

Europe's Digital Progress Report (EDPR) 2016

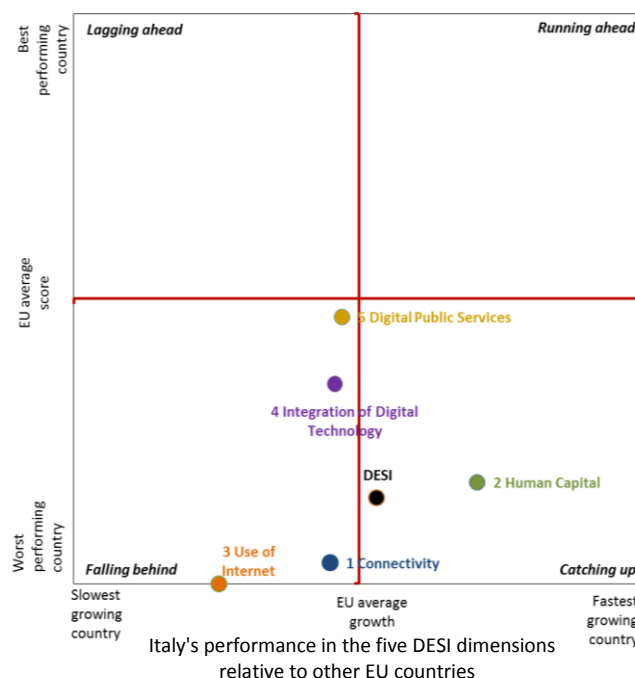
A report complementing the Digital Economy and Society Index (DESI) ¹ country profile

ITALY

Italy ranks 25th out of the 28 EU Member States in the European Commission Digital Economy and Society Index (DESI) 2016². Italy is part of the catching up³ cluster of countries: although it still performs below EU average, it has progressed faster than average over the last year. The Human Capital dimension (ie digital skills) is where Italy made most progress; however, levels of digital skills remain low and hamper developments in the Use of Internet by citizens and in the Integration of Digital Technologies by businesses. Italy shows average performance in Digital Public Services. In terms of Connectivity, Italy ranks close to last because of insufficient supply of and demand for high-speed broadband.

In 2015, the Italian government adopted its Strategy for Digital Growth⁴ and a Strategy for Ultra-broadband development⁵

encompassing different action fields: broadband connectivity, eGovernment, eJustice, Digital Skills and ICT for healthcare, education, culture, tourism and agriculture.



1 – Connectivity

In Connectivity, Italy's performance is well below par and its progress is EU average. While mobile broadband take-up is actually in line with the EU average (75 subscriptions per 100 people), the overall performance on Connectivity is mainly driven by indicators concerning fixed broadband: Italy ranks 27th out of 28 EU countries in NGA coverage, unchanged from the previous year, notwithstanding the progress made from 36% of the households covered in 2014 to 44% in 2015, mostly residing in urban areas. Also NGA subscriptions lag behind, with 5.4% of total broadband subscriptions, which are themselves low at 53% of households. Different factors contribute to this outcome; while some relate to the limited demand for high speed internet, also analysed in the context of the digital skills section below, and data hungry applications, such as video and TV, others relate more to the supply side. In particular, in the absence of a large scale alternative cable

¹ The Digital Economy and Society Index (DESI) is a composite index developed by the European Commission (DG CNECT) to assess the development of EU countries towards a digital economy and society. It aggregates a set of relevant indicators structured around 5 dimensions: Connectivity, Human Capital, Use of Internet, Integration of Digital Technology and Digital Public Services. It clusters countries in four groups: Running ahead, Lagging ahead, Catching up and Falling behind. For more information about the DESI please refer to <https://ec.europa.eu/digital-single-market/en/desi>

² <https://ec.europa.eu/digital-single-market/en/scoreboard/italy>

³ Other catching-up countries are Cyprus, Croatia, Latvia, Romania and Slovenia

⁴ "Strategia per la Crescita Digitale". <http://www.agid.gov.it/agenda-digitale/agenda-digitale-italiana/crescita-digitale-banda-ultralarga>

⁵ "Piano Nazionale Banda Ultralarga" <http://www.sviluppoeconomico.gov.it/index.php/it/comunicazioni/banda-ultralarga/progetto-strategico-banda-ultralarga>

infrastructure, the legacy copper access network maintains a crucial role in the development of high speed networks, at the moment mainly focusing on FTTC roll-out. Finally, the importance of (digital) terrestrial broadcasting in satisfying demand for TV content has led to extensive use of spectrum with significant problems in terms of international coordination with neighbouring countries.

Italy has adopted a National Ultra-Broadband Plan (Piano Nazionale Banda Ultra-Larga - PNBUL) in 2015 aiming *inter alia* to ensure 100% coverage with 30Mbps and 85% coverage with 100Mbps by 2020. In white areas,⁶ the plan provides a direct model of investment to build a passive public infrastructure managed with a wholesale-only model. Accordingly, Italy plans to use a significant proportion of different national and EU funds available at different territorial levels for broadband deployment, in particular for NGA coverage of white areas. In particular Italy has planned to use € 4.9 billion of national funds and 2 billion euro of EU regional funds to achieve the objectives of the plan. Also, Italy is the first EU Country to notify full transposition of the Cost Reduction Directive 2014/61/EU, which could further support cost-savings in network build-out and investments in synergy with smart utilities objectives (eg: smart meters). Finally, Italian authorities are trying to finalise the implementation of spectrum management measures aiming at addressing the current international interference issues as a first step to ensure coordination with neighbouring countries.

Italy's PNBUL strategy is extremely important as, in the absence of any public policy initiative, a new digital divide may emerge for significant parts of the country. The challenge will be to put in place an implementation mechanism to ensure effective and coordinated use of the several sources of public funding for broadband projects available from different levels of government. On that aspect, Italy is participating in the Broadband Competence Offices (BCOs), an initiative launched recently by Commissioners Hogan, Cretu and Oettinger which calls on MS authorities to reinforce their capacity to plan and coordinate regional and national action with the support of ESIF technical assistance funds. An effective and coordinated use of available public resources with a clear allocation of roles to each level of government - including relevant agencies and national regulatory authorities - could indeed facilitate a progression of NGA coverage to white areas, complementing the development of competitive investment dynamics that are already emerging in more densely populated areas.

2 – Human Capital

In Human Capital, Italy's performance is well below EU average but it is making good progress. In 2015 only 63% of the Italian population was a regular internet user (vs 76% EU average) and only 43% had basic or above basic digital skills. Only 2.2% of all persons employed in 2015 were ICT professionals. Also the share of graduates in STEM is quite low, being only 1.4% of the 20-29 years age cohort.

The Italian government is realising that the lack of digital skills is a serious issue for the development of the Italian society and economy. A national "Coalizione per le Competenze Digitali" (coalition for digital competences) was set up in early 2015 as part of the Grand Coalition for Digital Jobs initiative of the European Commission. The Italian coalition's range of activities covers not only skills for ICT specialists but also digital competences for citizens, entrepreneurs, job holders and civil servants. The only other pillar of the Italian digital skills' strategy is the National Plan for Digital School which envisages investment in ICT infrastructure, teacher training and updating school curricula to include digital.

No other major initiative exists for the advancement of digital skills in the general population and especially among the categories at risk, the old, people with lower levels of education and the inactive. For the national coalition initiatives to have a relevant impact, some of its best practices

⁶ White areas are defined as those areas for which no operator has plans to invest in NGNs

(e.g. Pane e Internet of Emilia-Romagna region) could be scaled up with the involvement of more stakeholders but also with an active role for government, for instance as a source of funding. An eGovernment strategy launched recently by the Italian Government (Agenda Semplificazione 2015-2017, see below) aims at greatly improving the interaction between citizens/businesses and public administrations through the online channel. This initiative will benefit from actions aiming to strengthen users' digital skills as well as those of public administration employees. Funding opportunities to consider include Erasmus+, European Structural and Investment Funds, and the Employment and Social Innovation programme.

3. Use of internet

In Use of Internet, Italy's performance is well below par and Italy is making only average progress. More and more Italians (63%) are using Internet services, and digital content services, like music, videos and games (52%) are enjoyed by more Italian Internet surfers than the EU average. Italian internet users are reluctant to engage in transactional services like eBanking (43%) and online shopping (39%), suggesting a certain distrust of the online environment. Having said that, the share of surfers engaging in online shopping has improved significantly, by 4 percentage points in one year, in line with the progress experienced by enterprises with their online sales.

4 – Integration of Digital Technologies by Business

In Integration of Digital Technologies by Businesses, Italy's performance is below par and Italy is making average progress. Its enterprises are not making much progress in the take up of enterprise solutions, but the eCommerce sales channel is gaining importance, although starting from very low levels.

Italy has mandated the use of eInvoices for payments by public administrations: since summer 2014 for State public administrations and since March 2015 for all public administrations. The use of mandatory eInvoices for public administration transactions is expected to drive up adoption of invoice solutions (and possibly more general eBusiness solutions), given that a significant part of Italian businesses sell to the public administrations. Italy is about to launch an Industry 4.0 strategy; such a strategy would benefit the country to a great extent given the importance of Italian manufacturing (2nd in the EU).

5 – Digital Public Services

In Digital Public Services, Italy's performance is just below par and its progress is at EU average. On the availability side, Italy has progressed somewhat but there is room for improvement in re-using information across administrations to make life easier for citizens. However, use of eGovernment remains one of the lowest in EU28.

Italy has devised a new eGovernment strategy at the beginning of 2015, which is part of a more general Digital Agenda Strategy (Strategia per la Crescita Digitale) and the main tool for the reform of public services (Agenda Semplificazione 2015-2017). The main elements of this strategy are the digital identity (Sistema Pubblico Identità Digitale, SPID, see also box below), a system for online payments to the PA (PagoPA) and the unification of local administrations' up till now unconnected population registries (Anagrafe Nazionale Popolazione Residente, ANPR). The strategy includes many other initiatives like a digital address which the citizen can ask to be used for all communications from public administrations, pre-filled tax declarations and an eGovernment portal with all services needed by the citizen in one place (ItaliaLogin). The Italian eGovernment strategy is complex and characterised by many interdependent parts. The role of some enabling platforms (PagoPA and ANPR) is a key one for the effective usability of many eGovernment tools (like SPID, see below) and

services: it is therefore important that they are fully operational by the deadline (December 2016) without further delays. With that purpose, some additional financial support and oversight or guidance from the central government and regional authorities would significantly help local public administrations to fulfil their role in the strategy. The EU will contribute by providing European Funds (ERDF and ESF) for the national Operational Programme on "Governance and Institutional Capacity".

In October 2015 Italy, together with other 16 countries, signed up to the International Open Data Charter which includes principles, specific actions, practical advices and guidance on implementation of Open Data strategies and policies. Since June 2015 Italy has activated a new version of the national Open Data portal, which ensures uniformity of content, good quality metadata and data in open format. It currently contains data from national, regional and local administrations⁷.

Italy does not have a comprehensive digital by default strategy but it has introduced some "digital by default" services like enrolment to high school and tax declarations. However, because of weak digital skills in the population, without an accompanying digital skills strategy these actions are increasing final users' recourse to professional intermediaries, thereby increasing users' costs.

On eHealth, ePrescription started in March 2016 for medicines and will be gradually extended to clinical tests and specialists' consultations. Regarding the electronic health record, on the other hand, there is no national strategy yet: only some regions have already implemented it and without consistently guaranteeing interoperability between the different systems. It would be important to have a nationally interoperable health record, improving the efficiency and the efficacy of the health system.

Highlight: SPID, the Italian way to digital identity

Italy introduced in March 2016 a digital identity system (Sistema Pubblico Identità Digitale, SPID) which will allow, when completed, access to every online public service with a unique password instead of the many that are necessary today. For the time being a first batch of 300 services (among them tax declarations, social security) has been made accessible through SPID while the remaining public administrations will follow suit by end 2017. Private service-providers (e.g. banks) could also in future use SPID for access to their services. SPID is already interoperable with other European digital identity systems since it adheres to the EU eIDAS standard. Another interesting development is the possibility to add to the profile of the user (either citizen or enterprise) additional, certified attributes like for example educational qualifications.

⁷ Currently (March 2016) it contains 10348 datasets from 76 administrations