment Bank or other development banks; draws attention to the risk of increasing disparities by failing to properly support the most vulnerable areas, which often have a weaker capacity to plan and spend funds effectively, despite having the greatest need;

24. Calls, in addition, for the full implementation of the Connecting Europe Facility, whose new digital financing instrument will play a vital role along with greater cross-border digital connectivity in closing economic, social and territorial divides, offering new and myriad opportunities to Europe's regions and rural areas;

Inclusive and fair digitalisation

25. Stresses the need for a sustainable and inclusive digitalisation process that is socially and economically just and leaves no one behind; underlines that support under the European Structural and Investment Funds should contribute to the development of digital potential and innovation in the SME sector to enhance digital capacities and skills in the population, and should support inclusion in the digital society and foster the economic, social and territorial cohesion in all EU regions with a focus on less developed regions;
26. Calls on the Member States to ensure that the digitalisation of public services goes hand in hand with measures that facilitate people's ability to access the internet without discrimination, restriction or interference; recalls that the premise of a successful digital transition resides in a stable and affordable high-capacity internet connection;
27. Underlines the challenges faced by Europe's peripheral regions, including its islands, in terms of digital connectivity; considers that digital connectivity is one of the essential pillars of any strategy for Europe's islands; calls for further action to make the digital transition inclusive for all local communities;
28. Notes with concern that the increased use of digital solutions and TICTM as a result of the COVID-19 pandemic has exacerbated the existing inequalities caused by digital divides across population groups; stresses, however, that digitalisation also has the potential to benefit socially and economically vulnerable and marginalised groups subject to certain conditions; draws attention to the fact that the digitally excluded face dual exclusion as they may also encounter difficulties in terms of access to education, the labour market or essential public services; underlines that smart villages in particular could serve as a practical solution in increasing the services available in rural areas, thereby reducing existing inequalities;
29. Stresses that the COVID-19 pandemic has highlighted the importance of digital solutions, particularly teleworking; urges the Commission to propose a directive on minimum standards and conditions for fair teleworking in order to protect the health and safety of workers and ensure decent working conditions, including the voluntary nature of such work, respect for working hours, leave, a work-life balance and other digital rights at work such as the right to disconnect and the protection of workers' privacy,

including through the prohibition of remote monitoring or any other form of digital tracking, and of the use of artificial intelligence in recruitment processes, while taking into consideration the European Social Partners Framework Agreement on Digitalisation;

30. Asks the Commission and the Member States to develop a global strategy that integrates a holistic perspective across all levels to tackle the social inequalities and discrimination associated with digitalisation and telework or hybrid working with a view to enhancing its positive effects;
31. Considers that empowering citizens, consulting the relevant stakeholders and involving local authorities are pivotal to both the proper planning and successful implementation of regional digital strategies;

Digitalisation of small and medium-sized enterprises and public services

32. Calls for a follow-up to the e-government action plan with two main overarching objectives: ensuring an efficient digital transformation and cutting red tape, thereby enhancing citizens' quality of life, through measures that improve public access and services in all Member States and boost transparency; and establishing measures to increase digital skills for public sector workers; underlines that this follow-up should take on board the many lessons learned from the COVID-19 pandemic, which saw public administration services move almost exclusively online;
33. Notes that the COVID-19 pandemic has demonstrated that the increase of TICTM in both the private and public sector has made our society more vulnerable to cyberattacks; recalls that remote access to private or public sector networks requires new cybersecurity solutions;
34. Urges the Commission and the Member States to make swifter progress with the digitalisation of public services including schools, universities, research institutes, public transport, e-government and efficient administration;
35. Notes that the COVID-19 pandemic has accelerated the rise of electronic public services and e-health solutions; highlights the need to tackle the e-skills gap among health professionals and to empower patients, especially the elderly and socially disadvantaged citizens, to use digital health; warns that some people who may be less able to use or afford the technologies they need, such as the elderly or socially disadvantaged, may be left behind; points to the need for public investment in areas such as human resources, digital public offerings and proactive support measures to ensure non-discriminatory, rapid, and high-quality access to digital public services for all, including health services; highlights the need, in this context, to accentuate the importance of promoting and reinforcing action on education and the development of digital skills, especially in rural areas; stresses the need to unlock the full potential of new digital tools, technologies and solutions for a healthy society;
36. Recognises that it is more important than ever to ensure fair and socially sustainable work and real employee participation in shaping working conditions – in digital platforms as in all other sectors – and that workers must have democratic influence over the governance of work; underlines that the benefits of digitalisation must be shared

broadly and equitably and that workers in the digital sector must enjoy the same rights and working conditions as those in other sectors; calls on the Commission to propose a directive on decent working conditions and rights in the digital economy;

37. Underlines the crucial role of entrepreneurs, micro enterprises and SMEs in creating decent jobs, sustainable growth and rural development and believes that public investments through cohesion policy and other instruments will contribute to better social, economic and territorial cohesion in all EU regions; highlights that access to finance is one of the most pressing issues for many micro and small enterprises and that different types of SMEs require individualised types of support and incentives at EU, national, regional and local levels, depending on their circumstances and level of technology; urges regions to establish SME-oriented innovation strategies that are aligned with their research and innovation smart specialisation strategies;
38. Regrets the fact that the vast majority of SMEs in the EU have not yet fully embraced the digital transformation; calls for the Commission to ensure that Member States use their operational programmes to target SMEs in areas with lower digital development;
39. Notes that e-commerce holds great potential for rural SMEs and local producers as it increases their outreach and reduces barriers associated with regions facing severe and permanent geographical or demographic challenges; calls on the EU's regions and Member States to establish pilot projects and digitalisation strategies to integrate e-commerce within the business models of rural SMEs;
40. Recognises the potential of digitalisation to connect companies, especially SMEs, and highlights the positive impact of digitalisation in the provision of social services such as smart transport solutions, e-health, online banking services and tailored learning solutions for vulnerable students; recalls the importance of simultaneously providing education on digital skills to ensure that no one is left behind;
41. Recalls that the Digital Europe Programme Regulation establishes that the synergies between this programme and the ERDF-CF should contribute to the development and strengthening of regional and local innovation ecosystems, industrial transformation and the digital transformation of society and public administrations;
42. Highlights the view of the Court of Auditors²⁷ on the ERDF-CF, namely that SMEs deliver innovative solutions to challenges such as climate change, resource efficiency and social cohesion and help to spread this innovation throughout Europe's regions, which makes them essential to the EU's transition to a sustainable and digital economy;
43. Notes with concern that both start-ups and established SMEs struggle with a lack of skilled employees and highlights that the skills shortage is particularly acute for skills relating to digitalisation and new technologies, as 35 % of the labour force²⁸ have low or no digital skills; believes that initiatives should be launched in order to support SMEs facing particular challenges and to develop competences and skills in the workforce that are vital for the modern economy, including in terms of attracting and retaining digital

²⁷ European Court of Auditors, press release, 'European funding for boosting SME competitiveness being probed by EU auditors', 14 October 2020.

²⁸ European Court of Auditors, *EU actions to address low digital skills*, February 2021.

talent, while fostering flexible digital skills and upskilling and reskilling opportunities for all, regardless of employment status, age, education or profession;

44. Emphasises the importance of increasing the number of innovative businesses by ensuring access to new technologies, moving into line with Industry 4.0 and sustainable economy standards, mobilising private capital, developing human resources and supporting smart city initiatives;

Promotion of skills for the digital age

45. Stresses the need to fill the digital skills gaps across the EU so that all individuals and businesses can make the most of the digital transformation; calls for the progressive implementation of the Commission's Digital Education Action Plan 2021-2027 for promoting better digitalisation skills, which would guarantee education, training and job opportunities for all, including for entrepreneurship; highlights the crucial role of Member States and regional governments in supporting rural authorities in their efforts to shape and ensure digital inclusion by protecting citizens' data and empowering people and local businesses through access to data; stresses the need to promote lifelong digital skills and media literacy from an early age; calls on the Commission to encourage support for digital media literacy education programmes and initiatives in schools, vocational training establishments and universities; stresses, in this regard, the importance of the ESF+ when it comes to financing projects that help workers or unemployed people to acquire new skills, in view of the fund's objectives of equipping them with new skills to improve their positions at work (upskilling) or skills to help them find other work (reskilling); considers it important to establish hybrid learning models to make upskilling accessible to those with basic or no digital skills;
46. Welcomes the recommendation in the reinforced Youth Guarantee that people not in education, employment or training should undergo a digital skills assessment and – where gaps are identified – receive training to enhance their digital skills;
47. Notes a critical digital skills divide between people residing in rural areas and those living in cities, as well as between generations; notes, furthermore, the disproportionate prevalence of TICTM among city-based, well-educated, service sector employees with strong digital skills; observes the lack of opportunities to acquire digital skills in rural areas; urges the Member States and the Commission to use the ESF+ and ERDF to adopt measures to offset this imbalance and provide job opportunities in regions at risk of depopulation; notes that smart villages could serve as a practical solution, because they incorporate digital learning instruments in the digital bottom-up approach they apply;
48. Underlines that the promotion and development of e-skills plays an essential role in building greater labour market capacity, promotes social inclusion, supports technological diversification and creates employment opportunities, especially in rural areas and less developed regions; encourages the Commission to reinforce its efforts to tackle the digital skills gaps by reaching out to all stakeholders through the Digital Skills and Jobs Coalition;
49. Notes that the ESF+, referred to under policy objective four (PO4) of the Common Provisions Regulation, comprises a specific objective covering digital skills,

inclusiveness and training systems, including through the validation of non-formal and informal learning;

50. Underscores that the European Skills Agenda calls for an investment in infrastructure with a high social impact, including digital infrastructure, via the ERDF-CF and InvestEU programme; stresses the need for investment in digital infrastructure via the ERDF-CF and the InvestEU programme that builds on initiatives to promote digital skills such as the Digital Education Action Plan 2021-2027;
51. Reiterates that tackling demographic change constitutes a fundamental challenge for the EU which should be prioritised in the design and implementation of programmes; recalls, in this regard, that one of the main objectives stipulated in the ERDF-CF for 2021-2027 is to support urban and rural areas with geographical or demographic handicaps, with Member States having to allocate EU financial support for projects that promote digital development in the regions concerned and ICT connectivity; recalls, in this regard, that particular support should be given to NUTS level 3 areas or clusters of local administrative units with a population density of less than 12.5 inhabitants per square kilometre or with an average annual population decrease of more than 1 % between 2007 and 2017, which should be subject to specific regional and national assessments;
52. Welcomes the launch of the Just Transition Fund and its focus on training and skills; appreciates the fact that it allows for investment in social infrastructure such as training centres for better job opportunities and quality employment for all regions in the transition to climate neutrality by 2050 at the latest, while highlighting the need to devote particular focus to digital skills; calls on the Commission to evaluate the need for and feasibility of a revised Just Transition Fund to tackle the current challenges;
53. Calls on the Member States and their managing authorities to facilitate and simplify access to NextGenerationEU funds and European Structural and Investment Funds for rural areas; considers it necessary to ensure that all relevant institutional actors are carefully monitored in the use of NextGenerationEU funds and European Structural and Investment Funds at the territorial level to ensure that funding is distributed fairly between regions;
54. Expresses concern that many public tenders for digital programmes will be allocated through a call for proposals, which could undermine the capacity of rural areas to access NextGenerationEU funds and European Structural and Investment Funds, as their capacity-building and technical support in programming and spending EU funds is traditionally weaker;
55. Calls on the Commission and the Council to swiftly implement the Council conclusions on the human rights, participation and well-being of older persons in the era of digitalisation, including the creation of a platform for participation and volunteering after working life and the promotion of intergenerational exchanges and ties;

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56. Instructs its President to forward this resolution to the Council, the Commission, the Committee of the Regions and the Member States.

EXPLANATORY STATEMENT

Cohesion policy and regional development are one of the first and most central policy areas of the European Union and have constantly adapted over the decades to the social, economic and territorial conditions and requirements of the times. Promoting innovative and smart transformation and regional information and communication technology (ICT) connectivity has been an indispensable part of a modern regional policy for some time now, which focuses on digitalisation for the benefit of the population and sustainable economic development.

Ensuring that Europe is ‘Fit for the Digital Age’ is one of the main priorities of cohesion policy for the years 2021 – 2027, together with the goals of climate and sustainable development (‘Fit for 55’); this is why digital and climate are mentioned more and more as the ‘twin challenges’ or ‘twin opportunities’. Digitalisation does not mean a laissez-faire approach where big monopolies dictate the way markets and society function, but a democratic and public engagement one through policy decisions and investments at EU, national, regional and local level. More than one third of the long-term EU budget, the multiannual financial framework (MFF), is dedicated to investments for jobs and sustainable growth. The following report aims therefore to outline a vision of a socially fair, sustainable and smart transformation strategy to actively use digitalisation as a driver for an even better Europe.

The current European Commission Digital Agenda is by far the most ambitious in the history of the EU. In this context, the COVID-19 pandemic has further highlighted the importance of fostering innovative technologies to face an unknown reality, and cohesion policies must play a crucial role in this regard. Digital transformation has become a horizontal policy principle for all fields of EU legislation, including regional development. More specifically, ERDF-CF policy objectives PO 1 (A smarter Europe) and PO 3 (A more connected Europe) take on board the importance of mainstreaming digital policies across the cohesion policy agenda and, as such, aim at ensuring that no person or region is left behind in the process of a fair digital transformation.

Nonetheless, digitalisation brings up challenges that cannot be neglected and are currently being addressed in the work of several EU bodies, including the European Parliament. In this regard, not only can regional development be an approach from which to further address gaps in digital transformation, but must also be a core guideline in the development and implementation of new technologies, paying attention to those areas and citizens that are not reaping the full benefits of digitalisation.

Gaps and inequalities in the process of smart transformation can be found in numerous dimensions. This report expresses concern about the geographical urban-rural digital divide in terms of quality and affordability of broadband networks, despite basic coverage being available for all since 2015. Furthermore, it highlights a prevalent digital skills divide between adults resident in rural areas and those living in cities, particularly accentuated in women who are systematically less engaged in jobs and activities that require digital skills.

This report serves as a reflection on the need to align the European digital transformation agenda with regional cohesion, social inclusion and territorial structuring. It identifies digital transformation as a big opportunity that, despite its potential, brings forward risks and

challenges that, if unaddressed, can further deepen fundamental inequalities.

In this sense, and building upon the spirit of cohesion, grants and financial instruments under cohesion policy must be available for all and particularly serve those citizens and regions lagging behind, identifying and addressing all layers of inequalities. More specifically, they must identify connectivity gaps and contribute to the display of fast broadband for households and SMEs, contributing to scale up the European economy. The transparent and accurate use of public money must be ensured throughout the investment process.

Furthermore, and having identified a European clear gender and age gap in the process of acquiring digital skills, cohesion policy must serve to address these differences and contribute to a Union in which all citizens can reap the benefits of digital innovation.

Digital innovation goes hand in hand with environmental transition, with the latter being fundamentally dependent on new technologies in order to succeed. These twin transitions also represent an opportunity for both regional and urban areas, and must be enhanced by means of cohesion policy. New developments, such as the increased telework and ICT-based mobilework (TICTM), bring as well new challenges but also opportunities for rural and currently depopulating areas. The aim should always be to identify win-win-solutions where digitalisation is a catalyst to improve living and working conditions, to reduce greenhouse gas emissions (GHG), and to level up via lifelong learning the digital skills for further development. A reduction of negative effects such as brain drain is another aim in this regard. Modern and accessible public services (eGovernment, schools, universities, telemedicine, public transport etc.) and competitive SMEs are key.

Digitalisation should be finally seen as a complement to the analogue or offline world, not as a contradiction. Ultimately, we can achieve a hybrid model where analogue and digital possibilities are two sides of the same coin in a connected and united Europe.

23.11.2021

LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

Mr Younous Omarjee
Chair
Committee on Regional Development
BRUSSELS

Subject: Opinion on the role of cohesion policy in promoting innovative and smart transformation and regional ICT connectivity (2021/2101(INI))

Dear Mr Chair,

Under the procedure referred to above, the Committee on Employment and Social Affairs has been asked to submit an opinion to your committee. At its meeting of 18 November 2021, the committee adopted its opinion in the form of a letter.

At this meeting, the Committee decided to call on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution.

Yours sincerely,

Lucia Ďuriš Nicholsonová

SUGGESTIONS

Input of the EMPL Committee to the REGI own-initiative report “The role of cohesion policy in promoting innovative and smart transformation and regional ICT connectivity”

- A. whereas the European regions where there is the greatest need for a sustainable transition are generally those with high levels of poverty and exclusion; whereas decisive measures and investment are needed for a speedy recovery that should focus on mitigating the economic and social effects of the pandemic, restart economic activity, fostering sustainable development, the green transition and the digital transformation, and implementing the policy principles of the European Pillar of Social Rights in order to achieve more effective and stronger welfare states; whereas an internationally competitive Europe must be based on a strong social Europe in order to create a path to sustainable growth, quality jobs and robust social welfare systems for all;
- B. whereas the text of the revised guidelines for the employment policies of Member States were adopted by means of Council Decision (EU) 2020/1512 has been aligned with the principles of the European Pillar of Social Rights, with a view to improving Europe’s competitiveness and making it a better place to invest, create jobs and foster social cohesion;
- C. whereas to contribute to the implementation of the Pillar, the ESF+ should support investments in people and systems in the areas of employment, education and social inclusion, thereby supporting economic, territorial and social cohesion in accordance with Article 174 of the Treaty on the Functioning of the European Union (TFEU);
- D. whereas the ESF+ should provide support for the improvement of the quality, inclusiveness, effectiveness and labour market relevance of education and training systems, including by the promotion of digital learning and the professional development of teaching staff, in order to facilitate the acquisition of key competences in particular as regards basic skills, including health literacy, media literacy, entrepreneurial skills, language skills, digital skills and competencies for sustainable development, which all individuals need for personal fulfilment and development, employment, social inclusion and active citizenship;
- E. whereas programmes, projects and actions that promote active ageing strategies should be reflected in all policy fields and whereas the Member States should make use of all available EU instruments, such as the European structural and investment funds, in particular the European Regional Development Fund (ERDF), the Cohesion Fund, the European Social Fund Plus (ESF+) and the Connecting Europe Facility, to tackle demographic challenges; whereas EU funds facilitate the provision of essential infrastructure;
- F. whereas when implementing and designing a coordinated package of personalised services in the EGF aiming to facilitate the reintegration of the targeted beneficiaries, Member States should address the objectives of the Digital Agenda and the Digital Single Market Strategy and thus consider the dissemination of skills as a horizontal element of any coordinated package of personalised services;

1. Acknowledges that fair, socially sustainable work and real employee participation in shaping working conditions are more important than ever, in digital platforms as in all other sectors, and that workers must have democratic influence over the governance of work; underlines that the benefits of digitalisation must be shared broadly and equitably and that workers in the digital sector must enjoy the same rights and working conditions as those in other sectors; calls on the Commission to propose a directive on decent working conditions and rights in the digital economy, covering all workers, including non-standard workers on atypical contracts, workers in platform companies and the self-employed; calls on the Commission to ensure in this directive that platform businesses comply with the existing national and European legislation, to clarify the employment status of platform-based workers through the rebuttable assumption of an employment relationship and to safeguard their working conditions, social protection and health and safety, as well as their right to organise, to be represented by trade unions and to negotiate collective agreements, including for the self-employed;
2. Stresses that the COVID-19 pandemic has underlined the importance of digital solutions, particularly teleworking; urges the Commission to present a directive on minimum standards and conditions for fair teleworking, to protect the health and safety of workers and to ensure decent working conditions, including its voluntary nature, respect for working hours, leave, work-life balance and other digital rights at work such as the right to disconnect, the protection of workers' privacy, including through remote monitoring or any other tracking, and the prohibition of microchip implants on workers and of the use of artificial intelligence in recruitment processes, while taking into consideration the European Social Partners Framework Agreement on Digitalisation;
3. Calls for practices relating to posted workers also to be taken into account; urges the Member States to ensure adequate social security coordination, including through the revision of Regulation (EC) No 883/2004 on the coordination of social security systems and strengthening the portability of rights; calls for further promotion of the digitalisation of social security systems; calls on the Member States and the Commission to ensure the protection of all affected workers in cases of transfers of undertakings, and to assess the need for a revision of the Directive on Transfer of Undertakings;
4. Notes that an effective mobility system is one of the prerequisites for regional economic development, territorial cohesion and the development of regional potential; points out that it is therefore necessary to provide the requisite funding for the development and maintenance of transport links, which could encourage the older generation to stay in agriculture for longer and attract young people from regional centres to work in the countryside;
5. Calls on Member States to invest an appropriate amount of their ESF+ resources in measures to support youth employment and skills, including through the implementation of schemes under the Youth Guarantee in order to facilitate an inclusive economic recovery after a major crisis and to support youth employment in a changing world;
6. Calls on Member States to further promote quality employment and education reintegration pathways by prioritising long-term unemployed, inactive and

disadvantaged young people including through youth work, building on the actions supported by the Youth Employment Initiative in the 2014 to 2020 programming period;

7. Underlines that by fully integrating the Youth Employment Initiative into the ESF+, the delivery of targeted actions for youth employment will be more effective and efficient and the scope will be extended to structural measures and reforms, thus ensuring a better match between support from Union funding and the implementation of the reinforced Youth Guarantee;
8. Recalls that the ESF+ shall aim to contribute a smarter Europe through the development of skills for smart specialisation, skills for key enabling technologies, industrial transition, sectorial cooperation on skills and entrepreneurship, the training of researchers, networking activities and partnerships between higher education institutions, vocational and educational training institutions, research and technological centres and enterprises and clusters, and support for micro, small and medium-sized enterprises and the social economy;
9. Calls on the Commission and the Council to swiftly implement the Council conclusions on the human rights, participation and well-being of older persons in the era of digitalisation, including the creation of a ‘platform for participation and volunteering after working life’ and the promotion of intergenerational exchanges and ties;
10. Underlines the essential impact constantly evolving digital technologies have on people’s daily lives, and thus stresses the need for high-speed internet and vital and up-to-date technological equipment in schools, hospitals and all other relevant public services facilities, including effective e-governance; considers the possibilities created by lifelong learning, in combination with digitalisation, essential to provide the ageing population in rural and remote areas with various opportunities, including supplementary income; calls, therefore, on the Commission and the Member States to support educational and training programmes that help the ageing population to develop skills and gain knowledge in areas such as e-commerce, online marketing and ICT; calls on the Member States to ensure that all households have access to high-speed internet and digital equipment and to advance the acquisition of digital skills, especially for vulnerable groups;
11. Calls on the Member States to use the ESF+ and ERDF funds to support the creation of quality jobs, promote a better work-life balance and provide job opportunities in regions at risk of depopulation, with special attention paid to improving the labour market participation of women; stresses the importance of counselling services, lifelong learning and programmes for reskilling and upskilling workers at all ages;
12. Believes that sustainable growth and fairness-enhancing reforms and investments outlined in the NRRPs must address structural weaknesses of social services and social protection systems and strengthen their resilience; reiterates the importance of the cohesion policy, which it understands to be a strategy to promote and support the ‘overall harmonious development’ of its Member States and regions, with the aim of strengthening economic and territorial development and social cohesion by reducing disparities within the EU, with a focus on the poorest regions; in this sense, points out

that the reforms and investments in social and territorial cohesion should also contribute to fighting poverty and tackling unemployment, lead to the creation of high-quality and stable jobs and the inclusion and integration of disadvantaged groups, and enable the strengthening of social dialogue, entrepreneurship, social infrastructure, social protection and social welfare systems;

13. Calls on the Commission to present an instrument to mitigate the effects of asymmetric shocks that is effective in the long run, such as an adequate and workable unemployment (re)insurance scheme that would be able to back up national schemes when a part of the EU experiences a temporary economic shock; stresses the paramount importance of supporting investment and access to finance in the EU in order to help SMEs with solvency difficulties, create quality employment in strategic sectors and promote territorial, economic and social cohesion in the EU.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	25.1.2022
Result of final vote	+: 37 -: 3 0: 0
Members present for the final vote	Matteo Adinolfi, Mathilde Androuët, Pascal Arimont, Adrian-Dragoş Benea, Isabel Benjumea Benjumea, Tom Berendsen, Erik Bergkvist, Stéphane Bijoux, Vlad-Marius Botoş, Rosanna Conte, Andrea Cozzolino, Rosa D'Amato, Christian Doleschal, Raffaele Fitto, Chiara Gemma, Mircea-Gheorghe Hava, Krzysztof Hetman, Peter Jahr, Ondřej Knotek, Cristina Maestre Martín De Almagro, Nora Mebarek, Martina Michels, Alin Mituţa, Anđelika Anna Moždžanowska, Niklas Nienaa, Andrey Novakov, Alessandro Panza, Tsvetelina Penkova, Caroline Roose, Marcos Ros Sempere, André Rougé, Susana Solís Pérez, Irène Tolleret, Valdemar Tomaševski, Monika Vana
Substitutes present for the final vote	Daniel Buda, Dimitrios Papadimoulis, Peter Pollák, Bronis Ropė, Tomislav Sokol

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

37	+
ECR	Raffaele Fitto, Andželika Anna Możdzanowska, Valdemar Tomaševski
ID	Mathilde Androuët, André Rougé
NI	Chiara Gemma
PPE	Pascal Arimont, Isabel Benjumea Benjumea, Tom Berendsen, Daniel Buda, Christian Doleschal, Mircea-Gheorghe Hava, Krzysztof Hetman, Peter Jahr, Andrey Novakov, Peter Pollák, Tomislav Sokol
Renew	Stéphane Bijoux, Vlad-Marius Botoș, Ondřej Knotek, Alin Mituța, Susana Solís Pérez, Irène Tolleret
S&D	Adrian-Dragoș Benea, Erik Bergkvist, Andrea Cozzolino, Cristina Maestre Martín De Almagro, Nora Mebarek, Tsvetelina Penkova, Marcos Ros Sempere
The Left	Martina Michels, Dimitrios Papadimoulis
Verts/ALE	Rosa D'Amato, Niklas Nienaaß, Caroline Roose, Bronis Ropé, Monika Vana

3	-
ID	Matteo Adinolfi, Rosanna Conte, Alessandro Panza

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention