

Digital technologies offer significant potential for transformation of the EAEU economies, making it possible to eliminate barriers, create new opportunities for economic, social and cultural development and enhance the EAEU regional and global competitiveness. Today the EAEU can benefit from the new collaboration opportunities within the shared network infrastructure and common digital platforms, implement new digital solutions and develop areas of business activity that didn't previously exist.

In 2016-2017 the EEC and the World Bank Group have carried out a joint research aimed to study relevant experience and deliver recommendations of how the EAEU member states countries could get digital dividends within the common digital space. The research is conducted within the Digital Agenda elaboration initiated by Council's decision No. 6 of March 17, 2016 as well as by the Statement on the EAEU Digital Agenda signed on December 26, 2016 by heads of state.

potential economic and social benefits from building the EAEU digital space.

We have projected two digitalization scenarios: the Digital Agenda is implemented by member states either separately at the national level or jointly at the EAEU level. The comparison of the two scenarios revealed that the latter brings significantly higher added dividends owing to multiplier effect at the EAEU level (Figure 1).

Our analysis and forecasts of potential digital effects under the Digital Agenda also showed that Digital Agenda implementation through disruptive digital projects can maximize economic benefits.

In collaboration with the World Bank a target model has been developed (Figure 2). This model appears an effective tool to determine, coordinate and oversee the steps under the EAEU Digital Agenda.

Thus the overall EAEU GDP growth related to the Digital Agenda by 2025 will account for 10,6% of the expected overall EAEU GDP growth. This potential effect is almost twice as high as the possible GDP increase attributed to digitalization at the national level only. Considering the impact the digital initiatives will have on the EAEU GDP growth by 2025 (Figure 3), one should note such contributing factors as Internet penetration (+2,6% to the GDP), increase in international traffic (+0,66 to the GDP) and the spread of e-commerce (+0,69% to the GDP).

The Digital Agenda will boost employment growth in ICT sector in the EAEU by 66,4% by 2025 (1 million new jobs in ICT). This rate is almost 50% higher than the one expected in case

Figure 1 EAEU Digital Agenda: multiplier effect

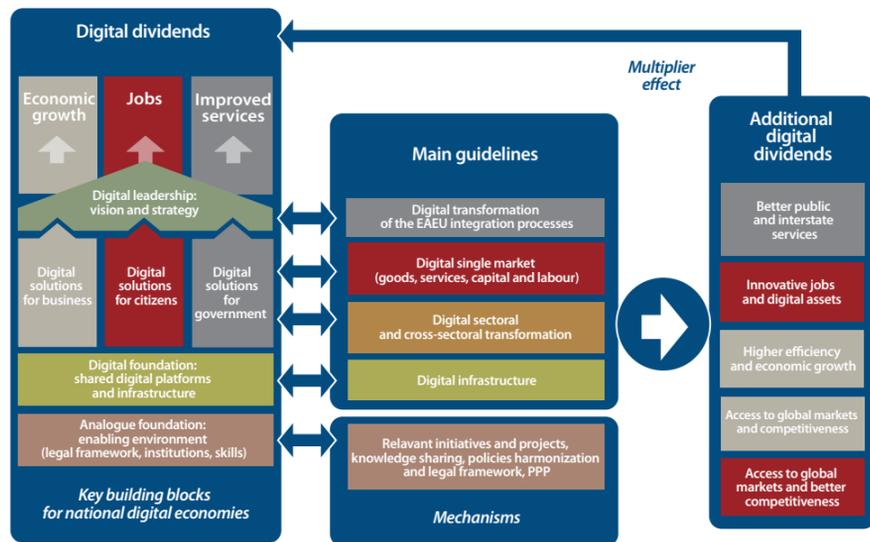


Figure 2 Target model for EAEU digital space

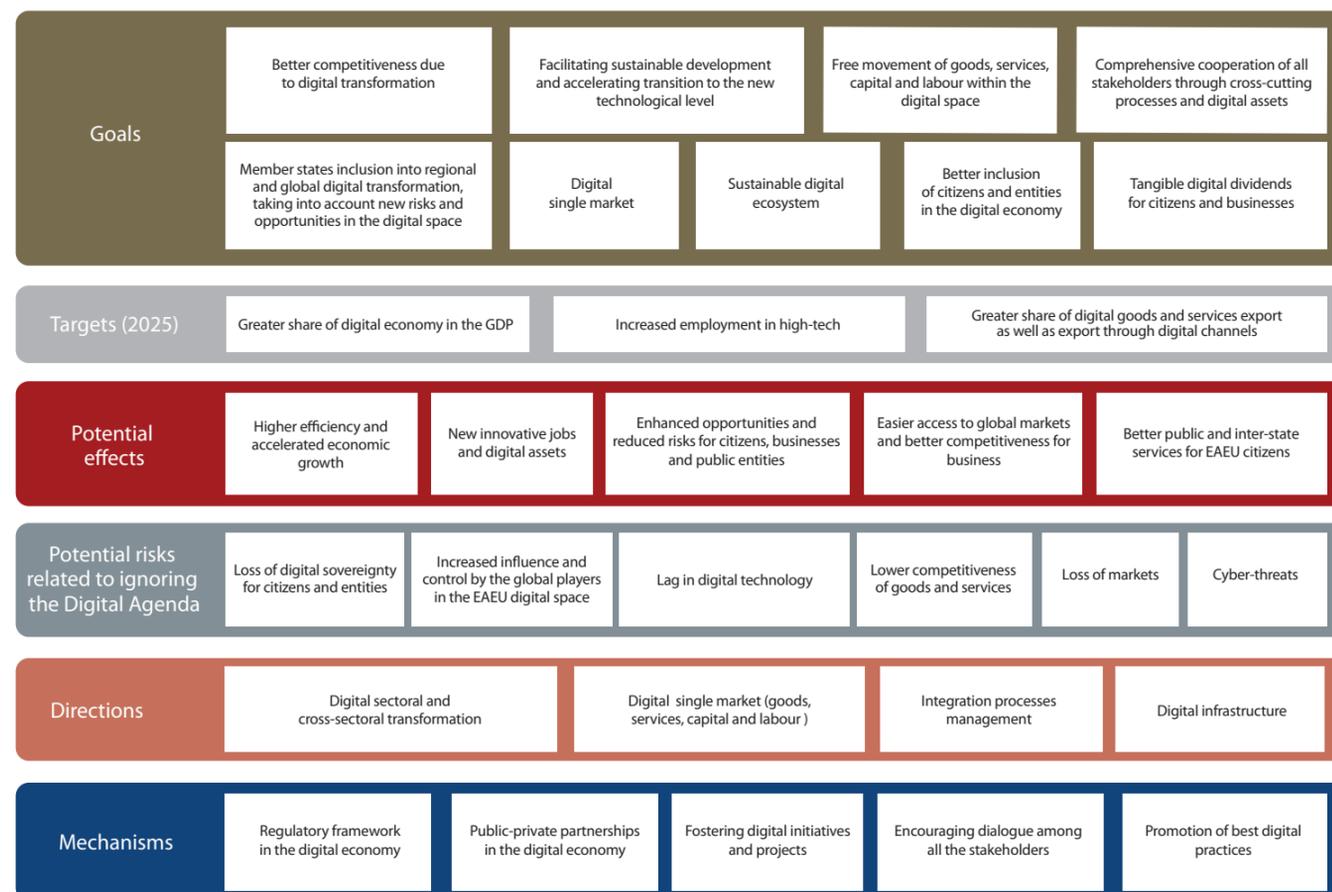


Figure 3 GDP growth related to national and regional digital agendas 2018–2025

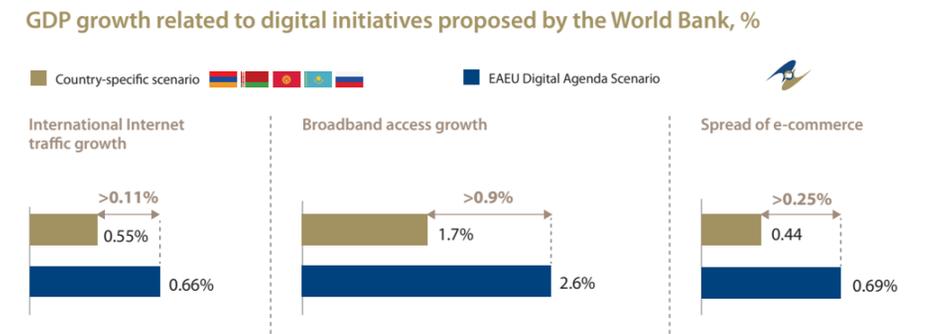
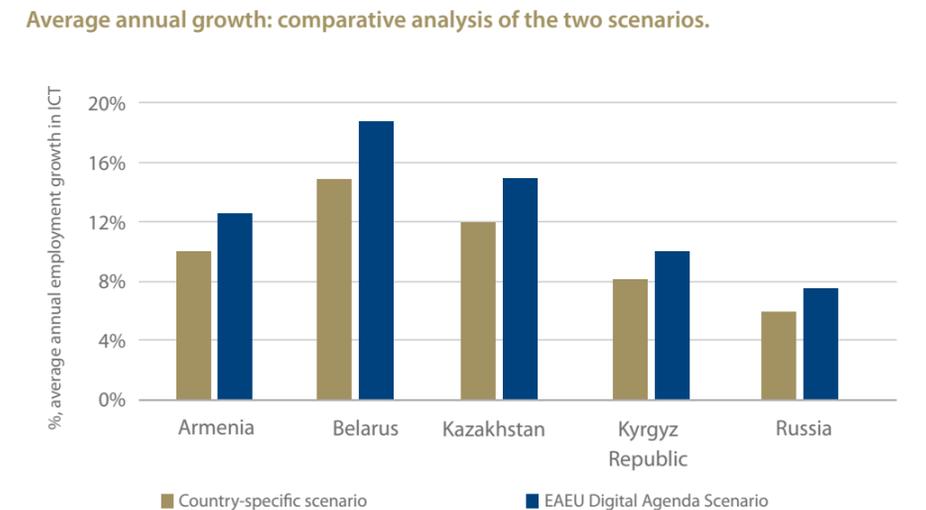


Figure 4 Digital economy impact on employment in ICT: two scenarios

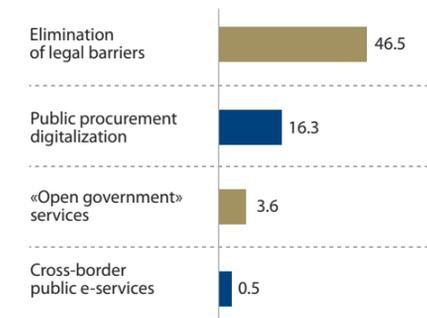


member states go digital without coordinated policy. Moreover, rising employment in ICT will provide extra growth in overall employment by 2,46% and in labour productivity by up to 1,73% by 2025. Automatization and robotization as well as higher

labour efficiency will definitely squeeze a number of workers out of the economy but still digital transformation is bound to have a positive net impact on the labour market (Figure 4).

Figure 5 Transformation of services

Examples of digital dividends for the EAEU (bln US dollars)



Concerning transformation of services, the elimination of existing legal barriers between the EAEU member states will save \$46,5 bln at the EAEU level (Figure 5). The digitalization of public procurement is expected to bring \$16,3 bln, «open government» services – \$3,6 bln and cross-border e-services – another \$0,5 bln.

The joint research found that emphasis should be placed on the so-called «analogue» foundation of the transformation. Therefore

it is of paramount importance to strengthen relevant governing institutions, reach political consensus and ensure high-level transformation management. Harmonized legislation and legal framework are crucial for the EAEU integration and digital transformation as such.

Various organizations need to be involved in the process, including public authorities, private sector, academia, mass media as well as the general public.

Digital transformation also requires trained technical and managerial staff, constantly improving their skills, as well as consistent policy aimed to develop skills of the general public and improve their awareness of the digital dividends in both economic and social aspects of life.

Digital technologies will be implemented successfully

provided technological compatibility, interoperability and scalability of digital infrastructures, platforms and solutions are ensured so as to deliver effective, inclusive and secure digital economy.

Basic guidelines for the digital space are as following: intensification of integration processes and international cooperation, facilitating regional digital initiatives, common digital infrastructure and digital platforms, digitalization in the key EAEU sectors and markets.

The study identifies underlying enabling mechanisms within the basic guidelines including favorable legal framework, public-private partnership for priority initiatives, fostering dialogue among all of the stakeholders within digital ecosystems, promotion of best digital practices and solutions.

One shouldn't disregard the risks related to neglecting the Digital Agenda. They include brain drain, growing influence of the global players in the EAEU digital space, falling competitiveness of the EAEU goods and services and a threat to the digital sovereignty of the region.

The World Bank experts have worked out key recommendations under the Digital Agenda 2025 that would accelerate economic growth, create new jobs, improve the quality of public services and give rise to the EAEU competitiveness.

Firstly, the legal and institutional framework for the Digital Agenda is to be established. Responsibility and authority should be dully allocated at the national and the EAEU levels.

Secondly, substantial funding should be provided to implement

the Digital Agenda given the long-term and complex nature of the transformation.

Thirdly, the government is to ensure generally available educational programs that promote digital literacy and develop digital skills among the general public.

Finally, we should make broadband Internet access our priority and support development and implementation of secure cross-border and cross-sectoral digital platforms and solutions.

The EAEU stands on the verge of the historic evolution when digital technologies penetrate all sectors of economic and social life. The stakes are high and time is of the essence. Success is defined as a highly integrated EAEU boasting strong economic growth, global competitiveness and social well-being.



# EAEU DIGITAL AGENDA 2025: prospects and recommendations

## Executive Summary

### Digital dividends



Accelerating economic growth



Creating new jobs



Improving public services



### The EAEU digital space: fundamentals



Vision, strategies and policies for the EAEU Digital Agenda



Analogue foundation and enabling environment (institutions, legal framework, skills)



Digital infrastructure and platforms



Digital solutions for sectoral and cross-sectoral transformation