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Digitising Europe Pulse

The impact of the second COVID-19 wave

KANTAR



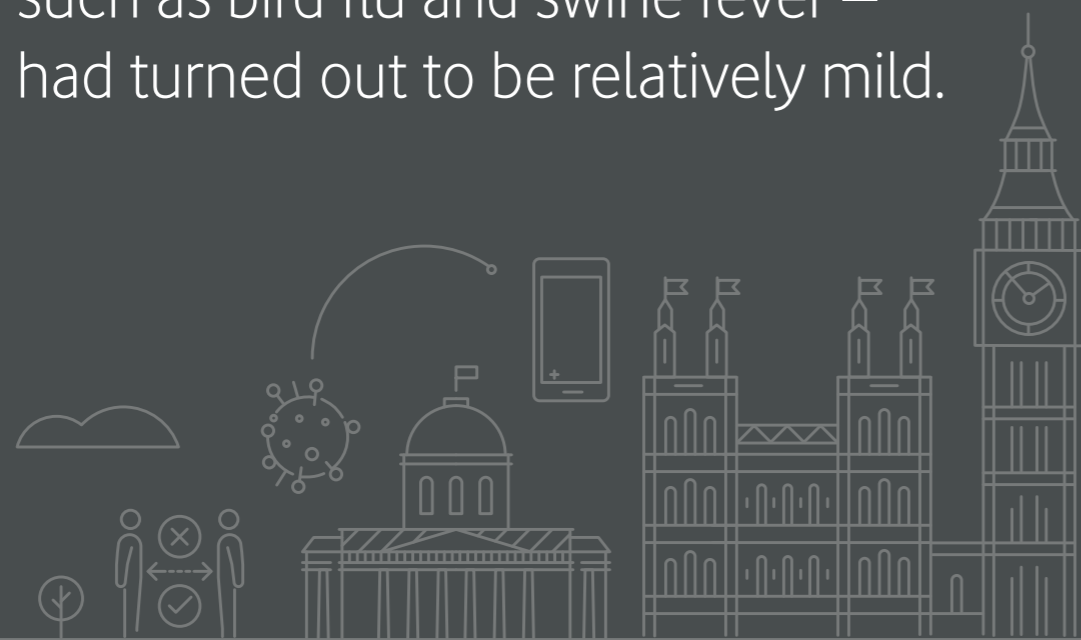
Vodafone Institute
for Society and
Communications



Executive Summary

A hope for the future

It has now been over a year since COVID-19 first arrived in Europe, striking the Continent with a force hardly anyone thought possible. After all, previous headline-grabbing pandemics – such as bird flu and swine fever – had turned out to be relatively mild.



Given the rapidity of the pandemic's spread, it quickly became obvious in early 2020 that we would focus our survey series, Digitising Europe Pulse, on the crisis. That decision gave rise to "Digitising Europe Pulse: Challenges in times of COVID-19", published in September 2020.

Developments in recent months led us to again focus this edition of Digitising Europe Pulse on COVID-19. Whereas it looked in much of Europe last summer as though the pandemic could be brought halfway under control, even optimists had to admit by mid-autumn that a difficult second wave was inevitable.

For this survey, which took place in December 2020, we chose to ask participants some of the same questions we posed during the first wave in the hopes of drawing comparisons and identifying trends. Even if the measures taken in many countries to address the second wave – such as the closures of shops, restaurants and schools – were similar to those in the first, the context has changed. Vaccinations have begun, more masks are available, additional data has been collected, and we have amassed more experience working and learning from home. On the other hand, more people have fallen ill, health-care systems across Europe have been hit even harder, increasing numbers of retailers have used up their last reserves, and people are reaching their mental and physical limits.

Indeed, the deep financial impact many people have experienced will have noticeable economic consequences on the medium term. For one, the virus has exposed and deepened the widening gap between the rich and the poor, with the latter group facing a particularly difficult road to recovery in Europe and around the world. This will depress consumer demand and directly impact the economy. Furthermore, some countries in the European Union have been more severely impacted than others, particularly in Southern and Eastern Europe, posing a significant challenge to the bloc.

This edition of Digitising Europe Pulse reflects that uphill battle. How do people assess their situation in the short and medium term? Have they grown more optimistic about the future? How have economic conditions changed? Are there country-specific differences? What expectations do people have from the EU? Where is help needed most? The answers paint an ambivalent picture. Yes, there is hope. Yes, some things are changing for the better.

But there is still a very long way to go.



Introduction

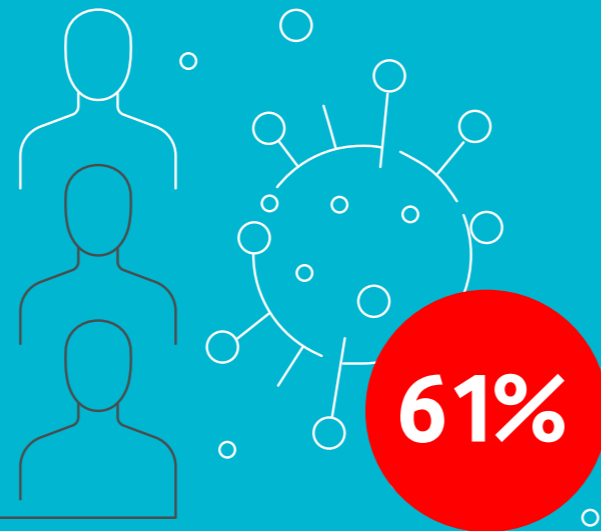
A major challenge for Europe



Key findings:

The economic scars of COVID-19

Nearly **two out of three** Europeans agree that the pandemic **will affect their lives in the long run.**



Those living in Southern European countries such as **Portugal (78%), Greece (77%)** and **Spain (75%)** consistently remain the most concerned about the pandemic's long-term impact on their quality of life. **Germans (44%)** and **Estonians (45%)** are the least concerned.



The same tendency can be observed regarding the **short-term impact**. For example, 82% of people in Greece and 80% in Portugal believe that the COVID-19 crisis will limit their quality of life in the short term – only 49% in Germany and 50% in the Netherlands share these concerns

The personal economic situation of Europeans has worsened since our survey in May. This includes the number of people reporting they have **lost their jobs** (May: 9%, December: 12%), **lost their savings** (May: 14%, December: 18%) or whose companies are **facing bankruptcy** (May: 4%, December: 6%). Although this applies to almost every country, the intensity varies. The number of respondents saying they have lost their jobs has risen most in France (+7%) and Portugal (+6%) – while job losses in Hungary and Ireland have stagnated. In every country except Sweden, more people report having lost their savings compared to May. Poland, Spain and Greece have all seen a 9-percentage-point rise in the number of people saying they have lost their savings.

In the 15 countries surveyed, 8% report difficulties affording food: a rise of 2 percentage points over May. That number is not inconsistent with past findings on food security in Europe. However, a **worrying 16% expect this to be the case in the future.**

The crisis' impact on people depends heavily on demographics, with **families much more affected than single households**. Almost 10% of households with a minimum of two persons and including children up to 16 years old can no longer pay their mortgage, with 18% expecting this to be the case in the future. By contrast, only 5% of single households are unable to settle their mortgage and 9% are worried about being unable to in the future. In every other economic indicator, such as "loss of savings" or "loss of job", families are noticeably more affected than single households.

Some of the results of this series of surveys were previously published in the report "Digitising Europe: Focus on the EU Recovery and Resilience Facility" in February 2021.



Introduction:

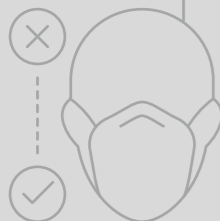
The COVID-19 crisis has severely impacted Europe.

Across the Continent, **well over 200 million people have fallen ill** with the virus and over half a million have lost their lives. A huge number have also suffered from the pandemic's dramatic economic consequences.

The economic output of every single European Union member state took a major hit in 2020, with **Spain leading the way with a 12.4% reduction in gross domestic product**. Many other countries were right on its heels, including large economies such as the United Kingdom (minus 10.3%), Italy (minus 9.9%) and France (minus 9.4%). On average, the EU economy plunged by an estimated 7.4% last year.

There is more cause for optimism this year. With hopes high that the available vaccines will enable a gradual return to normalcy, economic forecasters expect a rebound in 2021. Still, as indicated by the Vodafone Institute's study "Digitising Europe Pulse: The impact of the second COVID-19 wave", the second report from the Vodafone Institute's survey series "Digitising Europe Pulse" dedicated to the effects of the coronavirus pandemic, the damage has been done.

One of the most concerning findings of the study, which is based on 15,000 interviews conducted in 15 European countries last December, is that fully **61% of Europeans surveyed believe that the crisis will limit their life quality in the long term, with 65% seeing a negative impact in the short term.**



Those numbers are down slightly from May 2020, when 68% reported believing their long-term quality of life would suffer. But trepidation remains high, especially across Southern and Eastern Europe. More people also report facing personal financial challenges than in the earlier survey. There has been an uptick in the numbers of people saying they have lost their job and their savings and are having trouble affording food, with families much more affected than single households.

This severe economic impact was the trigger for the EU's passage last year of the historic €672.5 billion Recovery and Resilience Facility (RRF). It marked the first time the EU has agreed to take on shared debt, money that will go toward a mixture of grants and loans that will complement national programmes in an attempt to cushion the financial blow.

Support for the RRF is high across Europe, with a study by the European Council on Foreign Relations even finding that eight out of 10 people in the bloc's most frugal countries – Austria, Denmark, Finland and the Netherlands – do not believe Europe is spending too much on its COVID-19 recovery fund.

Awareness of the RRF is also substantial. Four out of five people surveyed reported that they knew of the facility, though a far lower percentage reported familiarity with the details. Ideas about how to spend the funding also vary, though **over 90% of Europeans would like to see investments in the health-care sector and 85% support spending on measures to combat the pandemic - perhaps unsurprisingly, given the concerns brought forth by the pandemic.**

The survey also found significant support for measures to support small businesses hit by the pandemic and to save jobs in the short term and more effectively create new jobs over time.

In addition to the health and economic impacts, the pandemic has laid bare the need to shore up Europe's digital infrastructure and to develop new tools, particularly in education and for public services. **Seventy-seven per cent of those surveyed voiced support for investments in digital education**, while slightly under 70% indicated support for investments in digital public services and in expanded broadband internet coverage.

These findings mesh particularly well with European Commission President Ursula von der Leyen's commitment to improving digital infrastructure and services, a package known as "A Europe fit for the digital age". Alongside the "European Green Deal", it is one of the "twin transitions" she has identified as cornerstones of her tenure. Under her leadership, the Commission has explicitly linked the RRF to digital priorities, with four of the seven "flagship areas for investments and reforms" targeting digitisation. The RRF, von der Leyen said at the end of September, "will create jobs by anchoring the recovery in the green and digital economy of tomorrow".

Yet even though Europe is broadly supportive of the RRF and individual countries have identified similar priorities, this edition of Digitising Europe Pulse has revealed crucial differences, both in the degree of economic suffering and in the differing priorities held by people around Europe when it comes to recovery.

1

PART 1

The negative long-term consequences of COVID-19



1.

PART 1

Financial challenges and rising poverty

Financial difficulties

One of the central findings of this Digitising Europe Pulse survey, and among the most concerning, is that a growing number of people are **experiencing financial difficulties due to the COVID-19 crisis**.

Even as there has been a reduction across Europe in negative perceptions about the long-term impact the crisis will have on quality of life, respondents' real-life situations have worsened. Of the respondents, **12%** said they had lost their job, **18%** said they had depleted their savings and **8%** said they could no longer afford to buy food – with each of those findings representing an increase over the Digitising Europe Pulse survey conducted last May. This could have significant knock-on effects on consumer spending in Europe, which will make economic recovery even more challenging.

Impact on real-life situations:



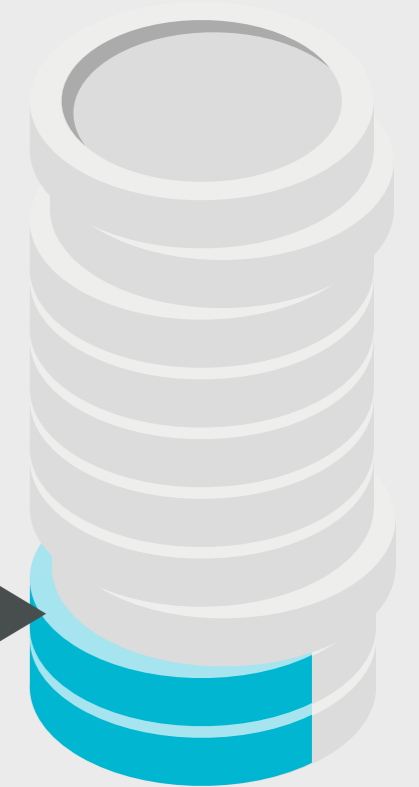
Rising poverty

These findings are consistent with studies that have found **rising poverty and inequality** across Europe as a result of COVID.

An assessment by the University of Oxford last fall, for example, found that low earners could lose as much as **16%** of their income as a result of the lockdown measures put in place to combat the pandemic. Moreover, the Oxford study also found that Southern and Eastern Europe will bear the brunt of the economic impact of the pandemic, potentially leading to greater inequality across the Continent.

Low earners could lose as much as

16%
of their income

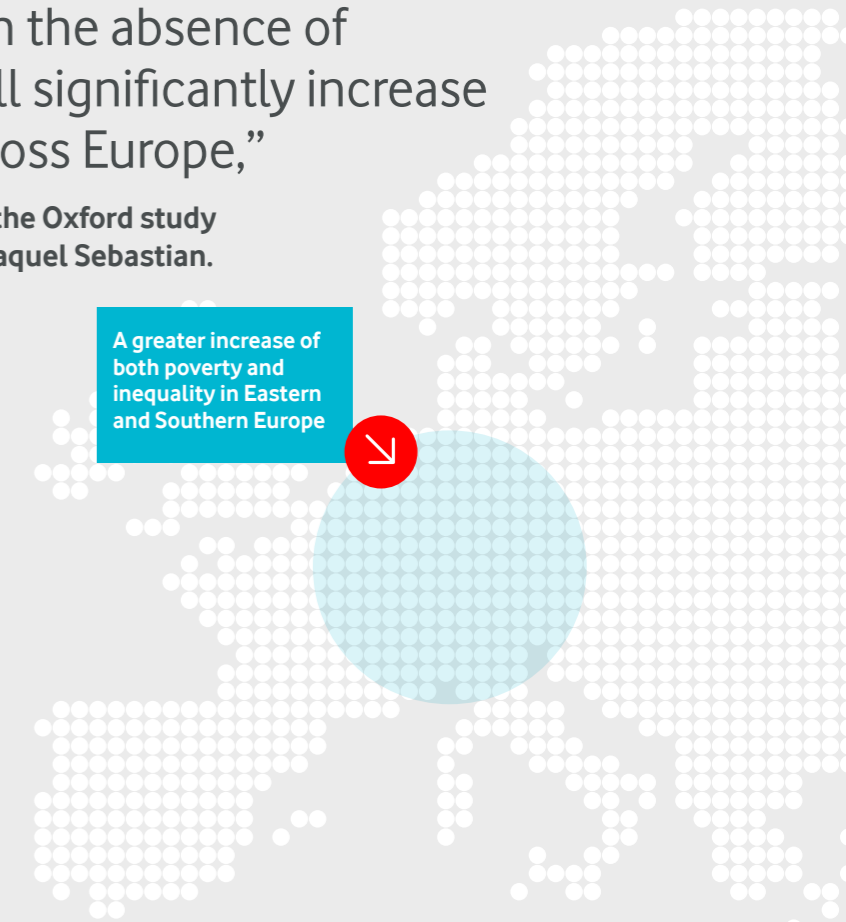


"Our findings indicate that the burden of the pandemic will be disproportionately borne by low-wage earners which, in the absence of compensating policies, will significantly increase poverty and inequality across Europe,"

says **Dr. Juan Palomino**, who co-authored the Oxford study along with **Dr. Juan G. Rodríguez** and **Dr. Raquel Sebastian**.

"We find a greater increase of both poverty and inequality in Eastern and Southern Europe than in Northern and Central Europe. Workers tend to have a lower and more unequally distributed ability to work under the shutdown and with social distancing in the economies of Eastern and Southern Europe than in the Northern and Central European countries."

A greater increase of both poverty and inequality in Eastern and Southern Europe



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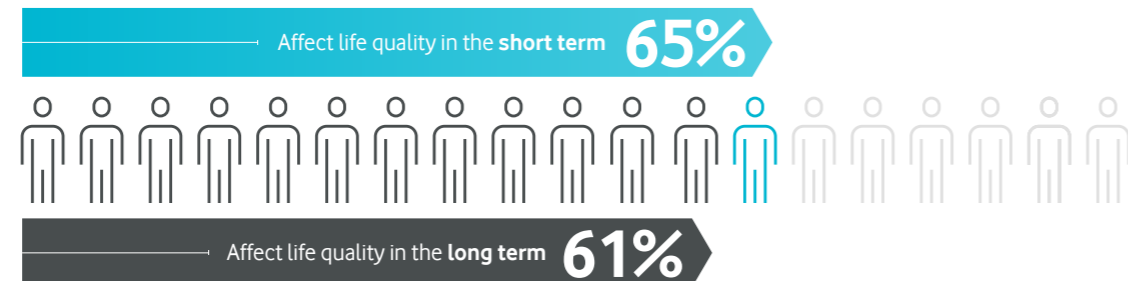
PART 1

Widespread pessimism and regional differences

Short-term & long-term effects

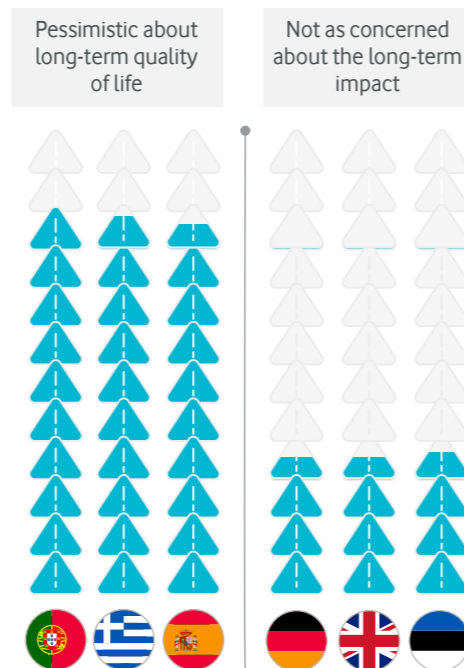
Regional differences are also reflected in the data collected by the Digitising Europe Pulse survey.

On the whole, two out of three Europeans agree that the corona crisis will affect their lives in the short term (**65%**), with nearly as many believing there will be long-term effects (**61%**). The latter figure has decreased slightly (7 percentage points) since the May poll, potentially a reflection of people learning to deal better psychologically with the new realities imposed by the pandemic.



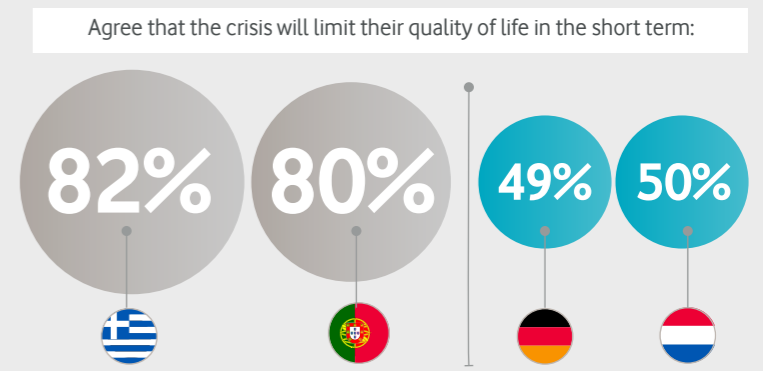
Long-term effects

But pessimism about long-term consequences remains significantly higher in Southern and Southeastern Europe than in Northern Europe. Fully **78%** of respondents in Portugal are pessimistic about their long-term quality of life, followed by **77%** of Greeks and **75%** of Spaniards. All of those numbers are down from May but remain worryingly high. On the other end of the scale, only **44%** of Germans, **44%** of British and **45%** of Estonians express concern about the long-term impact. Interestingly, the largest drops in concern from the May study are to be seen in Estonia and Italy, with the latter perhaps a function of the first survey having been taken immediately on the heels of the country's severe first coronavirus wave.



Short-term effects

The same regional differences can be observed in concerns about the short-term impact, which saw **82%** of Greeks and **80%** of Portuguese worried the crisis will limit their quality of life in the short term, but only **49%** of Germans and **50%** of people in the Netherlands sharing that apprehension.



Job losses

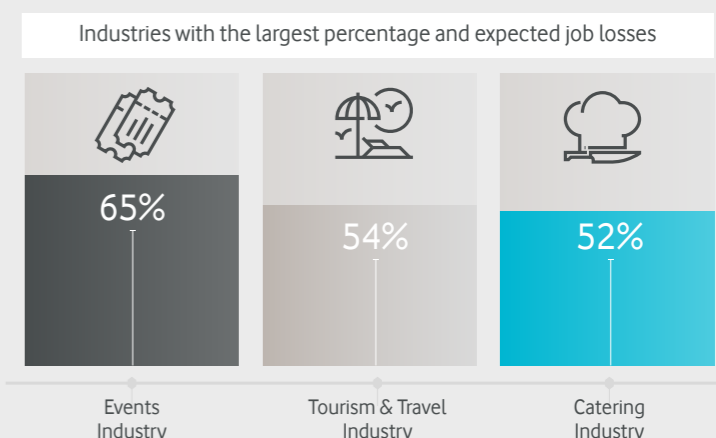
Regional differences are particularly stark when it comes to the pandemic's impact on people's practical concerns. Across the Continent, **12%** of people surveyed report having lost their job, up 3 percentage points since the May study.



The largest increase since last spring is reported in France, with a 7-percentage-point rise, but again, job losses have tended to be highest in Southern and Eastern European countries. An alarming **17%** of Greeks (+2 over May), **16%** of Portuguese (+6) and **16%** of Spaniards (+4) report having lost their jobs with Romanians and Hungarians right on their heels. Across the 15 countries surveyed, an additional 16% expect that they will lose their jobs in the future.



Many of those job losses have come as a direct result of lockdown measures imposed to slow or stop the spread of the virus. As such, it is unsurprising that the highest percentage of people who have lost their jobs or expect to in the future can be found in the event industry (**65%**), followed by the tourism and travel industry (**54%**) and the catering industry (**52%**). Furthermore, **53%** of people working in the event industry report that their company has either already gone bankrupt, or they expect it to hit insolvency in the future. The same holds true for 43% in travel and 41% in catering.



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PART 1

Acute impact on day-to-day lives

Financial difficulties

Even as many people have lost their jobs, Europe has invested heavily in programmes designed to prevent people from becoming unemployed.

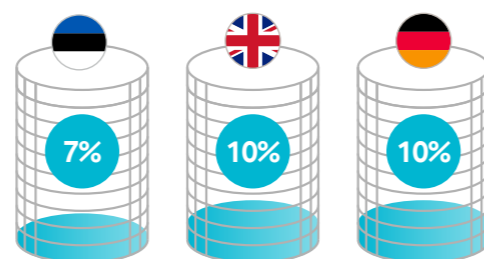
Broadly speaking, these programmes have done what they were designed to do, keeping millions of people across the Continent officially on the payroll in 2020, in what has turned out to be the largest postwar contraction since World War II. In total, 16% of the people surveyed in this study report being on a job retention programme, a 2-percentage point reduction from May, with 15% saying they expect to be reduced to short-time work in the future.

Once again, Southern European countries report higher percentages of people on short-time work, led by Portugal, Spain, Greece and Italy, as do a number of Eastern European countries, including Poland, Hungary and the Czech Republic.



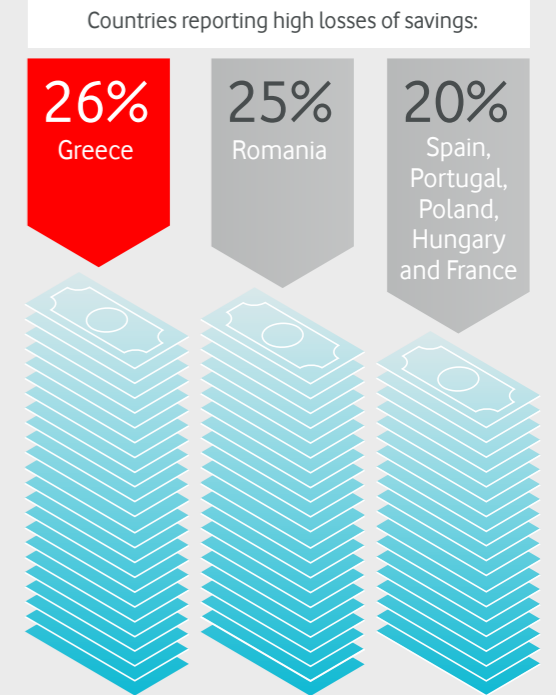
The lowest percentages are found in Estonia (7%), the UK (10%) and Germany (10%). As an indication of the depth of the economic crisis caused by the pandemic, in 2009, in the heart of the labour market downturn triggered by the global financial crisis, just 3.2% of employees in Germany were in job retention programmes and 1.0% in Spain.

Countries with the lowest percentage of people on short-time work



Lost savings

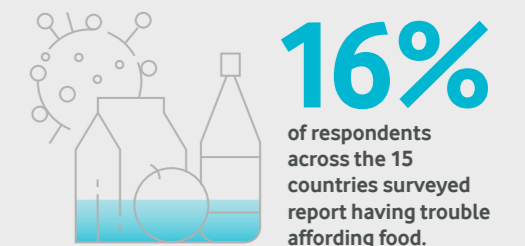
Job retention programmes, though, have not been enough to protect everybody, and a further **worrying development is the increasing number of people reporting that they have lost their savings as a result of the coronavirus crisis, which, at 18%**, is high across the Continent. That total marks a 5-percentage point increase over the May survey – and again, the problem is most pronounced in Southern and Eastern Europe. A total of **26%** of people in Greece report having lost their savings, a substantial 9-percentage-point increase over May, with **25%** of Romanians reporting the same. Over **20%** of people in Spain, Portugal, Poland, Hungary and France also report having lost their savings. The countries with the lowest percentages of positive respondents were Germany and the UK (both **11%**) along with Sweden and Estonia (**12%**).



Trouble affording food

Concurrently, **8%** of respondents across the 15 countries surveyed report having trouble affording food. That finding is consistent with a recent study based on findings for Europe by the FAO's Food Insecurity Experience Scale, which notes that food insecurity in Europe hovered around 8% in the years 2014 to 2016. Still, the number of people saying they are having problems paying for food has ticked upward since the May survey, with a 6-percentage point rise in France and Poland (to 11% and 10% respectively) along with 4-percentage point rises in Sweden and Ireland (to 10% and 9%).

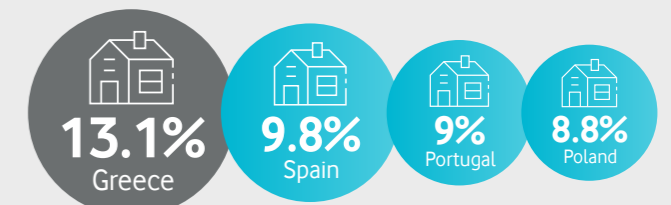
Perhaps even more concerning, **16%** of respondents say they expect to have trouble buying food in the future. If that were to come to pass, it would mark a significant jump in food insecurity in Europe.



Mortgage woes

Across Europe, 7% report no longer being able to pay their mortgage, up 2% from May. Meanwhile, 13% expect to fall into that category in the future. The data reflects the general geographical trends found in the other benchmarks for diminished prosperity, with larger percentages of people no longer being able to cover their home instalments in Greece (**13.1%**), Spain (**9.8%**), Portugal (**9%**) and Poland (**8.8%**).

Countries with the highest share of people having difficulty paying their mortgage:



The survey also reveals the role demographics play in peoples' fortunes. Families are much more likely to be affected than single households. For instance, of those respondents who say they can no longer afford to pay their mortgage, 28% were in households with two people or more, including children. However, only 15% of such respondents were in single households. Families with children are noticeably more affected in every economic indicator used in the survey.

2

PART 2

Where the money should go



2.

PART 2

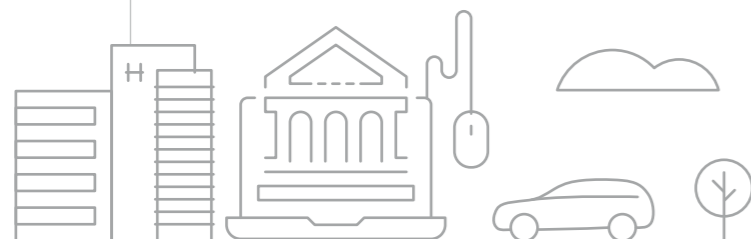
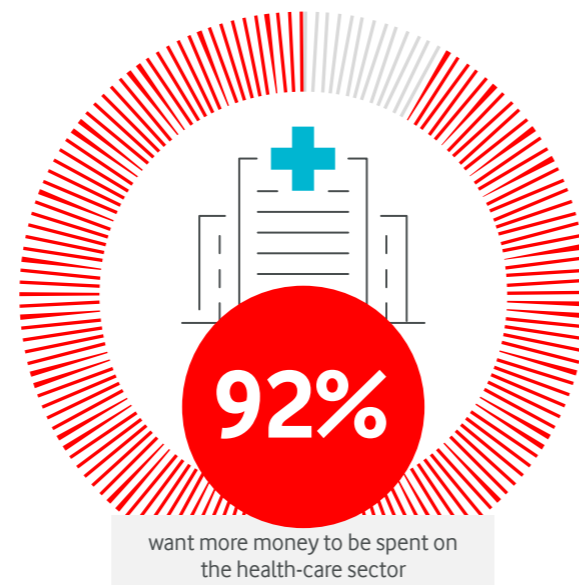
Investing in health

Severely affected

Crises tend to focus attention on the most severely affected aspects of society, and the results of this iteration of Digitising Europe Pulse have made it clear that this applies to the coronavirus pandemic as well.

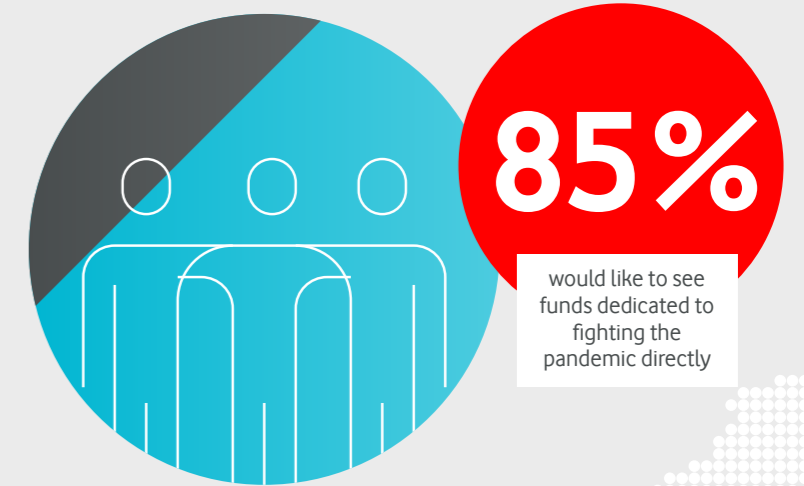
When asked where they would like to see the money spent, a huge majority of respondents across Europe identify the health-care sector as a top priority for funding and investment, with efforts to boost the economy and support small businesses not far behind. It also reveals several opportunities for the EU to make significant progress on one of its top priorities: **"A Europe fit for the digital age"**.

When asked how they would like to see funds from the Recovery and Resilience Facility directed in their country, **92%** of respondents across the **15 countries** surveyed say they view investments in the health-care sector to be "very important" or "rather important".



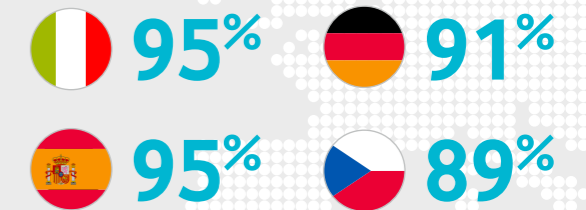
Combating the pandemic

A total of **85%** would like to see financial support for combating the pandemic directly (through measures such as vaccine production and administration) and for preventing further spread of the virus.



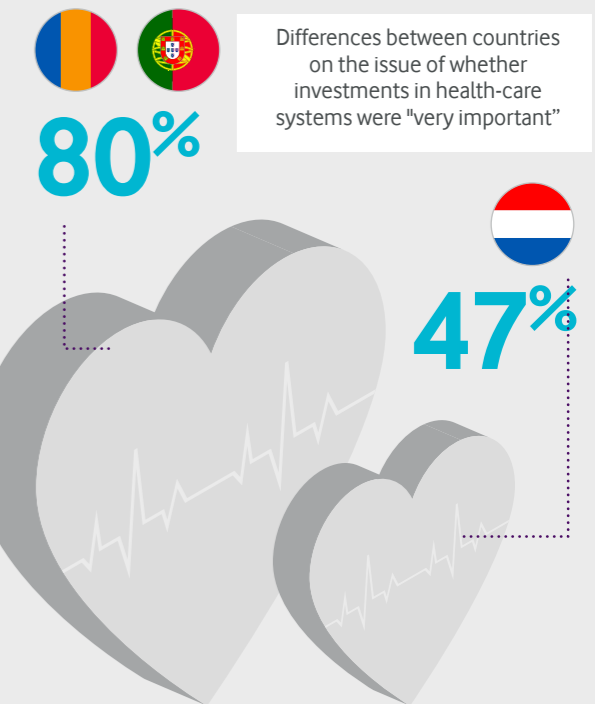
Interestingly, support for such investments is remarkably consistent across Europe, with very little variance between countries like Italy (**95%**) and Spain (**95%**), which were hit particularly hard by the first wave, and countries like Germany (**91%**) and the Czech Republic (**89%**), which were not. Similarly, support for investing in efforts to combat the pandemic is relatively consistent across Europe, with only slight variations from the **85%** support expressed by the 15 countries combined.

Support for investments in the health sector is relatively consistent across Europe



Significant differences

There are, however, significant differences between countries on the issue of whether investments in health-care systems were "very important", with affirmative responses ranging from a high of **80%** in Romania and Portugal to just **47%** in the Netherlands. Those differences could be a product of generally low levels of public satisfaction with the health-care systems in Romania and Portugal compared to relatively high levels in the Netherlands.



2.

PART 2

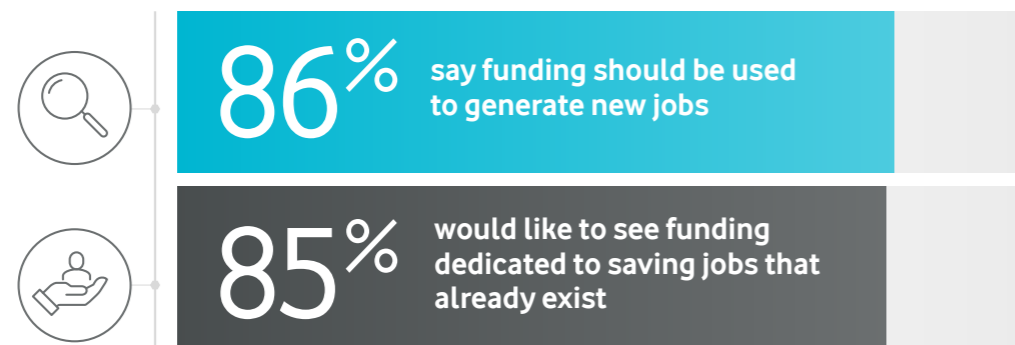
Boosting the economy

Severely affected

The survey also finds strong support for spending RRF funds to support EU economies, one of the central goals of the facility.

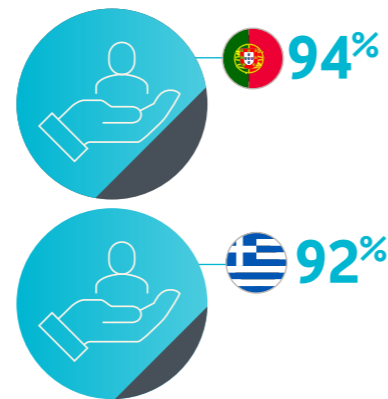
Across the EU, 88% of respondents feel that supporting small businesses in their country is either "very important" or "rather important", 86% say the same about the need to generate new jobs and 85% would like to see funding dedicated to saving jobs that already exist. These findings seem to be consistent with the broadly felt concern regarding the possible negative long-term effects of the crisis.

Support for small businesses across the EU:



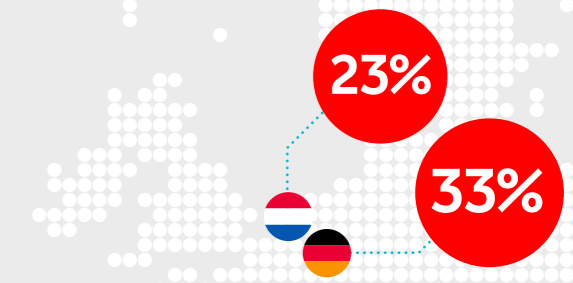
They are also consistent with the crisis' real-life economic impact on Europe. Indeed, concern about employment clearly remains high in Europe, with 85% of respondents saying they would like EU recovery funds to be devoted to saving jobs, a sentiment which is again highest in Southern and Eastern Europe, led by Portugal (94%) and Greece (92%).

Support for saving jobs is highest in Portugal and Greece



Job creation

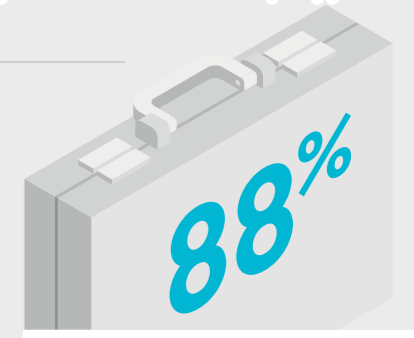
Greece and Portugal were also near the top in support for using RRF money for job-creation measures, though Romania topped the list with 95% of respondents saying it was "very important" or "rather important". In Spain, which has suffered the highest jump in unemployment as a result of the COVID-19 crisis, over nine out of 10 respondents back job-creation measures. The lowest support for dedicating funds to job creation is found in the Netherlands, with just 23% of respondents finding such investments to be "very important" and in Germany, with 33%, the latter perhaps being a function of the German unemployment rate actually dropping in the autumn of 2020.



The lowest support for dedicating funds to job creation is found in the Netherlands and Germany

Support small businesses

In addition to jobs, there also appears to be widespread concern about the fate of small businesses across the EU. On the whole, 88% of those surveyed across Europe indicate they find it important to use RRF funds to support small businesses, with 68% in Portugal, 61% in Romania and 60% in Greece considering it to be "very important". That finding is interesting given the amount of support some of Europe's largest economies provided to small businesses in 2020, but there seems to be a widespread conviction that more support will be needed.



88% of those surveyed across Europe indicate they find it important to use RRF funds to support small businesses

COVID19ImpactSurvey

The COVID19ImpactSurvey, an ongoing, longitudinal study conducted in Germany by the ELLIS Alicante Foundation and Dr. Nuria Oliver, the Chief Scientific Adviser to the Vodafone Institute, suggests that such a focus on small businesses is justified. It revealed that the economic impact of COVID-19 has been significantly greater on people working in small businesses than in larger corporations.

Whereas 12% of people working in companies with fewer than 10 employees report having lost a majority of their income as a result of the crisis, the same is true for only 5% of people working in companies with over 100 employees. Furthermore, 10% of people in small enterprises say their company is in danger of going bankrupt while only 2% of workers at large companies say the same.



Number of people who say their company is in danger of going bankrupt:



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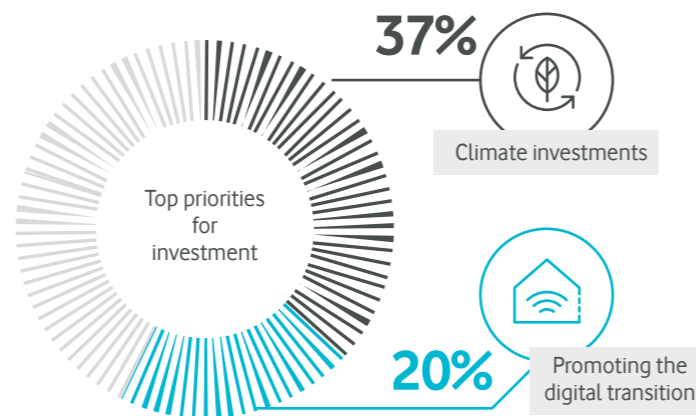
PART 2

Fostering the twin transitions in the digital and green economies

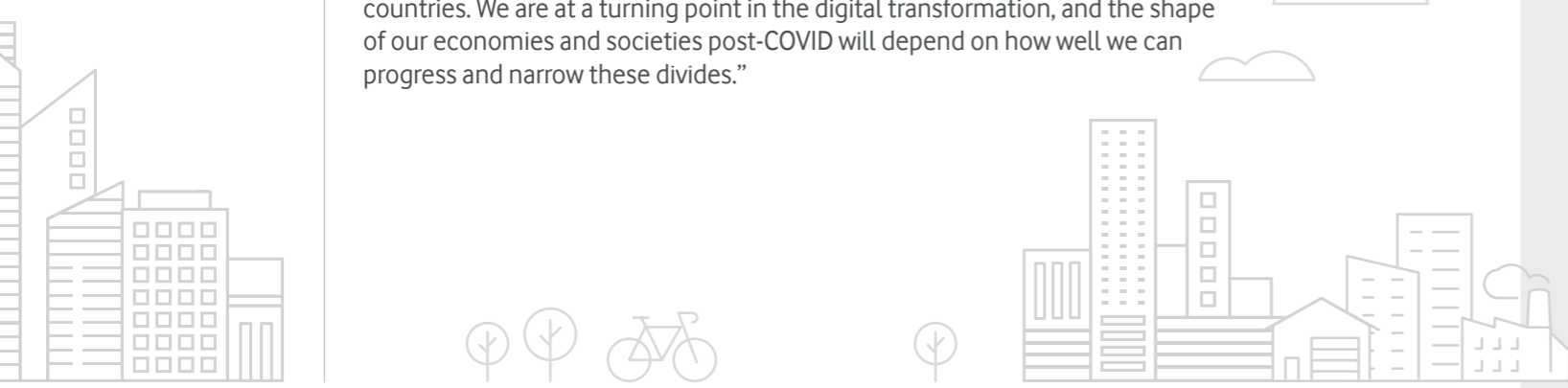
Severely affected

The Recovery and Resilience Facility has identified seven "flagship areas", investment in which will hopefully help the European economy recover from the COVID-19 crisis and simultaneously promote its digital transformation.

Several of them centre on expanding digitisation in EU member states, one of the "twin transitions" the European Commission has identified as top priorities, the other being climate protection. Indeed, each country applying for RRF funds is required to devote a minimum of **37%** to climate investments and reforms and a minimum of **20%** to promoting the digital transition.

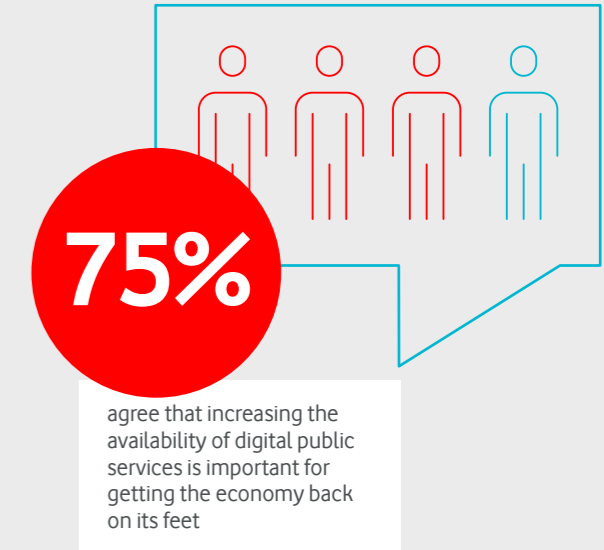


This priority is very much shared by the Organisation for Economic Cooperation and Development, as noted by Deputy Secretary-General Ulrik Vestergaard Knudsen. "Digital technologies have helped our economies and societies avoid a complete standstill during the COVID-19 crisis and have enabled us to learn more about the virus and track the development of the pandemic", said Knudsen. "But the crisis has also accentuated our dependence on digital technologies and exposed the reality of the digital divides between and within countries. We are at a turning point in the digital transformation, and the shape of our economies and societies post-COVID will depend on how well we can progress and narrow these divides."

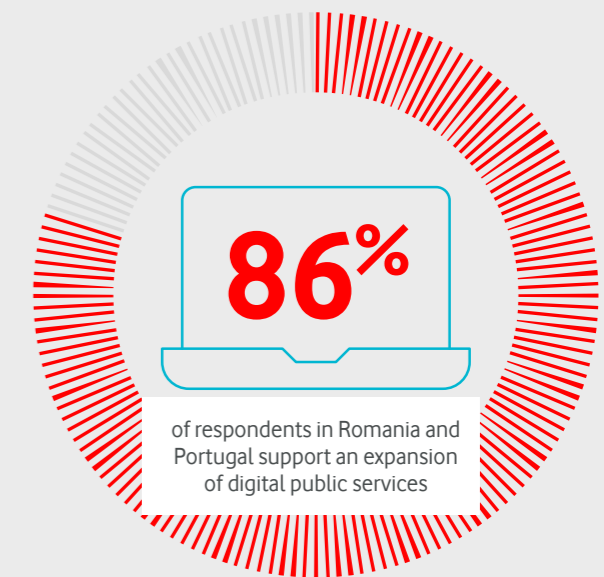


Digital development

The goal of narrowing that divide enjoys widespread public support in Europe, and the Digitising Europe Pulse survey has found that an overwhelming majority of those surveyed support dedicating RRF funds to digital development. **Three out of four people surveyed**, for example, agree that increasing the availability of digital public services, is "very important" or "rather important" for getting the economy back on its feet. Measures that foster digital skills found the support of 74% and expanding broadband internet access is supported by 73%.



Romania and Portugal lead the way when it comes to support for expanded digital public services, with **86%** backing the measure. Greece is right behind them at 84%. Indeed, those three countries, along with Ireland, tend to be far more supportive than the EU average on almost all issues related to digital development.



In Romania, 80% of those surveyed believe that it is vital for economic recovery that businesses adopt digital technologies, with 78% in Portugal and 76% in Greece saying the same.

Support for the adoption of digital technologies in companies:



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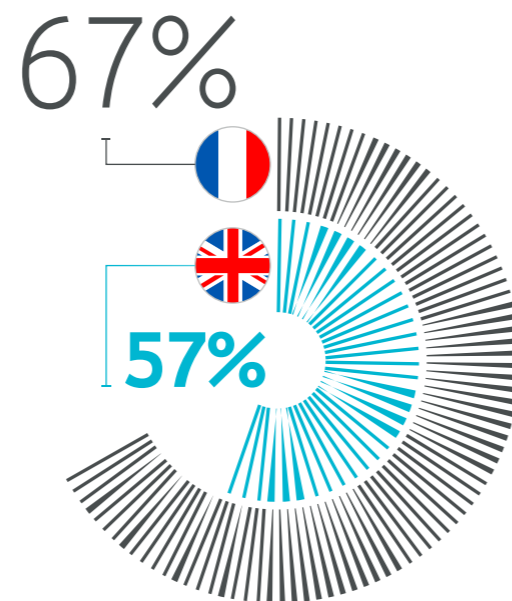
PART 2

The importance of digital for the economy and education

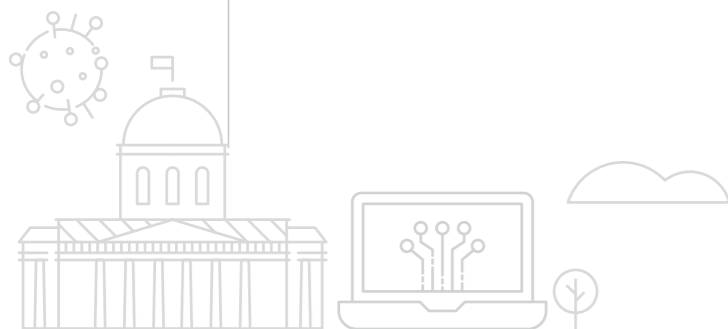
Economic recovery

Not all countries place a great emphasis on digital development. Just **67%** of respondents in France agree that increased digital public services are "very important" or "rather important" to economic recovery, a view shared by **57%** of the British.

Agree that increased digital public services are important to the economic recovery:



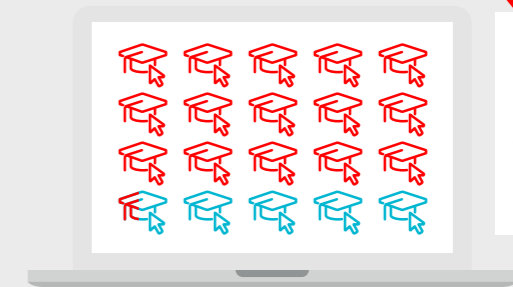
Those two countries are also among the lowest when it comes to seeing digital skills as contributing to economic recovery (69% and 61% respectively). These findings are interesting given the vital role digital technologies have played in sustaining economic activity during the pandemic. But the crisis has also revealed severe shortcomings when it comes to the technological infrastructure necessary for telecommuting, a point emphasized by Dr. Nuria Oliver, the Chief Scientific Adviser to the Vodafone Institute. "While digital technologies have played a crucial role in enabling citizens and companies to continue functioning during the pandemic, it is evident that neither all citizens nor all companies have been able to leverage technology to do so," she says. "The percentages of workers who report tele-working are still very low in countries like Spain (7%), Italy (12%) and Germany (15%), showcasing the need to investments in digitisation and digital skills programmes for workers."



Digital education

The lockdowns associated with the coronavirus pandemic and the related school closures seem to have drawn many Europeans' attention to shortcomings in digital education, digital public services and broadband internet access.

Across the 15 countries surveyed, **77%** responded they felt it "very important" or "rather important" that EU recovery funds be spent on digital education, with Romania again leading the way at 90%. A further nine countries produced results of 79% or higher. France, the UK and the Netherlands brought up the rear with 67%, 63% and 64% support respectively. Similarly, 68% of those questioned would like to see funds go to expanding digital public services and 66% to increased broadband access.



77%

say it is important for EU recovery funds to be spent on digital education

Sandra Parthie, head of the Brussels Liaison Office for the German Economic Institute, believes such demands for greater investment in digital infrastructure are more than justified.

"As life moved online during the corona lockdowns, blatant gaps in broadband availability and digital services – ranging from dismal Wi-Fi access in schools to laggard digitisation of public service offers – were exposed," she said. "Investments in this area, for hardware and software but also in people and skills, are not only rightly demanded by citizens but will make European economies more resilient and competitive."

Expanding digitisation

Similarly, **68%** of those questioned would like to see funds go to expanding digital public services and **66%** to increased broadband access.



68% of those surveyed would like to see funds go to **expanding digital public services**



66% of those surveyed would like to see funds go to **increased broadband access**

3

PART 3

Understanding how the RRF works



3.

PART 3

Understanding how the RRF works

Recovery and Resilience Facility

Given the occasionally heated discussion that surrounded the passage of the Recovery and Resilience Facility, it is perhaps unsurprising that a huge majority of Europeans know of it.

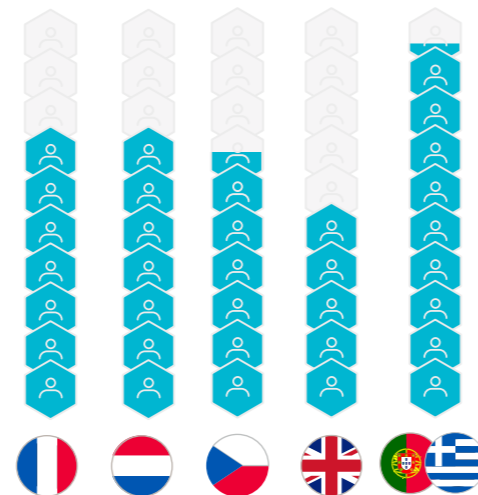
Following accusations last spring that some of Europe's most powerful economies weren't doing enough to help those EU countries being hit hardest by the virus, approval of the RRF marked a profound turnaround, with the bloc's more parsimonious member states agreeing to allow the European Commission to raise money on international financial markets for the first time.

"This is, indeed, a very historic moment", said European Commission President Ursula von der Leyen. "The vaccines are our ally and our hope, but we must never forget the second enormous crisis, the economic crisis."

Public Attention

As a result of the public attention, eight out of 10 survey respondents report familiarity with the RRF. Indeed, of the 15 countries polled for the study, the level of awareness was 79% or higher in 12 of them, with France (70%), the Netherlands (70%), the Czech Republic (65%) and the UK (50%) bringing up the rear – the latter finding again possibly being a consequence of Britain having been on the eve of leaving the EU when the survey was conducted in December. The highest awareness is to be found in both Greece and Portugal, at 93% each.

Public awareness of the RRF



When it comes to the details, though, respondents report a fair degree of uncertainty. **Across the EU, only 22% say they have in-depth knowledge of the RRF**, led by Poland, at 33%. In Estonia and the Czech Republic, detailed understanding of the RRF hovers around just 10%.

Public confidence

There is, widespread confidence in Europe that the RRF will be successful.

Slightly **over two-thirds of respondents believe it will have the intended effect**, with only 10% saying it won't. There are, though, rather large fluctuations in confidence levels across the bloc. In Germany, 17% believe the package will be unsuccessful, equalling the scepticism found in the UK. Meanwhile, the highest degree of confidence in the RRF is found in Romania, at 86%, followed closely by Portugal (85%) and Greece and Spain (80%).



Allocation of funds

As noted above, the RRF includes seven "flagship areas" on which spending should be focused. Countries must clearly denote how they intend to invest the funds they receive, with specified minimum thresholds for climate investments and digital projects. There is, however, some scepticism among survey respondents about whether their government will correctly allocate the aid. On the whole, **35%** believe their governments will divert funds to other areas, such as furlough programmes, business compensation schemes and industry bailouts. That concern is strongest in Greece (48%), Germany (43%) and Spain (41%). In the Netherlands, Portugal, Sweden and the UK, only between 22% and 33% of those polled believe the funds will be reallocated.



The concerns about possible reallocation could be a contributing factor for the large majority of Europeans who would like to see use of the RRF funds be subject to conditions. Forty percent of respondents say such conditions should be strict, with another 35% saying conditions should be put in place, but they should allow national governments some flexibility.

Only 14% said there should be no conditions for national governments. Although the consensus for restrictions was close in almost all countries, Spain, Poland and Portugal stood out, with over half endorsing strict conditions. One clear exception was Estonia, where **58%** said they preferred conditions that provide their government with more leeway in how the money is spent.



Conclusion

A glimmer of hope



A glimmer of hope:

Europe's pathway out of the COVID-19 crisis is not going to be easy. Entire industries are threatened, with people working in those sectors struggling badly. Almost half (**45%**) of people working in the event industry report having trouble buying food or expect they will face difficulties doing so in the future. Sixty per cent of people in catering have lost their savings.

The travel and tourism industry has been decimated. And beyond those extremely troubling findings, Europe is facing the prospect of digging out of a deep economic slump caused by the pandemic while simultaneously addressing a number of other pressing issues, such as tackling global warming, coming up with a sustainable migration strategy, patching up the trans-Atlantic relationship and more.

And yet, EU leaders in Brussels have clearly recognised the need to act and have earmarked hundreds of billions of euros to help countries in the bloc get back on their feet. Furthermore, the Organisation for Economic Cooperation and Development is forecasting economic growth of 3.6% for the Eurozone area this year and another 3.3% in 2022.

Beyond that, however, Brussels has provided a clear roadmap for the way forward. The fact that RRF funding is tied to specific bloc goals, particularly the twin transitions of combating climate change and preparing for the digital future, indicates a desire to leverage this moment of struggle into a more streamlined, future-oriented EU. As such, an extremely encouraging finding of this survey is that so many people in Europe are aware of the help Brussels is offering. **And that investment in connectivity, digital skills, digital public services and the adoption of digital technologies enjoys such widespread support.**

If the funding is indeed used as allocated, and if European member states are able to provide necessary help to those most in need, it opens up the possibility that this crisis may actually serve to pave the way for a more sustainable Europe in the years to come.



Methodology

This report is based on an online survey conducted by Kantar of over 15,000 citizens from the following 15 European countries: Czech Republic, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Spain, Sweden and the UK.

There was a sample size of at least 1,000 interviews per country (in total 15,008 interviews) and all participants were aged 16 years or older.

This research was conducted between Dec. 7 and Dec. 18, 2020.

Editor

Vodafone Institute for Society and Communications
Behrenstraße 18, 10117 Berlin, Germany

CHAIRMAN OF THE ADVISORY BOARD

Joakim Reiter

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CONTACT PERSON

Friedrich Pohl

friedrich.pohl@vodafone.com

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