

EMERG

Sustainability Report 2019

Cairo, January 2020

Contents

1	Objective of the Report	3
2	EMERG network	3
3	Benefit analysis of EMERG for participating NRAs	3
	3.1.1 Objectives	3
	3.1.2 Benefits	4
	3.1.3 Challenges	7
4	Sustainability analysis for EMERG	7
5	Comparison of institutional settings for EMERG	8
	5.1 Formal cooperation (EMERG Secretariat)	9
	5.2 Lose cooperation (EMERG self-funding)	13
6	Conclusions	14

1 Objective of the Report

Since its founding in 2008 EMERG has been funded by the European Commission through NATP I-IV program. The last project, in combination with funding from the Commission, ran from 2016 to 2020, and over the last two years EMERG explored several options to ensure the long-term sustainability of the platform in case the Commission were to exclude further funding.

This report serves to explain the various options, the associated conditions and their advantages and disadvantages.

2 EMERG network

The European Mediterranean Regulators Group (EMERG) was established on July 1st, 2008 in Malta, as an independent platform of National Regulatory Authorities for Electronic Communications Networks and Services.

EMERG is open to any National Regulatory Authority (NRA) concerned with the electronic communications sector that is member of or observer in the Body of European Regulators for Electronic Communications (BEREC) or party to the Euro-Mediterranean Partnership launched within the framework of the Barcelona Declaration of November 28, 1995 and/or to the ENP-South countries of the European Neighbourhood Policy.

Currently, EMERG is integrated by the NRAs of 23 countries: Algeria, Austria, Bosnia and Herzegovina, Croatia, Cyprus, Egypt, France, Germany, Greece, Israel, Italy, Jordan, Lebanon, Libya, Malta, Morocco, State of Palestine, Portugal, Spain, Switzerland, Syria, Tunisia and Turkey.

The EMERG Group is an inter-organizational network, where all Members are collectively involved in network governance. Each year, one member takes the lead alternately, together with the predecessor and successor.

3 Benefit analysis of EMERG for participating NRAs

3.1.1 Objectives

The origin of EMERG lays in the ideals and principles of the Euro-Mediterranean cooperation set out in the Barcelona Declaration of November 28, 1995, which establishes the principles of a partnership aimed to turn the Mediterranean region into a common area of peace, stability and prosperity by way of the reinforcement of the political dialogue and of cooperation in security and economic, financial, social and cultural matters.

According to its Charter, the objectives of EMERG are the following:

- To act as a forum for regular discussions and exchanges of information for its Members on issues relating to electronic communications;

- To promote the approximation to the European regulatory framework and best practices among its Members;
- To monitor the development of the electronic communications in the Mediterranean area;
- To facilitate the cooperation and exchange of ideas and expertise with international organizations, other regulatory networks and sector experts;
- To prepare and contribute to the preparation of a region’s reservoir of documents, reports, benchmarks, presentations, analyses and common positions.

3.1.2 Benefits

Potential benefits of networks are many. Overall the benefits of a network are closely aligned to the particular purpose of the network itself. Table 1 shows a selection of the advantages that networks in general offer and which also stand for the EMERG network.

Table 1: Potential benefits of inter-organizational networks

Advantages	Description
Access to resources	Possible to access resources that are not directly available to each organization.
Efficiency	Existing resources can be better used (especially when tasks are shared).
Learn effects	Exchange of information (capacity building)
Lobbying	Provided that the players agree on a target in policy formulation
Flexibility	The players are able to react independently and flexibly to situations by means of a "loose coupling"
Service quality	Cooperation can provide better information to consumers.

Source: Popp et al. (2014), Inter-Organizational Networks, p.21.

The main functions of the EMERG network have always been:

1. Exchange of information and knowledge
2. Network learning (capacity building)
3. Alignment of regulatory policy

Since its founding, there has been a regular exchange between the members from both sides of the Mediterranean sea via the EMERG platform. During the past 4 years non-EU members have been able to benefit from the experience of EU countries in implementing the 2014 telecommunications framework. Workshops were held on topics such as roaming, net neutrality and consumer protection issues. The main benefit for EMERG members, especially non-EU members is the exchange of information. During EMERG workshops experts from EU and non-EU members have the opportunity to exchange their experiences with regard to a specific topic, regulatory practice etc. The direct benefit for non-EU members is a learn effect, i.e. capacity building through the exchange of information. As such EMERG can be seen as a mechanism for improving the spread of new ideas and practices. As mentioned above, the network was created for a variety of reasons, in particular to set out objectives in order to align regulatory policies between the EU and non-EU countries in the telecoms sector. Irrespective of the individual reasons, it should be noted that a rapprochement between the members is only possible via a common network and not through the efforts of individual NRAs.

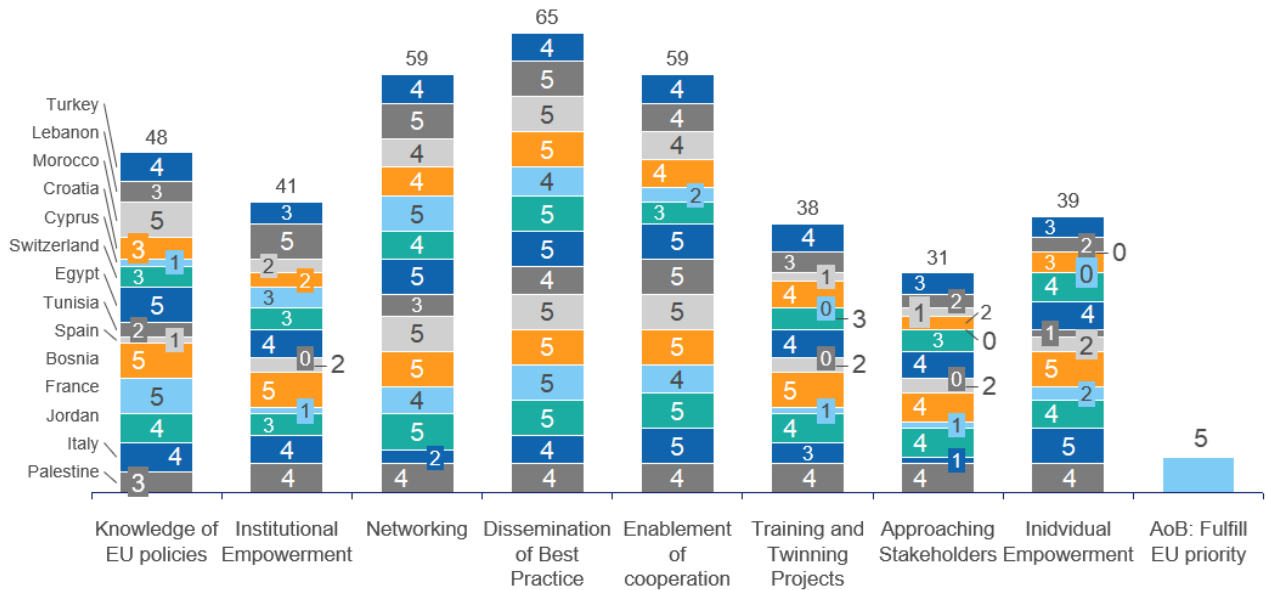
At Rome plenary meeting in 2017, EMERG started discussing on the future sustainability of the platform, investigating different options at stake, following a survey circulated on the benefits perceived by the Members over the years. The result (see below) showed that “best practice”, “cooperation” and “networking” were considered the most important.

Figure 1: Member benefits – Survey among EMERG members

Overview and improvement of EMERG impact

A survey on member benefits showed that “best practice”, “cooperation” and “networking” are most important.

Question 3: Please prioritize the following member benefits (1 least and 5 most important)



3.1.3 Challenges

However, there are also many challenges compared to the advantages of working in a network.

Table 2 shows some general challenges, which also apply to the EMERG network.

Table 2: Some challenges to working in an inter-organizational network

Challenges	Description
Consensus and support for the objectives of the network	Player-centred perspectives can lead to a situation in which common objectives are no longer pursued.
Different "cultures"	Different organizational cultures can stand in the way of the development of common structures or procedures.
Loss of autonomy	A centralization of responsibilities can jeopardize the sustainability of cooperation through organizational egoisms.
Membership in different networks	If players are members of other networks or have conflicting priorities, this has a negative impact on cooperation.
Trust	Inter-organizational cooperation is based on a trusting exchange of information.
Missing resources	Lack of experience in collaborative work.
Sustainability	Sustaining a network can be challenging for a number of reasons (change of environment, financing etc.)

Source: Popp et al. (2014), Inter-Organizational Networks, p.24.

The EMERG network consists of over 20 members with very different backgrounds and cultures. This makes it difficult to find a common denominator for each topic. Yet, especially due to the strong commitment of some members it has always been possible to find a common way and a rapprochement between EU and non-EU countries. But the biggest challenge of the network is to stay sustainable.

4 Sustainability analysis for EMERG

An important factor affecting the sustainability of a network such as EMERG is the development and maintenance of both internal and external legitimacy.¹ Internal legitimacy shows how members of the network view the network's value while external legitimacy is how other stakeholders view the value of the network. According to Provan & Lemaire (2012) too much focus on the development of external legitimacy at the expense of internal legitimacy can be linked to network failure.² Ongoing relationship development within the network is therefore of critical significance to sustaining a network such as EMERG.

Internal legitimacy

During the past 4-5 years internal legitimacy has been well established, showing an added value of the network to members. EU and non-EU members regularly take part in workshops and benefit from the exchange. Individual members (namely Bosnia & Herzegovina, Egypt, Israel, Italy and Jordan) are strongly committed to the network activities and show that there is an interest on the part of the members to continue.

External legitimacy

Since its founding, the network has been supported by funding from the European Commission. This has led to the fact, that from the beginning external legitimacy by the European Commission has been at least as important to EMERG than the internal legitimacy. However, the challenge for external legitimacy is to demonstrate the added value of the network. The added value of the EMERG network is reflected in the approximation between EU and non-EU countries.

Work in recent years has shown that there is an approximation between the members, although at different speeds depending on the country. Thereby it must be borne in mind that EMERG consists of a very heterogeneous group of countries, which makes the hurdles to achieving a common regulatory framework high. The results of the increasing efforts of convergence can be found in the parallel published Approximation Study.

The legitimacy of the network is secured as long as there is financing. Against the background of the ending financing by the European Commission in 2020, the question is how EMERG can continue to finance itself. In the past, different options have been examined.

5 Comparison of institutional settings for EMERG

Before discussing individual financing options, the following paragraph is intended to briefly outline which expenses are roughly incurred in connection with the maintenance of an organisation such as EMERG.

¹ Popp et al. (2014), p. 69.

² Provan, K. & Lemaire, R. (2012), Core concepts and key ideas for understanding public sectoral organizational networks: Using research to inform scholarship and practice (Public Administration Review 72(5)), 638-648.

Within the framework of the last funding by the European Commission, a comprehensive financing package was put together which, in addition to expenses for workshops, also included expenses for the preparation of studies in cooperation with external consultants on a regular basis.

Based on actual workshops held in the years 2017 and 2018, the expenditures reflect a rough estimate of the financial resources needed to organise workshops for EMERG and hence sustain EMERG. Between 2017 and 2018 a total of 13 events took place. On average 9 experts from non-EU countries took part per workshop.

Broken down by per diems, hotel and travel expenses, this resulted in an average of 10,600 € per workshop in 2017, and 10,900 € per workshop in the following year. The final amount of the costs depended strongly on where the workshop took place and the conditions on site.

	No. of workshops/ meetings held	Average number of participants from non-EU countries per workshop	Average total costs per workshop	Average per diems costs per workshop	Average Hotel costs per workshop	Average travelling costs per workshop
Year 2017	8	9	10.600 €	3.800 €	1.900 €	4.900 €
Year 2018	5	9	10.900 €	3.400 €	2.100 €	5.400 €

Source: Based on actual expenses for EMERG workshops in 2017 and 2018.

It should be noted that personnel resources in connection with the preparation and organisation of workshops were not taken into account. Neither were expenses for external consultants and/or experts. In addition members of EU countries, Switzerland and Bosnia & Herzegovina bear their own costs.

Overall, it should be stressed that, apart from the financial resources, a large part of the work and effort within the organisation is not monetary but closely linked to the commitment of individuals involved.

In the following, the different options for sustaining EMERG from a financial point of view are discussed.

5.1 Formal cooperation (EMERG Secretariat)

For this scenario a sponsoring platform is necessary. Besides the European Commission other Sponsors are possible. A selection of possible sponsors will be presented below.

World Bank

World Bank lent's money to developing countries to progress and combat poverty. The Bank also offers loans, technical assistance, credits to government agencies and private institutions. Lending is done mainly via the IBRD (International Bank of Reconstruction and Development). The institution provides a combination of financial resources, knowledge and technical services,

and strategic advice to developing countries, including middle income and credit-worthy lower income countries. Specifically, IBRD:

- Supports long-term human and social development that private creditors do not finance
- Preserves borrowers' financial strength by providing support in times of crisis, when poor people are most adversely affected
- Promotes key policy and institutional reforms (such as safety net or anti-corruption reforms)
- Creates a favorable investment climate to catalyze the provision of private capital
- Facilitates access to financial markets often at more favorable terms than members can achieve on their own.

Our view: Focus on country loans and individual projects (e.g. broadband projects). Unlikely that the World Bank Group would support EMERG financially.³

KfW

As a state-owned promotional bank, KfW can fund its business in the capital market at very good conditions and pass these loans on to retail customers, enterprises, non-profit organisations and municipalities at favourable rates. As a promotional bank, KfW wants its loans to achieve as great a sustainable impact as possible when it invests in environmental and climate protection, in education and in the creation of jobs.

Our view: Financing focuses on concrete sustainability projects. Therefore unlikely that the KfW would support EMERG financially.⁴

African Union

The African Union consists of several organs, such as the Executive Council, a Commission, a Pan-African Parliament, Financial Institutions, Legal organs etc...

Aim of the African Union is to accelerate the political and socio-economic integration of the African continent.

Our view: Although a direct funding for EMERG is not likely as EMERG does not involve all African countries, it could be interesting to contact the Specialized Technical Committee involved with ICT to discuss perhaps a joint collaboration in the future.⁵

UNCDF

UNCDF has a unique financial mandate within the UN system. It provides investment capital and technical support to both the public and the private sector. The ability to provide capital financing -- in the forms of grants, soft loans and credit enhancement -- and the technical

³ <http://www.portal2business.com/world-bank.html> ; <http://www.projects.worldbank.org/> ; <http://www.worldbank.org/en/about/what-we-do/brief/ibrd>

⁴ <https://www.kfw.de/kfw.de.html>

⁵ <http://www.au.int/en/organs/stc>

expertise in preparing portfolios of sustainable and resilient capacity building and infrastructure projects, makes its mandate a very useful complement to the mandates of other UN agencies.

Our view: Focus lies on funding of Financial/Capital Development. Financial support for EMERG unlikely by UNCDF.⁶

Pan-African Programme (Africa-EU Partnership)

The added value of the Pan-African programme builds on 3 main criteria:

- The cross-regional, continental or global dimension of projects and programmes in areas ranging from sustainable agriculture and environment to higher education, ICT and research
- The joint interest of Africa and the EU and therefore the clear link with the Strategic Partnership
- The financial complementarity with other instruments such as the European Development Fund (EDF), the European Neighbourhood Instrument (ENI) and the Development Cooperation Instrument (DCI) thematic programmes.

Our view: Unlikely that the Pan-African Programme would support EMERG financially.⁷

EDF

A Grant or Call for proposals is a public invitation by the Contracting Authority, addressed to clearly identified categories of applicants, to propose operations within the framework of a specific EU programme.

Grants are direct financial contributions from the EU budget or from the European Development Fund. They are awarded as donations to third parties that are engaged in external aid activities. The Contracting Authority awards grants that are used to implement projects or activities that relate to the EU's external aid programmes.

Grants fall into two categories:

- Grants for actions: aim to achieve an objective that forms part of an external aid programme.
- Operating grants: finance the operating expenditure of an EU body that is pursuing an aim of general European interest or an objective that forms part of an EU policy.

Our view: Unlikely that the EDF would support EMERG financially.⁸

Union for the Mediterranean (UfM)

⁶ <http://www.uncdf.org/en/mandate-and-focus>

⁷ <http://www.africa-eu-partnership.org/en/about-us/financing-partnership/panaf>

⁸ http://ec.europa.eu/europeaid/funding/about-grants_en

The Union for the Mediterranean is an intergovernmental organization of 43 member states from Europe and countries south and east of the Mediterranean.

The organization aims to promote stability and integration across the Mediterranean region. In this respect, the objective of UfM reflects what EMERG is pursuing in the telecoms sector. UfM's main objective is to increase North-South and South-South integration in the Mediterranean region in order to support the socio-economic development of the countries and to ensure stability in the region. In that regard the UfM identifies projects of regional interest and participates in them based on the consensus decision of all 43 member states. Central business sectors in which UfM supports projects are: Business Development and Employment, Higher Education and Research, Civil and Social Affairs, Energy and Climate Action, Transport and Urban Development and Water, Environment and Blue Economy.

Our view: EMERG has already actively enquired whether subsidies from the UfM are feasible. So far there has been no positive reaction from the organization.

European Commission

The EMERG's activities are currently funded by the European Commission through the "New Approaches to Telecommunications Project" (NATP-IV), which is supported by the DG NEAR. Based on the progress and lessons learned from previous projects NATP IV was set up to ensure the continuity in the harmonization of the electronic communications sector of the European Neighboring Countries (ENP) with EU frameworks and best practices. Main target was and is to support the Euro Mediterranean Regulators Group (EMERG) in achieving its strategic goals and becoming a self-sustainable and established organization in the region.

Establishing an Information Society has been an explicit target of EU policies towards Southern Mediterranean countries, which has been manifested in the Regional Strategy Paper 2014-2020 as well as in the Multichannel Indicative Programme 2014-2017. Since 2005 recommendations have been implemented calling to promote sector reforms and development of the Euro-Mediterranean Information Society. The explicit target is the closest possible approximation of the regulatory framework of the neighboring Southern Mediterranean countries with that of the EU resulting in the creation of a more harmonized and investment friendly environment in the area of electronic communications.

Starting in 2000 four consecutive projects on "New Approaches to Telecommunications Policy" have been implemented by the European Commission (EC) to provide assistance to partner Mediterranean countries for regulatory harmonization and institution building.

NATP I-IV have followed a step-by-step approach to provide the basis for a liberalization of the electronic communications markets and the regional harmonization of regulations in the South Neighborhood countries, taking advantage of the EU experience and best practices. The need for regional cooperation led to the creation of ARNET Arab Regulatory Network (ARNET), (Body of European Regulatory Group (BEREC) and the Euro Mediterranean Regulators Group (EMERG).

EMERG now presents a powerful tool for further harmonization, liberalization and development of the electronic telecommunications sector.

Our view: Due to the success of NATP I-IV the European Commission should continue to provide resources to ensure continuity after NATP IV ending at the end of 2019. EMERG has to consider to apply to the NDICI (Neighbourhood, Development and International Cooperation Instrument) funds which will be available from 2021 and currently under negotiation between the European Parliament and the Council.

5.2 Lose cooperation (EMERG self-funding)

In this scenario, the EMERG would be funded by the members themselves. In which form can be put aside first. Be it through annual membership fees or that every member bears its own expenses. The important question is whether there would be an incentive to continue the EMERG network without sponsoring by the members. In that regard, the following aspect has to be considered: The common advantage of EMERG is a collective good (exchange of information between the members and capacity building). According to Olson's theorem of collective action, the incentive for individual members is limited to the common goal. Such a constellation also exists at EMERG.

"If members of a group have a common interest or objective, it would be logical to think that individuals in that group would act to achieve that objective. But this is not true: rational, self-interested individuals will not act to achieve their common or group interest." (Mancur Olson, 1965, The Logic of Collective Action. Public Goods and the Theory of Groups. Cambridge: Harvard University Press.)

EU Members

It must be considered that already today the participation of the EU countries takes place at their own expense. A continuation of EMERG under self-financing would therefore not lead to any change from their point of view. At least some European NRAs are very committed and also interested in EMERG being continued in some form. The challenges for EU members lie in particular in the release of personnel resources for the work in the EMERG. As shown in

Table 2 EU Members will usually have multiple memberships with NRA platforms such as BEREC, etc. Further memberships and participation in workshops of additional platforms are limited both by financial and human resources. Several members clearly stated during Plenary Sessions that they would not be ready to pay additional fees to support the sustainability of EMERG.

Non-EU Members

In case of Non-EU Members the incentive to continue individually under self-financing is also limited. The EMERG project was pushed by the European Commission to promote the approximation of neighbouring countries. If now the financing for it is omitted it is questionable whether individual countries have an interest in spending funds for a platform with the aim of the approximation to the EU countries. Rather, it is conceivable that the non-EU countries will seek

an exchange of information and capacity building projects with other countries, such as the USA or China.

Our view: In the recent past during various plenary sessions different self-financing options were discussed (Virtual organization with changing financing by Chair, Fixed fee organization with fixed permanent Secretary, Vendor sponsored model, etc.). There was never a self-financing model that could be agreed upon.

6 Conclusions

The cooperation within EMERG has been very successful in recent years. Especially from non-EU countries we see a clear interest in an exchange with EU members. Some experts from NRAs, both from EU and non-EU countries, are particularly involved, especially with regard to administrative work in the background, which is often done on a voluntary basis.

Nevertheless, a continuation of the cooperation within EMERG will not be possible in the future without financial support from outside. Besides the fact that the members also wish to continue their cooperation with the European Commission, sponsoring by an alternative organisation will be very difficult as shown above. If the EU wishes to continue to see an approximation of the regulatory frameworks in the neighbouring countries south of the Mediterranean, it will be necessary for the Commission to make additional financial resources available. The only question is how funding might look like in the future. In 2019 there have been several meetings with members of EaPeReg (Eastern Partnership Electronic Communications Regulators Network). Besides exchanging views on content, EMERG also looked at the EU funding model of EaPeReg. EaPeReg has managed to cover a sub-area within a larger project (Harmonization of digital markets of EaP, EU4Digital), in which financing was approved with the help of concrete objectives. A similar model could also be envisaged for EMERG in the future. We need to consider that EaPeReg is a platform where National regulatory authorities or other independent entities are represented, but EU4Digital project is dedicated to Ministries. So, the EaPeReg agreed to run the projects which are under the NRAs remit. The exact form of a further financing model needs to be discussed. However, it is certain that the continuation of EMERG's work will only work with the support of a third-party funding, preferably the European Commission.