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Press release

How COVID19 is transforming the digital future of the Western Balkans

- A new study on the region's digital transformation to be launched online December 17th, 2020.
- An initiative of five companies with the German Eastern Business Association.
- Covid 19 becomes a springboard for accelerated digitalization.
- Policymakers must break down structural barriers and support disadvantaged population groups.

In the Corona crisis, access to digital services emerged as a critical factor for economic development. Countries with weak digital infrastructure and culture risk being left behind. A new study analyses how the surge in demand for digital services has affected the Western Balkans' six countries. It points at new opportunities as well as the existing deficits. Five companies and the German Eastern Business Association (Ost-Ausschuss der Deutschen Wirtschaft) have commissioned the study.

The study "The Digital Leap. How COVID19 Transformed the Digital Future for the Western Balkans", was carried out by Prof. Florian Bieber, Center for Southeast European Studies at the University of Graz. The presentation of its results will be in the frame of an online conference on December 17, 2020, 3 to 4 p.m., with the participation of State Secretary Claudia Dörr-Voß, German Federal Ministry of Economics and Technology, Majlinda Bregu, Secretary-General of the Regional Cooperation Council, and the funding companies: atene KOM, Klett, Nokia, SAP, and Deutsche Telekom. Interested company representatives, journalists and further stakeholders are invited to participate and to get registered here

<https://www.ost-ausschuss.de/de/online-praesentation-der-studie-digital-leap-how-covid19-transformed-digital-future-western-balkans>

As part of the Berlin Process, launched by Chancellor Angela Merkel in 2014, German business is particularly committed to the Western Balkans' digitization. The new study examines the impact of the COVID-19 pandemic on the use of digital services in all six Western Balkan economies, based on a regional opinion survey conducted by IPSOS in October 2020. It also follows up an analysis conducted in 2018 and takes stock of the achievements.

"Across the region, the usage of the internet to access key services has increased significantly: Particularly for education, entertainment, social contact, and information. In contrast to that, the increase in teleworking, online shopping, and e-government have been

modest," states Prof. Florian Bieber, summarizing the key findings. "The extent of obstacles citizens face in the region vary widely. It is of utmost importance now to make usage of the gained results in digitization during the pandemic and adapt them to a sustainable digital transformation of the Countries of the Western Balkans."

Policy recommendations derived from the study include measures to ensure the Western Balkans' digital convergence with the EU, intensify regional cooperation, and mitigate potential risks of digital transformation. More use should be made of digital resources in education, working remotely, and digital start-ups should be encouraged. Misinformation and conspiracy theories should be combated. Digitization threatens to leave some population groups behind. Political countermeasures are needed.

"The Countries of the Western Balkans have caught up digitally in recent years. The European perspective and the intensive cooperation within the Berlin Process framework have had a positive effect here. For a great leap forward, the many good approaches must now be expanded even more consistently. But the countries are not alone in this. Germany is also still struggling with digitization. We also should take some of the recommendations seriously," emphasizes Michael Harms, Executive Director of the German Eastern Business Association.

Josephin Galla, Managing Director for SAP CEE Eastern, also sees an opportunity in the results: "We strongly believe that digital solutions play a key role in mitigating the economic impact of the Corona crisis, and the study of Prof. Bieber shows how this can be achieved. The current situation provides a unique opportunity for the countries in the West Balkans to leapfrog into the digital economy, building on the latest state-of-the art technologies. We at SAP are motivated more than ever to support all sectors in the region in their successful digital transformation."

"The study shows that the Western Balkan region has made significant progress in digitization during the COVID-19 pandemic. However, key obstacles such as lack of digital infrastructure and services persist. First and foremost, it is of utmost importance for governments, industry and society to join-forces and implement a framework that will improve digital infrastructures and introduce innovative digital services for public administration and education.", says Wolfgang Kopf, Senior Vice President Group Public and Regulatory Affairs, Deutsche Telekom.

The educational publisher Ernst Klett, which is heavily involved in the Countries of the Western Balkans, also supports the study. "We, together with other publishers, provided free access to many online education services in spring. The awareness of the importance of digital learning has increased by leaps and bounds. This should and needs to be used to further developments. The study we are presenting here will help us to implement even more digital initiatives soon," explains Rok Kvaternik, CEO of Ernst Klett Publishers, division EE and Baltics.

The consultancy atene KOM, which was also involved in the study, points at the great potential for the development the region: "The study has underlined the fact that a clear majority of citizens in Countries of the Western Balkans want to use online services even after the pandemic. In order to make sufficient use of online services, such as digital

education, e-government and more, a profound digital infrastructure is needed, especially in rural areas," said Tim Brauckmüller, Managing Director of atene KOM. "We are looking forward to working with other stakeholders to advance the digitization of the Western Balkans."

"COVID-19 made it obvious how critical fast connectivity and digitization are for society and the economy at large", says Nives Sandri, Country Senior Officer for Nokia in Croatia and North Macedonia. "This is the time to turn the challenge of digital transformation into an opportunity for the region. It's the time to address challenges like the digital divide and digital literacy. This will require a joint effort and a strong local ecosystem. Nokia is ready to support digitization as a foundation for growth in the region with our technology and expertise."

The full study will be available for download at www.digital-wb.eu. The Website will be online on 17th December 2020.

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