



European Commission  
Israeli Ministry of Communications

**Twinning Project Fiche for “Strengthening the  
regulatory capacity of Israel in the field of  
telecommunications, with a focus on service provision  
over networks owned and operated by others”**

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**Twinning Project Fiche**  
**“Strengthening the regulatory capacity of Israel in the field of telecommunications, with a focus on service provision over networks owned and operated by others”**

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## List of abbreviations

AA	Association Agreement
ADSL	Asymmetric Digital Subscriber Line
AP	Action Plan
BC	Beneficiary Country
BRA	Broadcasting Regulatory Administration
EU	European Union
EC	European Commission
EMERG	European Mediterranean Regulators Group
ENP	European Neighbourhood Policy
EUD	European Union Delegation
DBS	Direct-Broadcast Satellite
DCS	Digital Cellular System
EPRA	European Platform of Regulatory Authorities
ETSI	European Telecommunications Standards Institute
FCC	Federal Communications Commission (of the USA)
GSM	Global System for Mobile communications
HD	High Definition
IAA	Independent Antitrust Authority (of Israel)
IRG	Independent Regulators Group (of Europe)
ISP	Internet Service Provider
MoC	Ministry of Communications
MoF	Ministry of Finance
MS	EU Member State
MVNO	Mobile Virtual Network Operator
NIP	National Indicative Programme
NRA	National Regulatory Authority
OECD	Organisation for Economic Co-operation and Development
OVI	Objectively Verifiable Indicator
PAO	Programme Administration Office
PL	Project Leader
PSC	Project Steering Committee
RIO	Reference Interconnect Offer
RTA	Resident Twinning Adviser
SATR	Second Authority for Television and Radio
SMP	Significant Market Power
STE	Short-term Expert
TAIEX	Technical Assistance and Information Exchange instrument (of the EC)
ToR	Terms of Reference
UMTS	Universal Mobile Telecommunications System
4G	Fourth Generation Mobile System
VoD	Video on demand
VPN	Virtual Private Network

## **1 Basic Information**

- 1.1 Programme: Financing Agreement ENPI/2013/024-836 "Support to the European Neighbourhood Policy Action Plan 2013 (Israel)
- 1.2 Twinning number: [IL 13 ENPI TE 01 16 \(IL/13\)](#)
- 1.3 Title: Strengthening the regulatory capacity of Israel in the field of telecommunications, with a focus on service provision over networks owned and operated by others
- 1.4 Sector: Telecommunication
- 1.5 Beneficiary country: Israel

## **2 Objectives**

### **2.1 Overall Objective**

The overall objective of the project is to improve mechanisms to develop a better regulatory environment in the field of telecommunications in Israel, based on European Union (EU) legislation and best practices.

### **2.2 Project Purpose**

The project purpose is to strengthen the regulatory capacity of the Israeli Ministry of Communications (MoC) to ensure the continued development of a competitive regulatory climate including the retail and wholesale markets and other forms of network access. This includes updating the regulatory framework to ensure fair and effective competition on the telecommunications market in Israel, based on EU Member States' (MS) experience in the implementation of relevant EU legislation.

### **2.3 Contribution to the Association Agreement and ENP Action Plan**

The EU-Israel Association Agreement (AA) forms the legal basis of relations between the two parties. It was elaborated within the framework of the Euro-Mediterranean Partnership (Barcelona Process) and came into force in June 2000.

The policy framework and strategic objectives for EU-Israel cooperation are set out in the EU-Israel European Neighbourhood Policy (ENP) Action Plan, which was adopted on 11 April 2005 and has since been renewed several times. The ENP Action Plan has a timeframe of three years and provides a general overview of the strategic objectives of cooperation between Israel and the EU. It is orientated toward encouraging and supporting Israel's objectives for further integration into European economic and social structures.

The ENP Action Plan defines a considerable number of priority areas, including further progress in and exchange of views on electronic communications policy and regulation, with the aim of progressively harmonising regulatory, legislative and administrative frameworks. The implementation of these priorities is supported by the National Indicative Programmes (NIPs). The National Indicative Programme 2011-2013 provides for support to EU *acquis*-related activities in key Israeli ministries (including through Twinning projects based on mutually agreed priorities) in any areas covered by the ENP Action Plan, including the regulation of the telecommunication sector.

Paragraph 9 of the ENP Action Plan titled "Further progress in and exchange of views on electronic communications policy and regulation", calls for the following actions:

- Continuation of the development of a comprehensive regulatory framework including licensing, access and interconnection, numbering, Universal Service and users' rights, protection of personal data and privacy and cost-orientation of tariffs;
- Establishment of an independent regulatory authority; and
- Exploration of means of cooperation with the working groups of the Independent Regulators' Group in the EU or with regulatory authorities of the Member States, as appropriate, on issues of common interest.

This Twinning project aims to strengthen the regulatory capacity of the Israeli MoC in terms of legislation, enforcement and institutional restructuring in order to achieve effective regulation of the telecommunications market, including the continued development of the retail and wholesale markets and the adoption of EU best practices where appropriate. It aims to provide a significant contribution to the objective of the EU-Israel ENP Action Plan concerning information society.

By developing a more up-to-date regulatory system based on EU best practices, Israel will increase compliance with international requirements for the monitoring and control of the telecommunications market, which will contribute to improved market regulations and to fostering fair competition.

### **3 Description**

#### **3.1 The state of play of the Israeli electronic communications sector**

The national regulatory agency of Israel is the Ministry of Communications (MoC). Currently, the Prime Minister holds this portfolio and the Ministry carries out the functions of a National Regulatory Agency (NRA) as in the EU *acquis*.

The MoC is the responsible entity for the regulatory environment in the field of electronic communications, including the regulatory matters related to the telecommunications market. The Ministry, led by its Director-General performs its tasks by means of various departments. The organisational structure of the MoC is provided in Annex III.

Communications services in Israel are regulated by the Communications Law (Telecommunications and Broadcasts) of 1982, according to which communications services shall not be provided without a license. The Minister of Communications is empowered by the law to grant such licenses.

The MoC is also responsible for enacting regulations to provide a firm basis for the proper operation of businesses in the field of communications, the promotion of competition and the establishment of interconnection arrangements and tariffs, as well as of tariffs and arrangements for other elements of the network. Setting of tariffs requires the agreement of the Minister of Finance.

Spectrum management issues, including allocation and assignment, are also the responsibility of the MoC under the Wireless Telegraph Ordinance.

Israel has a dynamic telecommunications market whose current layout is summarised below:

##### **i. Fixed Services**

In recent years, the use rate of fixed telephone lines by households and businesses is decreasing due to the booming use of mobile services and broadband internet. Currently the use rate is around 90%.

Broadband service in Israel (by cable modem or ADSL) reached a home-pass rate of 98% in 2010 with a penetration rate of more than 80% of households.

While the fixed infrastructure owned by the incumbent operator Bezeq is used by many services, the cable infrastructure, licensed and operated by the cable company HOT, has become a competitor to the Bezeq infrastructure. As a result, the penetration rate of broadband grew from just 4% in 2002 to

almost 100% in recent years with a home-pass rate of 99%, while broadband internet prices decreased considerably. At the moment both Bezeq and HOT are offering 100 Mbps broadband service. Bezeq has rolled out a fibre-to-the-kerb (FTTK) ADSL/Fibre network and HOT has upgraded its hybrid fibre-coax DOCSIS3 network to allow higher speeds to more consumers.

New competitors have been allowed to enter the fixed-line market since 2004, free of Universal Service Obligations. The following service providers are operating on the basis of fixed-line licenses granted by the MoC: Globcall, BIT, Cellcom Fixed Telecommunications Services and Partner Fixed Telecommunications Services. These operators either own limited infrastructure of their own or provide voiceover Internet protocol (VoIP) services over the broadband infrastructure of other operators. Cellcom and Partner own and operate their own core fibre-optic networks which connect most of the country's major population centres.

## **ii. Mobile Services**

There are five operators in Israel providing nationwide cellular mobile services. Pelephone, the oldest operator, has provided Universal Mobile Telecommunications System (UMTS) services since 2010. The second operator, Cellcom, still operates the American IS-136 Time Division Multiple Access (TDMA) technology as a legacy second-generation network, but uses the European Digital Cellular System (DCS) 1800 and UMTS for third-generation services. Partner Communications, the third operator, provides Global System for Mobile Communications (GSM), DCS 1800 and UMTS services.

Two new operators entered the market in 2010: HOT, which uses third-generation UMTS technology alongside a legacy iDen network acquired along with small operator Mirs Communications, and Golan Telecom (which uses UMTS technology exclusively). Both Golan Telecom and HOT Mobile have concluded a national roaming agreement to allow for nationwide coverage while they build their own networks. In addition, operators have entered network sharing arrangements for 4G networks. In addition to these infrastructure-based competitors, the MoC has amended the regulatory framework to allow the provision of services by mobile virtual network operators (MVNOs). Two of Israel's leading supermarket chains have begun offering services as MVNOs. Mobile penetration has always been high, but the increase in competition has led to a dramatic drop in prices and a corresponding increase in usage.

Israel opened up a 4G mobile market with a bandwidth auction in January 2013. Six companies have been awarded with 4G mobile broadband radio. All of the frequencies awarded are in the 1800 MHz band. The three largest cellular operators have provided 4G coverage on existing networks in major cities since 2014, but Israel's first 4G auction of dedicated bandwidth is likely to pave the way for nationwide coverage:

- Cellcom and Partner Communications already provided 4G services on repurposed 3G networks, while Pelephone, a subsidiary of Bezeq Israel Telecom, operated a 4G network on frequencies loaned by the MoC;
- Cellcom was awarded 3 MHz of bandwidth. It already had 12 MHz of 4G bandwidth, after receiving permission to convert part of its existing 3G network;
- Partner (which operated until recently under the Orange brand name) acquired 5 MHz of bandwidth in addition to the 10 MHz it already had;
- Pelephone received 15 MHz, while three other companies entered the 4G market for the first time;
- HOT Mobile, owned by European cable group Altice, and Golan Telecom each bought a block of 5 MHz in the tender. HOT Mobile and Partner have signed a network-sharing agreement which was approved by the MoC;

- Marathon 018, an Internet and long-distance provider, also bought 5 MHz for its first foray into the mobile market; and
- Cellcom and Golan have agreed to share a network, but this has not yet been approved by the MoC.

### iii. Internet and Broadband

There are 3 large Internet service providers in Israel and 45 smaller licence holders, serving more than three million users, including over 60% of households and 80% of businesses. Internet services are provided through the telephone infrastructure by Bezeq and through the cable infrastructure by HOT. Bezeq provides dial-up and ADSL services, while HOT provides cable internet services. Prior to the “wholesale market reform”, every ADSL or cable internet user was required to make separate payments to the infrastructure provider and to an Internet service provider (ISP), the latter of which only actually provided connectivity and not infrastructure due to the structural separation imposed by existing telecom legislation. Since implementation of the wholesale market in early 2015, customers have been able to purchase a combined “infrastructure+ISP” product and prices have come down.

ISPs purchase international IP bandwidth, connect to the backbones of Bezeq and HOT and provide services to consumers based on a virtual private network (VPN) configuration.

HOT and Bezeq were defined as universal service providers for the deployment of broadband Internet services on a national scale. The number of subscribers is around 1,300,000 for ADSL and around 700,000 for cable modem services.

### iv. Broadcasting

There are three basic broadcasting platforms in Israel:

**Cable TV:** HOT Telecommunication Systems Ltd. is the cable TV operator and offers a nationwide, fully digital cable network. Since 2009, the company has been part of the European Altice SA cable TV group. HOT offers a nationwide digital cable network, including a recording converter, video on demand (VoD) and high-definition BC services.

**Satellite TV:** DBS Satellite Services Ltd. (brand name Yes) is the satellite TV operator and began operations in July 2000 using Israel’s AMOS communication satellites. Yes is fully owned by Bezeq. DBS offers a digital network, a recording converter, VoD and high-definition BC services.

**Digital Terrestrial TV:** The digital terrestrial TV service (brand name IDAN Plus) is offered free of charge and only requires the one-time acquisition of a special digital converter and antenna kit. As of 2012, circa 200,000 households use the service, which contains Israel’s public and commercial TV channels.

#### 3.1.1 Recent developments in the Israeli Telecommunications Sector

Israel’s telecom sector is undergoing a major transformation due to the recent introduction of new wholesale arrangements for its fixed-line infrastructure. This, combined with the recent entrance of additional mobile operators, has created a much more competitive telecom environment in Israel.

Israel’s fixed-line wholesale reforms came into effect in early 2015 and have increased competition in the fixed broadband sector. Israel’s former Minister of Communications approved the reforms in November 2014, thus allowing other operators to rent infrastructure from the major players Bezeq and HOT Telecom and to offer fixed services including television, Internet and fixed voice.

Both Bezeq and HOT have focused on improving network performance by deploying fibre in access networks, resulting in increased average download speeds. Unsatisfied with the rate of progress, however, the Government undertook to improve the quality of broadband service by establishing a public-private partnership (PPP), employing the passive infrastructure of the Israel Electric Company (IEC) to deploy an alternative fibre network. This venture is known commercially as “Unlimited”.

The introduction of new mobile operators (HOT Mobile and Golan) into the Israeli market at the beginning of 2012 has taken its toll on the three existing operators. In 2015 Israel’s veteran mobile operators – Cellcom, Partner and Pelephone – continued to lose subscribers and market share to newer

market entrants. Cellcom's and Pelephone's subscriber bases have been shrinking since 2011, while Partner's began to decline in 2012. In an effort to turn around its fortunes, Cellcom recently entered the wholesale market and has started offering triple-play bundles. In addition it has launched its own TV services with content accessible by set-top boxes and handheld mobile devices.

Other factors which have helped drive competition in Israel includes the establishment of full mobile number portability and regulatory barriers that prevent operators from linking the sale of handsets to services or offering discounts to customers that commit to longer contracts. Strong competition has led to operators focusing on mobile data and content opportunities as well as on costs, resulting in a number of infrastructure-sharing agreements.

The key telecom parameters of Israel for the years between 2010 and 2015 are given in the table below:

Services	2010	2011	2012	2013	2014
Fixed-telephone subscriptions	3,408,000	3,500,000	3,594,000	2,900,000	2,900,000
Fixed-telephone subscriptions per 100 inhabitants	45.93	46.40	47.02	37.50	37.07
Mobile-cellular telephone subscriptions	9,111,000	9,200,000	9,225,000	9,500,000	9,500,000
Mobile-cellular telephone subscriptions per 100 inhabitants	122.78	121.98	120.68	122.85	121.45
Percentage of Individuals using the Internet	67.50	68.87	70.80	70.80	71.45
Fixed-broadband subscriptions	1,762,000	1,879,029	1,937,000	2,003,000	2,131,000
Fixed-broadband subscriptions per 100 inhabitants	23.75	24.91	25.34	25.90	27.24

(Source: ITU Statistics)

As can be seen from the statistical data given in the table, Israel scores above the European average in terms of penetration of fixed and mobile telephony and broadband markets.

In addition to the data given in the table above, key developments in 2015 are provided below:

- Smartphones have become very popular in Israel, with around 3 million sold in 2015;
- In November 2015 Cellcom announced that it had entered an agreement to acquire Golan Telecom but this was still subject to Government approval;
- In 2015 Cellcom aggressively targeted the TV market by launching its own service based on set-top boxes;
- Cellcom, Pelephone, Partner, Golan Telecom, HOT Mobile and Marathon Mobile all won spectrum allocations in a 4G LTE auction conducted in January 2015;
- Following regulatory approval, Partner, Cellcom, and Pelephone used existing or borrowed spectrum to launch LTE services ahead of the 4G auction; and
- The MoC has published a network-sharing policy and network-sharing agreements have been set up between Partner and HOT Telecom and between Cellcom and Golan, among others.

### 3.1.2 The missing link

Despite Israel's recent progress toward the implementation of regulations and legislation which are similar to the European regulatory framework, considerable differences remain between the EU and Israeli frameworks. The following points, among others, can be highlighted as missing links:

- In Israel, competition in the field of electronic communications has been entirely facility-based (which requires operators to have their own networks), while in the EU the Access Directive prescribes a system of mandatory wholesale access service provision by dominant operators. This enables service providers to use the networks of dominant operators subject to a process of market analysis, thus enhancing competition at service level. The Government of Israel has now switched to this approach, but it is not yet well established and further institutional and market reforms are required to maintain a viable wholesale market;
- In the EU, certain retail markets were regulated at the outset of the market liberalisation process (particularly in relation to voice), but are increasingly deregulated. The EU regulatory approach requires the regulator to adopt the least intrusive form of regulation possible to achieve the required goals and objectives on the retail market. In most cases, wholesale regulation is sufficient to address retail problems and the emphasis remains on the need to address retail-level market failures;
- The EU Access Directive establishes regulations based on market reviews that determine the existence of market dominance or players with “significant market power” (SMP) using criteria derived from Competition Law. In Israel, the correlation between market reviews and SMP is not defined;
- Market surveillance is not yet a strong element of the regulatory establishments in Israel, while the EU implements very effective and efficient market surveillance procedures and processes;
- Despite Israel having recently introduced a “uniform general license” scheme, a full general authorisation regime is not yet implemented as is the case in the EU and Israel still continues to grant individual rights of use;
- In Europe, the Universal Service Directive prescribes a universal services obligation system characterised by the well-organised identification of the service providers who are required to provide nationwide services, thus avoiding market distortion. No such system currently exists in Israel, where instead the existing national market players (Bezeq and HOT) are required to provide services anywhere in the country;
- The “type approval” of telecommunications equipment continues to be applied in Israel, while the EU has implemented a fully liberal “self-declaration” regime since 1999. In Israel, import permissions continue to be issued for telecom equipment on the basis of compliance with various standards, including those of the European Telecommunications Standards Institute (ETSI) and the Federal Communications Commission (FCC); and
- One of the major differences between the EU and Israel is that Israel has not established an independent regulatory authority for telecommunications as prescribed in the EU Regulatory Framework Directive.

### **3.1.3 Objectives and rationale of the Twinning Project**

The main role of this Twinning Project is i) to identify the gaps between the EU regulatory framework and Israeli regulatory practices as outlined above and; ii) to formulate means of bringing the regulatory environment in Israel in line with the EU framework in the field of electronic communications where appropriate.

It is envisaged that successful conduct of the Twinning Project will provide a firm basis for Israel to approximate its regulatory practices to EU legislation and best practices, where appropriate, through integration of the project results into national regulatory instruments.

### **3.2 Linked activities**

In recent years a number of activities have contributed to the development and strengthening of the regulatory capacity of Israel in the field of telecommunications. Below is a summary of the main interventions.

#### **First Twinning project: “Assist the Israeli telecommunications regulator to establish greater approximation to the European Union regulatory approach, specifically with wholesale market”**

The aims of the Twinning project “Assist the Israeli telecommunications regulator to establish greater approximation to the European Union regulatory approach, specifically with wholesale market” conducted between February 2011 and May 2012, were to:

- Formulate pricing methodologies for technology-independent wholesale markets;
- Identify differences between regulatory frameworks and develop a roadmap for desired approximation;
- Define and make recommendations on data collection methodology;
- Implement and test the data collection system in-house;
- Define enforcement methods and objectives and update and publish the MoC Enforcement Handbook; Formulate a dispute resolution and consumer protection framework; and
- Analyse the technical aspects of the Israeli wholesale market, with emphasis on the anticipated effects of Next-Generation Access on regulation and competition.

One of the major recommendations of this Twinning project was to continue along the path being taken in order to further foster competition and establish an independent regulatory authority in line with international best practice.

#### **TAIEX expert mission on dispute resolution for wholesale telecommunication markets**

Experts of the EU Technical Assistance and Information Exchange (TAIEX) funding instrument held a workshop on 29 and 30 June 2015 on dispute resolution for wholesale telecommunication markets. Representatives of regulatory authorities in EU MS (Latvia, Lithuania, Germany and Finland) provided a series of presentations on: i) the implementation of the EC “Access Directive”; ii) case studies of the implementation of a wholesale market in fixed communications in EU Member States, including pricing methodologies, engineering aspects, enforcement and industry participation; and iii) EU best practices in the light of local conditions and the need to adapt implementation methods to such conditions (both regulatory and on the market).

#### **TAIEX expert mission on Layer 2 wholesale access products in telecommunications**

The TAIEX experts held a further workshop on 12 and 13 October 2015 on Layer 2 wholesale access products in telecommunications. All aspects of practical implementation, such as defining the features of the bitstream product in a standard offer and ensuring technical and operational compliance and enforcement were discussed. The workshop provided guidance on the methodologies used to create more flexibility for access seekers, increase network investment and provide new and more varied services to consumers, including broadband, video, voice and other services.

#### **EMERG (European-Mediterranean Regulators’ Group)**

EMERG was officially established on 1 July 2008 in Malta and encompasses representatives of electronic communications sector regulators across the Mediterranean, specifically the Independent Regulators’ Group (IRG), North Africa and the Middle East. The MoC of Israel was among the initiating parties of EMERG and took part in the first plenary meeting (in June 2008 in Malta) as a

founding member of the group with a view to fostering involvement in initiatives seeking closer Euro-Mediterranean cooperation.

This network, based on the ideas and principles of the Euro-Mediterranean cooperation developed since 1995 in the framework of the Barcelona process and the ENP, aims to share experiences and ensure better consolidation and harmonisation of regulatory principles.

The Israeli MoC has played an active part in EMERG activities since its establishment in 2008. Most recently, it participated in the EMERG 2015 Barcelona Plenary in July 2015.

### **EPRA (European Platform of Regulatory Authorities)**

EPRA was set up in 1995 in response to the need for increased cooperation between European regulatory authorities. With its 20 years of experience and a robust network of working-level contacts, EPRA is the oldest and largest network of broadcasting regulators and provides an ideal forum for the exchange of information, cases and best practices between broadcasting regulators in Europe. 52 regulatory authorities from 46 countries are members of EPRA. The European Commission, the Council of Europe, the European Audiovisual Observatory and the Office of the Representative of the Organisation for Security and Cooperation in Europe (OSCE) on Freedom of the Media are standing observers of the Platform.

Israel is an active member of EPRA and representatives of both the Council of Cable and Satellite TV Broadcasting (in the MoC) and the Second Authority for Television and Radio have participated in its annual meetings, as well as in EPRA-Mediterranean forums.

### **OECD Economic Survey (January 2016-Israel)**

The observations of the latest economic survey by the Organisation for Economic Cooperation and Development (OECD), conducted in January 2016, highlight the need for Israel to improve the quality of broadband Internet services provided via fixed networks, which is less favourable in Israel than in many OECD countries. The report highlights that in order to implement these reforms the MoC needs to create an independent regulator for telecommunications services with well-defined mandates and that the existing regulator lacks transparency and independence. This dependence on the executive has not caused particular problems in the past, because there were no public enterprises involved. Now, with shared networks, the risk of disputes occurring will increase. Clearer differentiation is thus needed between the task of designing regulations, overseen by the Ministry, and applying them, which should really be done by an independent and transparent entity.

Two of the recommendations set out in the OECD Economic Survey for improving competition policy concern the communications field and recommend: i) to create an independent regulator for telecommunications; and ii) to ensure that the planned cut in the regulatory burden is based on high-quality regulatory impact assessments.

## **3.3 Project results to be achieved**

Successful completion of the Twinning Project would achieve the following results:

### **Result 1: Improved procedures for regulating service provision over networks owned and operated by others are proposed and ready for implementation**

Key indicators of achievement:

- Methodologies are developed by the end of month 16 for the proper implementation of a wholesale market for the electronic communication network (including Internet-based networks, cable TV networks and networks used for radio and TV broadcasting), with focus on removing the technical barriers which may prevent new entrants from establishing a foothold in the market;

- Methodologies are developed by the end of month 10 to conduct an in-depth analysis of market dynamics and the potential evolution of retail market regulations, with a view to contributing to the proper implementation of wholesale market regulation;
- Sharing mechanisms are developed by the end of month 19 to achieve smooth and fair access to, and mutually beneficial interconnection with, telecommunications infrastructure, networks (in particular mobile networks) and other facilities owned and operated by others, including accounting, cost coverage and dispute resolution, with particular focus on competition and antitrust in order to protect the new entrants to the market; and
- A sample Reference Interconnect Offer (RIO) is developed by the end of month 10 to help the MoC to implement reference interconnection tariffs that provide fair access to networks and infrastructure.

**Result 2: A broad market surveillance system is developed in order to frequently and regularly check the implementation of the licensing conditions covering all components of the electronic communications market**

Key indicators of achievement:

- An effective enforcement procedure to follow up the market surveillance process is developed and ready for implementation by the end of month 17;
- Methodologies are developed by the end of month 16 to review the electronic communications market in order to establish a correlation between market reviews and significant market power (SMP), including the identification of economic operators with SMP as stipulated in the Framework and in the Access Directive;
- An advanced authorisation scheme is developed by the end of month 18 by switching from the existing “individual rights of use regime” to a more liberal “general authorisation regime” as stipulated in the Authorisation Directive. This may also cover the transfer of rights of use to third parties; and
- Guidelines are developed by the end of month 12 to move from the traditional “type approval regime” to a more simplified “self-declaration regime” for the manufacture and import of electronic communications equipment as stipulated in the Radio Equipment Directive, which also includes guidelines for the formation of specialised customs.

**Result 3: The legislative framework and regulatory capacity are improved in accordance with EU MS best practices to ensure fair competition on the telecommunications market in Israel**

Key indicators of achievement:

- An action plan is developed by the end of month 4 to address any shortages in implementation of the mandatory results of the previous twinning project;
- A comprehensive comparison is performed between the market regulation articles in the Framework Directive and the Access Directive and the Israeli Communications Law and supporting secondary legislation by the end of month 6 in order to identify any differences, taking into account recent updates to the EU regulatory framework;
- An action plan is developed by the end of month 9 to redraft the Israeli Communications Law and supporting secondary legislation, with selected legal acts developed by the end of month 22;
- Methodologies are developed to meet the obligation of universal service provision by the end of month 12. If appropriate, a proposal toward the establishment of a “universal service fund” for financing this obligation as stipulated in the Universal Service Directive will be made by the end of month 15;

- A proposal is outlined by the end of month 11 for the establishment of a “competition unit” within the MoC<sup>1</sup>; and
- A basic structure is outlined for the establishment of an Independent Telecommunications Regulatory Authority by the end of month 22.

### 3.4 Activities

The listed means and activities *are indicative*. The exact activities and appropriate implementation methods will be agreed among the Twinning partners during the negotiation phase of the Twinning Contract.

#### General Activities

##### *A.0.1 Kick-off Workshop*

###### **Method**

The first month of the project will focus on the settlement in Israel of the Resident Twinning Adviser (RTA), who will need to be allocated an office on the MoC premises. The RTA will be introduced to the Beneficiary Country (BC) stakeholders of the project and to the RTA counterpart and staff. The RTA will hire an RTA assistant through an appropriate selection procedure.

A one-day kick-off meeting will be organised in the first three months with the aim of launching and presenting the project to the stakeholders.

**Benchmarks:**

- Participants identified and attendance list prepared;
- Stakeholders informed about the start and detailed content of the project.

**Resources:** Project Leaders (MS and BC PL), RTA, RTA counterpart, Short-Term Experts (STEs); interpreters.

##### *A.0.2 Final Closing Conference*

###### **Method**

During the last two months of the project, a closing conference will be organised at which the results of the project will be presented. The state of play in the areas of project intervention will be discussed with the beneficiary, the Israeli Government, donors and other market players. The conference will end with recommendations for the follow-up and implementation of results and lessons learnt.

**Benchmarks:**

- Participants identified and attendance list prepared;
- Stakeholders, media and public informed about the results of the project;
- Recommendations and lessons learnt formulated and discussed.

**Resources:** Project Leaders (MS and BC PL), RTA, RTA counterpart, Short-Term Experts (STEs); interpreters.

##### *A.0.3 Visibility actions*

###### **Method**

Throughout the project the MoC Spokesperson team, together with the RTA, will implement project communication and visibility measures. Press releases will be issued at the beginning and end of the project as a minimum. Information on the achievements and most significant results of the project will

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<sup>1</sup> With the condition that it should be implemented if the Independent Regulatory Authority is not established within a reasonable timeframe

be regularly provided to mass media. The project will develop its own website for incorporation into the MoC website and the updating of activities no less frequently than every three months. An STE specialised in communication measures will be asked to assist in the development of communication and visibility measures.

**Benchmarks:**

- Communication plan developed;
- Stakeholders, media and public informed about project activities and results.

**Resources:** RTA, RTA counterpart, STEs; interpreter.

**Result 1:** The following group of activities is linked to the achievement of Result 1 “**Improved procedures for regulating service provision over networks owned and operated by others are proposed and ready for implementation**”. This is referred to as Component 1 later in the Fiche.

### *1.1 Drafting of methodologies for the proper implementation of a wholesale market for electronic communication networks*

#### **Method**

In the telecommunications sector, national regulatory authorities (NRAs) and competition authorities frequently have to deal with the issue of market definition at wholesale level. The Recommendation of the EC on Electronic Communications Relevant Markets (susceptible to *ex-ante* regulation) encompasses 4 markets, all of which are wholesale. Therefore, the proper implementation of wholesale electronic communication markets is important when establishing a competitive telecommunications market.

In Israel, competition in the electronic communications field has been entirely facility-based from the beginning which requires operators to have their own networks. In contrast, in the EU, the Access Directive prescribes the establishment of a system of mandatory provision of wholesale access services by dominant operators which enables service providers to use the networks of dominant operators, thus enhancing competition at service level. The Israeli Government has now switched to this approach, but it is not yet well established.

In order to examine the level of implementation of wholesale markets in Israel, the STEs, the RTA, the RTA counterpart and assigned MoC staff will conduct an assessment and prepare an overview of existing MoC activities as regards wholesale market implementation for electronic communication networks. This assessment has been recommended on several occasions in recent years by various sources such as the “Gronau” Committee, the Hayek Committee, the first Twinning Project and the OECD.

After the assessment has been conducted, a workshop on the results of the assessment will be organised for MoC employees (of the Departments of Engineering and Licensing, Supervision and Enforcement, and Economics, as well as other departments as appropriate). The workshop will cover gaps identified by the STEs, recent case studies and MS best practices. Findings on deficiencies and recommendations for improvement will be developed to address the gaps and will be included in the overview document.

Subsequently the STEs, in close cooperation with MoC staff, will elaborate a detailed methodology for the proper implementation of a wholesale electronic communications market in accordance with EU MS best practices. This will include Internet-based networks, cable and satellite TV networks and networks used for radio and TV broadcasting, with a focus on the removal of technical barriers which prevent new entrants from gaining a foothold in the market. The methodology will then be submitted to the BC authorities for adoption.

- Benchmarks:** - An overview prepared of existing MoC activities in the area of wholesale market implementation for electronic communication networks, including findings on any shortages and recommendations for improvement;
- A methodology developed for the continuation of proper implementation of a wholesale electronic communications market by the end of month 16.

**Resources:** RTA, RTA counterpart, STEs, interpreter.

### *1.2 Drafting of methodologies for regulation of the retail market*

#### **Method**

By definition, wholesale markets are not much different from retail markets. There is nonetheless an issue which has to be taken into account: the role of retail markets in the proper implementation of wholesale markets. There is no established framework for retail market analysis in Israel, this being considered in the EU to be a step toward wholesale market regulation, although some retail regulation of Bezeq is being implemented. Analysis of retail-level dynamics is also considered a good means of identification of how to best address the market failures for the ultimate benefit of end users.

By examining the functioning of retail markets in the Israeli telecommunication sector, the STEs, the RTA counterpart, the BC project leader and assigned MoC staff will conduct an assessment and prepare an overview of the existing methods employed to identify market failures in retail markets. This should identify any problems with competition at retail level. Where identified, such issues should be resolved by means of suitable regulatory measures that cause as little disruption as possible, and therefore, if appropriate, this assessment should prioritise intervention at the wholesale level to lower entry barriers and thus allow retail competition to thrive.

At the end of the assessment, a presentation of its results will be organised for MoC employees from the Departments of Economics and Supervision and Enforcement, but also other departments as necessary. The presentation will also cover the gaps identified by STEs, recent case studies and MS best practices. Findings on shortages and recommendations for improvement will be developed to address the gaps and will be included in the overview document.

This will be followed by the elaboration of detailed methodologies in accordance with EU MS best practices on how to analyse retail market failures and identify problems with competition at retail level with a view to contributing to the proper implementation of wholesale market regulation, as well as more general legislation on retail price control (including consumer protection). The methodologies will be further submitted to the BC authorities for adoption. The activities will have to be performed with the involvement of MoC staff in close cooperation with the STEs.

- Benchmarks:** - An overview of the existing methods employed to analyse the retail market prepared and the relationship between retail and wholesale markets considered, including findings on any shortages and recommendations for improvement;
- At least 2 methodologies drafted to regulate the retail market by the end of month 10.

**Resources:** BC PL, RTA, RTA counterpart, STEs, interpreter.

### *1.3 Development of sharing mechanisms for access to telecommunications infrastructure, networks and other facilities owned and operated by others*

#### **Method**

Sharing infrastructure or networks enables countries (including developing countries and other emerging economies) to harness the technological, market and regulatory developments that have fostered affordable access to mobile and broadband services. Similarly, the network operators

entering or finding their place in the emerging markets can aim for substantial savings on capital and operating expenses. Activity 1.3 will investigate the sharing (in terms of technology, regulation and economics) of infrastructure and networks for telecommunications in Israel and will assist the MoC to develop sharing mechanisms to enable access to telecom infrastructure, networks and other facilities owned or operated by others through benchmarking of the EU best practices implemented in the MS involved in the project.

In order to provide the said guidance to the MoC, STEs will review the existing mechanisms for the sharing of networks and infrastructure in Israel and refer the EU MS best practices for consideration by the Ministry. Sharing mechanisms will be developed by means of a guidance document to identify the most appropriate option for Israel to achieve smooth and fair access to, and mutually beneficial interconnection with, the telecom infrastructures, networks (in particular mobile networks) and other facilities owned and operated by others, including accounting, cost coverage and dispute resolution, with particular focus on competition and antitrust in order to protect new entrants to the market.

The drafted guidance document will be submitted to the BC authorities for adoption. Based on the identified option, the detailed methodologies shall be further drafted to provide adequate sharing mechanisms. The activities will need to be performed with the involvement of Ministry staff in close cooperation with the STEs.

**Benchmarks:**

- Guidelines drafted to help the MoC develop sharing mechanisms for access to telecom infrastructure, networks and other facilities owned and operated by others;
- At least 3 methodologies for the provision of adequate sharing mechanisms drafted by the end of month 19.

**Resources:** RTA, RTA counterpart, STEs, interpreters.

#### ***1.4 Development of a Sample Reference Interconnection Offer (RIO)***

##### **Method**

The Reference Interconnect Offer (RIO) defines the interconnection terms and conditions (including a list of interconnection services) to be applied to all operators in order to allow the end-users who are connected to one operator's system to communicate with those connected to a telecommunication network. The initial examination of Israeli interconnection procedures indicates that there is no such process in Israel, despite the fact that tariffs are set by the Minister of Communications. Best practices in the application of RIOs in EU MS should thus be referred to the MoC by the STEs as guidance to the implementation of similar methodologies in Israel. A sample reference interconnection offer, which also covers any issue related to national roaming, will be developed with the close involvement of MoC staff and submitted to the BC authorities for adoption.

**Benchmarks:** - A sample reference interconnection offer developed by the end of month 10.

**Resources:** RTA, RTA counterpart, STEs, interpreter.

#### ***1.5 Study visit to an MS to examine the procedures involved in regulating service provision over networks owned and operated by others***

##### **Method**

The study visit should be carefully planned in advance using a tailor-made approach for each BC participant. The visit should be organised to allow each participant to get an in-depth insight into the sharing mechanisms of the telecom infrastructure, networks and facilities of the EU MS with a focus on access and interconnection procedures. The visit should preferably last 5 days per participant. The details of the study visit programme, as well as the MoC staff to be involved, will be discussed and agreed by the Project Steering Committee.

- Benchmarks:**
- BC experts acquainted with the procedures for regulating services provision over networks owned and operated by others;
  - Findings from the study visit used to prepare methodologies and procedures in the field of access by new market entrants to telecom infrastructure, networks and facilities owned and operated by the other operators.

**Resources:** BC PL, RTA, RTA counterpart, air tickets, per diems, small incidental costs.

**Result 2:** The following group of activities is linked to the achievement of Result 2 “**A broad market surveillance system is developed in order to frequently and regularly check the implementation of the licensing conditions covering all components of the electronic communications market**”. This is referred to as Component 2 later in the Fiche.

### *2.1 Development of an effective enforcement procedure for market surveillance*

#### **Method**

Market surveillance can be defined as the activities carried out and measures taken by public authorities to ensure that services and products comply with legal requirements set out in the relevant legislation. It covers the activities to be carried out, the resources to be attributed to the market surveillance and the powers and duties of the responsible national authorities. It should provide better protection for consumers and other users, more uniform trading conditions for economic operators and reduced administrative burdens.

Market surveillance action by national authorities has important implications for small and medium-sized enterprises. Consequently, their situation should be taken into account particularly in relation to action that could impose additional administrative burdens on the market surveillance authorities and economic operators. It is necessary to ensure that they fulfil requirements providing a high level of protection of public interests such as health and safety in general, health and safety in the workplace, protection of consumers, protection of the environment and public security. Robust enforcement of these requirements is essential to the proper protection of these interests and the creation of conditions in which fair market competition can be achieved. Rules are thus required for market surveillance and for the monitoring and control of products entering Israel from third countries. Penalties, financing and reporting also all need to be addressed.

Market surveillance is not yet a strong element of the regulatory establishment in Israel, while the EU implements highly effective and efficient market surveillance procedures and processes. In order to identify the missing, incomplete and/or inadequate components of market surveillance in Israel, the efficiency of existing enforcement procedures for market surveillance should be reviewed. The STEs, the RTA counterpart and the MoC staff assigned will thus conduct an assessment and prepare a report on the market surveillance procedures for equipment and services that are currently in force in Israel.

Following the assessment a workshop will be organised for MoC employees of the Departments of Spectrum Engineering, Engineering and Licensing and Supervision and Enforcement. The workshop should cover the essential aspects of a nationwide market surveillance procedure including services and products, the existing situation in Israel, the best practices of EU market surveillance systems and the possible actions to be taken to approximate market surveillance in Israel with the EU legislative framework.

Afterward the STEs, in close cooperation with the aforementioned MoC staff, will elaborate detailed procedures for the proper implementation of enforcement actions for market surveillance according to EU requirements. The procedures developed will be submitted to the BC authorities for adoption.

- Benchmarks:** - A report prepared reflecting the market surveillance procedures in force in Israel, including findings on any shortages and recommendations for improvement;
- At least 3 procedures drafted for the proper implementation of enforcement actions for market surveillance by the end of month 17.

**Resources:** RTA, RTA counterpart, STEs, translation.

## ***2.2 Study visit to an MS to examine the enforcement procedures involved in market surveillance***

### **Method**

The study visit should be carefully planned in advance using a tailor-made approach for each BC participant. The visit should be organised to allow each participant to get an in-depth insight into the legislation and procedures in force in the EU as regards market surveillance and enforcement issues covering both services and products. The visit should preferably last for 5 days per participant. The details of the study visit programme, as well as the MoC staff to be involved, will be discussed and agreed by the Project Steering Committee.

- Benchmarks:** - BC experts acquainted with the market surveillance and enforcement procedures in place in an EU MS;
- Findings from the study visits used to prepare methodologies and procedures for market surveillance and enforcement in the telecommunications market.

**Resources:** BC PL, RTA, RTA counterpart, air tickets, per diems, small incidental costs.

## ***2.3 Drafting of methodologies for review and analysis of the electronic communications market***

### **Method**

Market analysis is understood in the EU to be a method of measuring the existence of ineffective competition, i.e. markets which are potentially susceptible to *ex-ante* regulation. Market analysis is usually conducted on the basis of the “3-criteria test”:

- The first criterion is the presence of high and non-transitory barriers to entry to the market, which can be of an economic, legal or regulatory nature. The existence of high barriers to entry is considered to be an initial indicator of the need for intervention by the regulatory authorities responsible for ensuring the development of the competitive market.
- The second criterion refers to market structures that do not tend toward effective competition within a relevant time horizon. Given the structure of the electronic communications market, in order for the regulatory remedies to be justified market structures should be analyzed in a dynamic as well as a static manner; and

The third criterion asks whether the application of the Competition Law alone adequately addresses market failure (in the absence of *ex-ante* regulation), taking into account the specific characteristics of the telecommunications market.

The four steps involved in market analysis are:

1. Definition of relevant markets;
2. Analysis of defined markets;
3. Identification of any SMP operators; and
4. Imposition of measures and remedies on those SMP operators, with the aim of preventing monopolistic behaviours.

During the preparation of the Fiche, it was observed that market analysis is not a regular practice in Israel and guidance should thus be proposed by the project. Electronic communication networks and services combine to form a system of multiple, interrelated layers and markets. In order to regulate the transition of each layer or market from monopoly to sustainable competition, proper functioning of this system should be analysed. To this effect, the STEs, the RTA counterpart and the MoC staff assigned will conduct an assessment and prepare a background paper on existing MoC activities in the field of review and analysis of the electronic communications market.

Following the assessment and preparation of the background paper, a workshop/presentation will be organised for MoC employees of the Departments of Economics and Supervision and Enforcement at which the results of the assessment (including the gaps identified by STEs) and MS best practices will be discussed, with due consideration of the fact that the EU has recently considered updating its regulatory framework, including the Access Directive. Particular emphasis will be placed on “market analysis methodologies” to sensitise MoC staff (particularly of the Department of Economics) to the regular review of relevant markets. Findings on shortages and recommendations as to how to address them will also be included in the background paper.

Afterwards the STEs, in close cooperation with the aforementioned MoC staff, will elaborate detailed methodologies for review of the electronic communications market in order to establish a correlation between market reviews and significant market power (SMP), including the identification of economic operators with SMP as stipulated in the Access Directive. The STEs will provide assistance to staff of the Department of Economics as to how to analyse various situations on the market. The methodologies developed will be submitted to the BC authorities for adoption.

**Benchmarks:** - A background paper is prepared on existing MoC activities in the review and analysis of the electronic communications market, including findings on any shortages and recommendations for improvement;  
- At least 3 methodologies drafted for review and analysis of the electronic communications market in accordance with the requirements of the Access Directive by the end of month 16.

**Resources:** RTA, RTA counterpart, STEs, translation.

## ***2.4 Elaboration of an advanced authorisation scheme***

### **Method**

Convergence among different electronic communication networks and services and their technologies requires the establishment of an authorisation system that covers all comparable services in a similar way, regardless of the technologies used. This will allow the provision of electronic communications in a way that stimulates the development of new electronic communications services and networks from which service providers and consumers will benefit from the economies of scale on the market.

The EU implements a general authorisation regime whereby the above aims can be achieved for all electronic communication networks and services without requiring any form of explicit decision or administrative act by the national regulatory authority and any procedural requirements are limited to notification only. EU MS require only a notification when the providers of electronic communication networks or services start their activities.

The rights and obligations of businesses are included under general authorisation in order to ensure a level playing field in the Member State and facilitate negotiations for interconnection between public communication networks on commercial terms.

Despite Israel having recently introduced a “uniform general license” scheme; a full regime of general authorisation is not yet implemented and Israel continues to grant individual rights of use. In order to assist the MoC to make the transition to full general authorisation the STEs, the RTA counterpart and

the MoC staff assigned will develop a report comparing the existing authorisation scheme employed by the MoC with the EU general authorisation scheme in order to identify the missing steps to be taken to implement a full general authorisation regime.

Following completion of the report, a presentation on its findings and conclusions will be organised for MoC employees of the Departments of Spectrum Engineering, Engineering and Licensing and Supervision and Enforcement). The presentation will cover the gaps identified by STEs, MS best practices and the obligations of Israel to implement general authorisation under the Authorisation Directive. Findings on shortages and recommendations as to how to address them will also be included in the report.

Afterward the STEs, in close cooperation with the aforementioned staff of the MoC, will elaborate an advanced authorisation scheme by switching from the existing “individual rights of use regime” to a more liberal “general authorisation regime” as stipulated in the Authorisation Directive, which also covers the transfer of rights of use to third parties. The advanced authorisation scheme will be submitted to the BC authorities for adoption.

**Benchmarks:** - A report prepared on the differences between the existing authorisation scheme employed by the MoC and EU general authorisation, including findings on any shortages and recommendations for improvement;  
- An advanced authorisation scheme elaborated in accordance with the requirements of the Authorisation Directive by the end of month 18.

**Resources:** RTA, RTA counterpart, STEs, translation

## ***2.5 Development of guidelines on how to move from a “type approval regime” to a “self-declaration regime” for the manufacture and import of electronic communications equipment***

### **Method**

In Israel the telecommunications equipment market is largely dominated by imported devices rather than manufacturing and still uses a “type approval” regime for telecommunications equipment either imported or manufactured, while the EU has implemented a fully liberal “self-declaration” regime since 1999. In Israel, import permissions are still issued for telecommunications equipment on the basis of compliance with various standards (including those of the ETSI and FCC). The MoC also reported that in the absence of a more sophisticated approval regime, it proves difficult to manage the equipment market in Israel. Also, manufacturers in other countries (particularly Europe) find it hard to export their products to Israel due to the very long and complicated type approval processes.

This project will sensitise the MoC to the EU equipment approval regime of self-declaration which is based on the Radio Equipment Directive and will formulate guidelines on how to make the transition to such a regime, including guidelines for the formation of specialised customs. STEs will provide examples of EU practices and will introduce employees of the Departments of Spectrum Engineering, Engineering and Licensing and Supervision and Enforcement of the MoC to the requirements of the Directive.

The guidelines will list the detailed steps to be taken by the MoC to implement the identified actions.

**Benchmarks:** - Guidelines on how to move from the traditional “type approval regime” to a more simplified “self-declaration regime” for the manufacture and import of electronic communications equipment developed by the end of month 12.

**Resources:** RTA, RTA counterpart, STEs, translation

**Result 3:** The following group of activities is linked to the achievement of Result 3 “**The legislative framework and regulatory capacity are improved in accordance with EU MS best practices to ensure fair competition on the telecommunications market in Israel**”. This is referred to as Component 3 later in the Fiche.

### ***3.1 Review of implementation of the mandatory results of the previous twinning project, including the addressing of identified shortages***

#### **Method**

The previous Twinning project produced a dispute resolution framework and consumer protection framework for approval by the MoC. Differences between the regulatory framework of the EU and that of Israel were identified and a roadmap for desired approximation compiled. However, due to various circumstances (including recent market development), a number of required actions have not been implemented. This calls for a review of implementation of the mandatory results of the previous twinning project and the addressing of any shortages identified.

STEs, in cooperation with the RTA counterpart and the BC PL, will review implementation of the results and develop an action plan to address any identified gaps. The action plan will list the detailed steps to be taken by the MoC to ensure sustainability of the results of the previous project.

**Benchmarks:** - An action plan is developed to address the identified shortages by the end of month 4.

**Resources:** BC PL, RTA, RTA counterpart, STEs, translation

### ***3.2 Identification of the differences between the Access Directive and the Israeli Communications Law***

#### **Method**

The STEs, in cooperation with the RTA counterpart and BC PL, will make a detailed comparison of the Access Directive with the Israeli Communications Law and supporting secondary legislation, taking into account the forthcoming updates to the EU regulatory framework.

An overview should be prepared that lists all identified differences and actions to be taken to address them in order to meet the EU requirements. The STEs are also expected to provide information to the MoC on the on-going update of the Access Directive and the EU procedures involved.

**Benchmarks:** - A comparison of the Access Directive with the Israeli Communications Law, including actions to be taken to address any differences, prepared by the end of month 6.

**Resources:** BC PL, RTA, RTA counterpart, STEs.

### ***3.3 Improvement of the legislative framework***

#### **Method**

The Israeli Communications Law has its roots in the 1930s and has undergone various amendments, leading to the need to re-draft the Law together with the necessary secondary legislation.

STEs, in cooperation with the RTA counterpart, the BC PL and the Legal Department of the MoC, will elaborate a detailed plan for re-drafting of the Communications Law, including detailed steps to be taken by the MoC. The STEs should closely follow the implementation process and provide professional and legal advice to the MoC team on the definitions and provisions to be included in the draft texts in accordance with EU MS best practices. The plan should consider the deficiencies listed

in the overview of the differences between the Access Directive and the Israeli Communications Law prepared under Activity 3.2, as well as other relevant EU legislation.

- Benchmarks:**
- A plan developed for redrafting the Communications Law together with the necessary secondary legislation by the end of month 12;
  - At least 5 draft legal acts, corresponding to the essential EU directives of the electronic communications regulatory framework (the Framework Directive, the Access Directive, Authorisation Directive, Privacy and Electronic Communications Directive, Universal Service Directive and Radio Equipment Directive), elaborated with the help of the STEs and submitted to the BC authorities for adoption by the end of month 22.

**Resources:** BC PL, RTA, RTA counterpart, STEs, translation.

### ***3.4 Drafting of methodologies for universal service provision***

#### **Method**

In Europe, the Universal Service Directive prescribes a universal services obligation system which is characterised by the well-organised identification of the service providers who are required to provide nationwide services, thus avoiding market distortion. No such system currently exists in Israel, where instead the existing national market players are required to provide services anywhere in the country.

The STEs will give a presentation to relevant MoC staff on the requirements of the Universal Service Directive and, in close cooperation with staff of the Legal Department and Department of Economics, prepare detailed methodologies to help Israel meet the obligation of universal service provision (along with a proposal toward the establishment of a “universal service fund” to finance this initiative as stipulated in the Universal Service Directive).

The necessary legislative acts will be identified and materials developed and submitted to the BC authorities for adoption together with the methodologies developed.

- Benchmarks:**
- At least 2 methodologies drafted by the end of month 12 to help Israel meet the obligation of universal service provision;
  - A proposal toward the establishment of a “universal service fund” together with the necessary legislative acts developed by the end of month 15.

**Resources:** RTA, RTA counterpart, STEs, translation.

### ***3.5 Enhancing regulatory capacity in accordance with EU MS best practices***

#### **Method**

The establishment of an Independent Regulatory Authority is one of the priority areas mutually agreed between the Israeli Government and the EU. It is also one of the key recommendations of the previous Twinning Project and the OECD Economic Survey (January 2016). The project will thus focus on outlining the basic structure of an Israeli Independent Telecommunications Regulatory Authority and will support the Beneficiary Administration with expertise on EU MS best practices in the field. As this is likely to take some years, a unit responsible for establishing a climate of fair competition on the telecommunications market (a “competition unit”) should be established in the meantime within the MoC and sufficiently staffed.

STEs, in cooperation with the RTA counterpart, the BC PL and the Legal Department of the MoC, will elaborate a proposal for the immediate establishment of a “competition unit” within the MoC and will further outline a basic structure for the establishment of an Independent Telecommunications Regulatory Authority in Israel in accordance with EU MS best practices. It shall be understood that

the “competition unit” will be established within the MoC if the Independent Regulatory Authority is not established within a reasonable timeframe.

**Benchmarks:** - A proposal is outlined for the establishment of a “competition unit” within the MoC by the end of month 11;  
- A basic structure is outlined for the establishment of an Independent Telecommunications Regulatory Authority by the end of month 22.

**Resources:** BC PL, RTA, RTA counterpart, STEs, translation.

### ***3.6 Study visit to an MS to examine the institutional setup and functioning of an independent regulatory authority, including the competition unit***

#### **Method**

The study visit should be carefully planned in advance using a tailor-made approach for each BC participant. It should be organised to provide each participant with in-depth insight into the structure of the Independent Regulatory Authority, its responsibilities, the need to maintain its independence and its role in creating a competitive telecommunications market in the country. The visit should preferably last 5 days per participant and representatives of the Legal Department and Department of Economics of the MoC should be involved. The details of the study visit programme as well as the MoC staff to be involved will be discussed and agreed by the Project Steering Committee.

**Benchmarks:** - BC experts acquainted with the procedures involved in the establishment of an independent regulatory authority;  
- Findings from the study visits used to prepare a proposal for the establishment of a “competition unit” within the MoC and to outline a basic structure for the future establishment of an Independent Telecommunications Regulatory Authority as described under Activity 3.5.

**Resources:** BC PL, RTA, RTA counterpart, air tickets, per diems, small incidental costs.

### **3.5 Means/Input from the MS Partner Administration**

#### **3.5.1 Profile and tasks of the MS Project Leader (PL)**

The Project Leader (PL) should be a high-ranking civil servant from the MS-partner administration at a level appropriate to the necessary political dialogue. S/he will coordinate and monitor the overall progress of the project. In particular, the PL will be able to call on short-term experts and senior-level BC administration to support the efficient implementation of the project and will lead the activities of the project, ensure the achievement of the mandatory results and be responsible for implementation of the activities. From the perspective of the MS, s/he will coordinate the meetings of the Project Steering Committee, which will be held in Israel every 3 months.

The PL will be expected to devote a minimum of 3 days per month to the project from his/her home base.

#### **Profile:**

The PL should have:

- At least 10 years of experience in the field of telecommunications regulation with a good understanding of other related subjects, such as market access, competition and antitrust policies. S/he must have held an active management position in an MS National Regulatory Authority for at least 5 years;

- Experience in the field of institutional issues and a history of organisation of/participation in international meetings and conferences relevant to the telecommunications sector; and
- Excellent command of spoken and written English.

**Tasks:**

- Overall coordination, guidance and monitoring of the project;
- Negotiation of the Work Plan together with the BC Project Leader;
- Submission of interim quarterly reports, in cooperation with the BC Project Leader, in accordance with chapter 6.4 of the Common Twinning Manual. Each report will cover a 3-month period calculated from the date of notification of the contract;
- Submission of the final report before the end of the legal duration of the Twinning contract co-signed by the BC Project Leader;
- Monitoring of the timely achievement of project results;
- Co-chairing of the Project Steering Committee; and
- Provision of legal and technical advice and analysis.

**3.5.2 Profile and tasks of the Resident Twinning Adviser (RTA)**

The RTA will be responsible for implementing the above-listed components with the assistance of medium-/short-term experts over a period of 21 months. The RTA will guide the work of the team and provide support to the MoC.

**Profile:**

The RTA should be a senior civil servant or a senior staff member of an EU National Regulatory Authority and should have:

- Strong work experience in the areas relevant to all 3 results presented in the twinning fiche;
- Management and organisational experience within the EU National Regulatory Authority;
- Sound comparative knowledge of the EU legislative and institutional requirements related to the various components of this project;
- Wide knowledge of related good practice/the *acquis communautaire* and demonstrated experience in the implementation of EU legislation;
- Experience in working on similar projects in ENPI countries would be an asset;
- Good training, public speaking, diplomatic and written communication skills;
- Excellent computer literacy (Word, Excel, PowerPoint);
- Excellent command of spoken and written English. Active and passive command of Hebrew would be an asset; and
- Prior experience in EU project management would be an asset.

**Tasks:**

- Overall supervision of project implementation and the coordination of all activities, as well as management of the project administration;
- Coordination of the activities of the team members in line with the agreed work programmes to enable the timely completion of project outputs;
- Provision of technical input to the project and provision of advice in his/her field of expertise;

- Liaison with MS and BC PLs and regular contact with the BC RTA Counterpart;
- Co-preparation of interim project reports together with the MS PL, BC PL and BC RTA Counterpart;
- Organisation of monthly monitoring meetings;
- Liaison with other relevant projects and Israeli institutions.

### **3.5.3 Profile and tasks of the short-term experts (STEs)**

Terms of Reference (ToR) for STEs will be elaborated by the RTA and agreed with the BC RTA Counterpart before the beginning of each mission and will be sent to the respective STE at least two weeks before the start of the mission to enable preparation. The exact number of STEs to be deployed per activity should be agreed during the contract negotiation process.

A pool of STEs will be in place to ensure smooth implementation of the project throughout the implementation period. STEs should be identified by the Project Leader/RTA and agreed with the Beneficiary administration during the design and delivery of the project. One suitable key expert shall be proposed for each of the 3 components identified in the Fiche.

#### **Profile:**

The STEs will principally be seconded from the Leader MS government administration or mandated bodies and/or other Ministries/authorities part of the consortium presenting the Project Proposal.

The STEs (except for those under activity A.03 “Visibility actions”) should have in principal:

- A university degree in a relevant field (a Master’s or PhD would be an asset);
- Experience in EU regulations in the field of electronic communications;
- A minimum of 7 years of experience in their respective field; and
- Excellent command of written and spoken English.

In order to achieve Result 1, the STEs involved should have:

- Specific experience in the incorporation of the EU regulatory framework into the national legislation of an EU Member State;
- Particular experience with implementing the regulatory framework in the field of interconnection, access and retail/wholesale market issues in fixed and mobile communications; and
- Management and organisational experience within an EU National Telecommunications Regulatory Authority.

In order to achieve Result 2, the STEs involved should have:

- Specific experience in the incorporation of the EU regulatory framework into the national legislation of an EU Member State;
- Particular experience in market surveillance and enforcement issues related to regulatory frameworks in the field of electronic communications, with specific experience in issues regarding the obligations of incumbent operators at national level, including the identification of economic operators with significant market power;
- Particular experience in European licensing and authorisation regimes;
- Particular experience in the implementation of EU regulations on electronic communications equipment, with at least reasonable knowledge of the Radio Equipment Directive; and
- Management and organisational experience within an EU National Telecommunications Regulatory Authority.

In order to achieve Result 3, the STEs involved should have:

- Specific experience in the incorporation of the EU regulatory framework into the national legislation of an EU Member State;
- Sound knowledge and experience in the approximation of national laws with the EU *acquis communautaire*;
- Particular experience in the establishment of national universal service obligation schemes in accordance with EU regulations;
- Experience in the restructuring of national regulatory authorities in the field of telecommunications; and
- Management and organisational experience within an EU National Telecommunications Regulatory Authority.

In addition to their missions to Israel, the STEs are expected to contribute actively to the preparation of the foreseen study visits.

#### **4 Institutional Framework**

The beneficiary institution of the project is the **Ministry of Communications** of Israel (MoC), which acts as the Telecommunications Regulatory Authority in Israel and employs around 150 staff. It is responsible for establishing telecommunications policy and regulations, implementing a policy of liberalisation that focuses on increased competition in the telecommunications market for the benefit of all Israeli citizens, developing telecommunications infrastructure, supervising Bezeq, HOT (the main market players) and other telecom service providers, supervising the postal sector and the Postal Bank, establishing and auditing postal and communications tariffs, managing the electromagnetic spectrum, regulating and supervising cable television services and tariffs, managing the allocation of numbers, and approving the usage of telecommunications equipment in Israel.

There are four public authorities, which are under the authority of the Minister of Communications, but not under the umbrella of the Ministry: the Israeli Broadcasting Authority, the Second Authority for Television and Radio, the Broadcasting Regulatory Administration and the Council for Cable TV and Satellite Broadcasting.

**The Israeli Broadcasting Authority (IBA)** is Israel's state broadcasting network and was admitted as a full active member of the European Broadcasting Union in 1957. The IBA is responsible for the provision of the content of several TV channels and radio stations and is currently being restructured as a new public broadcasting corporation.

**The Second Authority for Television and Radio** is the public authority that supervises commercial broadcasting in Israel in accordance with the Law on the Second Authority for Television and Radio (1990). It regulates the activities of Israel's commercial radio and television channels and is governed by a 15-member public council. The council both defines the policies of the SATR and advises its Director General, whose task it is to execute the policies. The SATR issues tenders for television and radio broadcasting and awards broadcast franchises. In 2000 the above-mentioned Law was amended, opening a path for the establishment of an additional commercial channel, which began broadcasting on 28 January 2002. The Law also permits the establishment of local radio stations which are operated by private franchise holders, commercially financed and publicly supervised.

**The Council for Cable TV and Satellite Broadcasting** is a public council established under the Telecommunications Law of 1982. Its fundamental responsibility is to represent, protect and promote public interests in the field of cable and satellite multi-channel subscriber television, as well as to facilitate and regulate the commercially operated TV broadcasts of the companies HOT and Yes (owned by Bezeq). Another interest represented by the Council is the need to develop the production of original Israeli content.

The Council is a public body and most of its members serve as public emissaries, with every such member having his or her own main career aside from their activity as Council member. The Council is headed by a Chair, who represents the Minister of Communications and is the only member whose primary activity is their work on the Council. The Chair is responsible for leading the Council's work so that it may fulfil its purpose and exercise its authorities. The rest of the Council members come from diverse fields of activity. 7 are public representatives (including representatives of the Local Government Centre and of cultural and educational institutions) and 6 other members represent various Ministries, including the MoC, Ministry of Education and Culture, Ministry of Finance and Ministry of Justice. The Council includes a number of sub-committees, some of which are permanent (such as the Programmes Committee) while others are appointed for a specific issue. The Council is a member of the European Platform of Regulatory Authorities (EPRA).

The establishment of **the Broadcasting Regulatory Administration (BRA)** derived from the fact that the three other statutory bodies (the IBA, the SATR and the Council for Cable TV and Satellite Broadcasting) operate according to different laws. The BRA is working to implement the tasks and achieve the objectives assigned to it by Government Decision n° 2444 and also plays a substantial role in supporting and assisting the work of the Council for Cable TV and Satellite Broadcasting. The work of the BRA includes the preparation, analysis, evaluation and drafting of decisions and rules proposed by the Council, provision of assistance with tenders, and other actions necessary to the implementation of the Council's work and authority.

As of the beginning of 2016 a proposal is under consideration to merge the SATR and the Council for Cable TV and Satellite Broadcasting into a single institution. The recommendation was officially put forward and a formal consultation procedure initiated on 4 February 2016. Moreover, a consulting company has recently been recruited to consider a structural reorganisation of the MoC. Decisions on these matters are yet to be taken. An existing organisational chart of the MoC is attached in Annex III.

In addition to the institutions listed above, two others are also involved in the regulation of the Israeli telecommunications market. The first is the **Ministry of Finance (MoF)**, whose agreement is usually required to establish tariffs. The second is the **Independent Antitrust Authority (IAA)** operating under the supervision of the Ministry of Economics, which deals with competition issues on various markets, including telecommunications. The IAA is an independent Government enforcement agency that was established in 1994 by an amendment to the Antitrust Act. Its mandate includes preventing the acquisition of market power through merger control and the prohibition of restrictive agreements, preventing the abuse of a dominant position and enhancing competition on the various markets in Israel including the telecommunications market. However, there is no specific unit within the IAA that is dedicated to competition on the telecommunications market, which is instead dealt with by the Legal Department and Department of Economics of the MoC on an *ad hoc* basis. Joint *ad hoc* groups are being established consisting of the staff of these two departments according to the nature of the specific cases, such as mergers of network operators. In addition, no reference to telecommunications is made in the Antitrust Law.

## **5 Budget**

The maximum total budget available for the project is EUR 1,500,000.

## **6 Implementation Arrangements**

### **6.1 Implementing Agency**

The European Union Delegation (EUD) in Tel Aviv will be responsible for tendering, contracting, payments and financial reporting and will work in close cooperation with the beneficiary.

Contact details for the EUD Project Manager:

Mrs Estelle KADOUCH

Delegation of the European Union to Israel

Paz Tower, 16<sup>th</sup> fl., 5-7 Shoham Street  
P.O. Box 3513  
Ramat Gan 5213603, Israel  
Tel.: +972 3 600 0921; Fax: +972 3 613 7770  
E-mail to: [estelle.kadouch@eeas.europa.eu](mailto:estelle.kadouch@eeas.europa.eu)

The Programme Administration Office (PAO) in Jerusalem will support the implementation of the Twinning project together with the EUD.

Contact details for the PAO:

Mr. David Nezer  
First Secretary  
Economic Affairs Division  
Ministry of Foreign Affairs  
9, Yitzhak Rabin Blvd.,  
Jerusalem 91035, Israel  
Tel.:+972 2 5313461; Fax:+972 2 5303209  
E-mail: [david.nezer@mfa.gov.il](mailto:david.nezer@mfa.gov.il)

## **6.2 Main counterparts in the Beneficiary Country**

BC Project Leader:

Yair Hakak, Director, Policy Planning, MoC  
Tel.: +972 02-670-2228; Fax: +972 02-670-6389  
Email: [hakaky@moc.gov.il](mailto:hakaky@moc.gov.il)  
23 Jaffo Str., Jerusalem 91999

Israel RTA Counterpart:

Adi Koplovitz, Senior Area Manager, Economics Department, MoC  
Tel.: +972 02-670-6398; Fax: +972 02-670-6389  
Email: [Koplovitza@moc.gov.il](mailto:Koplovitza@moc.gov.il)  
23 Jaffo Str., Jerusalem 91999  
Israel

Component leaders:

**Result 1:** Two representatives assigned (one from the Department of Engineering and Licensing and one from the Department of Economics)

**Result 2:** A representative assigned from the Department of Spectrum Management for the equipment market, a representative assigned from the same Department for the services market, a representative assigned from the Department of Supervision and Enforcement and a representative assigned from the Department of Engineering and Licensing

**Result 3:** A representative assigned from the Legal Department and a representative assigned from the Department of Economics

## **6.3 Contracts**

The project will be implemented through a single Twinning contract.

## **6.4 Project Steering Committee**

A Project Steering Committee (PSC) will be established for the control and supervision of the project activities and mandatory results. The PSC will be co-chaired by the Project Leaders (MS and BC) and

should include representatives of both the EUD and the PAO. Key stakeholders of the project may be invited to participate as observers where required. The PSC will meet at regular (quarterly) intervals and will submit by the end of the meeting (as recorded in the minutes) its approval (or not) of the project reports. Official minutes of the PSC meetings will be recorded in English and distributed to all parties within 15 days of the meeting.

## **7 Implementation schedule (indicative)**

**7.1 Launching of the call for proposals:** September 2016

**7.2 Start of the project activities:** January 2017

**7.3 Project completion:** December 2018

**7.4 Execution period (legal duration):** 24 months (i.e. 21 months for implementation of the Work Plan (presence of the RTA in Israel) and 3 months for project start and closure<sup>2</sup>). An indicative implementation schedule is attached in Annex II.

## **8 Sustainability**

The primary issue that may influence sustainability, following project completion and the intended practical implementation and long-term operation of improved regulatory capacity in Israel in the field of telecommunications, is the political will to sustain the results of the project (i.e. the presence of an enabling legislative base and the definition of adequate provisions for the funding of system implementation and maintenance within the State Budget or an expenditure framework). As clearly stipulated in the ENP Action Plan (Paragraph 9), the establishment of an Independent Regulatory Authority is one of the priority areas mutually agreed between the Israeli Government and the EU. It is also a key recommendation of the previous Twinning project and the OECD Economic Survey (January 2016).

Despite common understanding among sector professionals of the need for independence and of the benefits it brings, as of 2016 regulatory provisions are still being handled under the supervision of the Minister of Communications. Hesitation to take the decision to establish an independent regulatory institution suggests that there is political resistance to this move. Since the final decision has been postponed, but *not* waived, the project will outline a basic structure of a possible Independent Telecommunications Regulatory Authority in Israel and will support the Beneficiary Administration with expertise on EU MS best practices while lobbying at the political level.

Indicators of the sustainability of improved regulatory capacity in the field of telecommunications will be an updated legislative framework, improved procedures and capacity and the establishment of an improved institutional setup. Other linked activities will relate to continued actions by the beneficiary and their relation to on-going approximation with EU *acquis* requirements.

Other direct sustainability issues relate to beneficiary involvement in and contribution to the processes and activities defined within the project, including:

- Commitment by the Beneficiary Administration to designating a minimum number of project counterparts to work with the EU experts on a part-time basis;
- Assurance by the Twinning partners that all training materials, methodologies and procedures developed are of sufficient quality. This will also be ensured through project monitoring at PSC meetings. Workshop materials and required procedures will be professionally developed and made available at the MoC for later use;

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<sup>2</sup> The project starts on the date of notification by the EUD of the contract signature and is completed with the final reporting (i.e. reception by the EUD of the final invoice with expenditure verification by an auditor).

- Organisation of a final conference at the end of the Twinning project involving all relevant stakeholders and mass media to present the results of the project with practical implications for further follow-up by the BC partner;
- Commitment by the Beneficiary Administration to lobbying and ensuring active cooperation within the framework of the project with all concerned bodies;
- Commitment by the BC partner to following project recommendations for the reinforcement of the regulatory capacity of the MoC in order to ensure good governance, improve administrative capacity and minimise the loss of know-how acquired by the Beneficiary during the course of implementation of the project; and
- Inclusion in the final report of a Sustainability Plan with specific recommendations for safeguarding the achievement of results in the Beneficiary Administration.

The results of the project, in particular further implementation arrangements, may lead to structural changes. The proposals outlining the basic structure for the establishment of a “competition unit” and an Independent Telecommunications Regulatory Authority, should they be implemented, will require changes in legislative acts and appropriate budgetary allocations. The tasks and responsibilities of partners will need to be defined, along with further steps to be taken toward enhancing the regulatory capacity of the Israeli telecommunications market.

## **9 Cross-cutting issues and visibility**

### **9.1 Cross-cutting issues (gender, social inclusion and the environment)**

Good governance and the principle of equal opportunity will be integrated into all stages of project implementation. A Project Steering Committee (PSC) will be set up under the leadership of the MS and BC PLs to monitor the progress and attainment of results and apply the most appropriate solutions in case of deviations from the contract. Representatives of the EUD, the PAO and other stakeholders will be invited to participate.

Gender discrimination will be avoided and the principle of equal treatment of men and women in the field of employment will be integral to the planning and implementation of the project. Experts and employees will be invited to the project based purely on their professional knowledge and competence and will be treated in accordance with labour legislation as regards working conditions, rates of remuneration and others. Project activities will take into account gender mainstreaming and do not indicate any gender limitations. The activities to be undertaken are equally suited to both genders.

Social considerations will interweave all activities in order to ensure that telecommunication services are accessible for every citizen of Israel irrespective of age, place of residence or social status in order to ensure both compliance with EU MS best practices and fair competition on the telecommunications market in Israel.

A sustainability plan will be prepared by the end of the project to be followed up by the BC, thereby ensuring the sustainability of project results. The project has no direct impact on the environment.

### **9.2 Communication and Visibility**

The project shall draw up a communication plan to ensure visibility of both the activities themselves and of EU support throughout the implementation of the project. Proposals to be received from MS should include proposals for communication and EU visibility, based on which the communication plan will be finalised with the Beneficiary Administration, the MS and the EUD in the inception phase

of the project<sup>3</sup>. The Spokesperson team of the MoC should be involved in disseminating information about the project throughout preparation and implementation.

## **10 Conditionality and sequencing**

### **10.1 Commitment of the MoC**

In order to ensure successful and timely implementation of the project and coordination with the MS partner, the MoC will provide strong commitment to project results and activities. It will mobilise the necessary experts on the BC side, ensure coordination with other stakeholders involved in the project, (i.e. the IAA, sector operators etc.) and provide access to all information necessary to the successful implementation of the project.

The MoC will pursue the adoption of the draft legal acts and the implementation of other documents elaborated during the course of the project in order to ensure the sustainability of project results.

It should be noted that the commitment of the MoC to the previous Twinning project was exemplary and included wide participation in activities and support from senior management. The RTA, RTA assistant, and STEs were accommodated at a high level.

### **10.2 Other inputs from the Beneficiary**

- Air-conditioned and furnished office space at the MoC in which the RTA, RTA Assistant and two STEs can work simultaneously;
- 3 modern computer workstations, printer, scanner, photocopier, Internet connection, 2 telephone lines and a meeting table;
- Coverage of the cost of electricity, the Internet and telephone lines;
- Meeting facilities for work sessions between MS and BC staff;
- Funds for central and regional staff travel to seminars and work sessions as appropriate;
- Funds for the establishment of a “competition unit” and an Independent Regulatory Authority under Activity 3.5 to ensure the sustainability of project results; and
- Venues and catering for kick-off and closing events.

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<sup>3</sup> Rules on the visibility of EU projects can be found at: [http://ec.europa.eu/europeaid/work/visibility/documents/communication\\_and\\_visibility\\_manual\\_en.pdf](http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf)

## Annex I: Logframe planning matrix for Twinning Fiche

ANNEX I: LOGFRAME PLANNING MATRIX for Twinning Fiche: Strengthening of Israeli capacity to regulate telecommunications	Programme name and number: Financing Agreement ENPI/2013/0124-836 "Support to the European Neighbourhood Policy Action Plan 2013 (Israel) Twinning number: IL 13 ENPI TE 01 16 (IL/13)  Total budget: EUR 1,500,000
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Overall objective	Objectively verifiable indicators	Sources of Verification	Assumptions
The overall objective of the project is to propose and improve mechanisms to develop a better regulatory environment in the field of telecommunications in Israel, based on EU best practices, where appropriate	<ul style="list-style-type: none"> <li>• Legal acts and procedures are adopted for more effective market surveillance, competition matters and the regulation of service provision over networks owned and operated by others;</li> <li>• A “competition unit” is established and legal procedures initiated for the establishment of an Independent Telecommunications Regulatory Authority;</li> <li>• A plan to ensure the sustainability of project results is followed.</li> </ul>	<ul style="list-style-type: none"> <li>• Legal acts and procedures</li> <li>• EC annual progress report</li> <li>• OECD reports</li> <li>• MoC statistical reports and surveys</li> <li>• Project reports</li> </ul>	N/A

Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The purpose of the project is to strengthen the regulatory capacity of the Israeli Ministry of Communications (MoC) to ensure the continued development of a competitive regulatory climate including retail and wholesale markets and other forms of network access. This includes updating the regulatory framework to ensure fair and effective competition in the telecommunications market in Israel, based on the experience of EU Member States (MS) in the implementation of EU legislation	<ul style="list-style-type: none"> <li>• A methodology for the proper implementation of a wholesale market for the electronic communication network is adopted and employed by the MoC;</li> <li>• Any technical barriers which may prevent new entrants from gaining a foothold in the market are removed;</li> <li>• Methodologies to regulate the retail market are adopted and employed by the MoC;</li> <li>• Sharing mechanisms are employed for access to, and interconnection with, telecommunications infrastructure, networks and other facilities owned and operated by others;</li> <li>• A sample Reference Interconnect Offer (RIO) is made available;</li> <li>• Improved enforcement procedures for market surveillance processes are adopted and employed by the MoC;</li> <li>• Methodologies for review of the electronic communications market are adopted and employed by the MoC;</li> <li>• An advanced authorisation scheme is adopted and employed by the MoC;</li> </ul>	<ul style="list-style-type: none"> <li>• OECD reports</li> <li>• MoC performance reports/documents</li> <li>• Project reports</li> <li>• STE reports</li> </ul>	<ul style="list-style-type: none"> <li>• No technical and financial barriers exist to adoption of the legal acts drafted within the framework of the project;</li> <li>• No technical and financial barriers exist to the introduction of further improvements identified under the project;</li> <li>• The sustainability plan is followed by the Beneficiary.</li> </ul>

	<ul style="list-style-type: none"> <li>• Guidelines are followed on how to move from the traditional “type approval regime” to a “self-declaration regime” for the manufacturing and import of electronic communications equipment;</li> <li>• Procedures are initiated to address shortages in the implementation of the results of the previous twinning project;</li> <li>• Legal procedures are initiated for the redrafting of the Israeli Communications Law and supporting secondary legislation;</li> <li>• Methodologies are adopted and employed by the MoC to meet the obligation of universal service provision;</li> <li>• Legal procedures are initiated for the establishment of a “competition unit” and a sustainability plan is conceptually agreed with the MoC, including further actions to be followed for the establishment of the Independent Telecommunications Regulatory Authority</li> </ul>		
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<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<p>Result 1: Improved procedures for regulating service provision over networks owned and operated by others are proposed and ready for implementation</p> <p>Result 2: A broad market surveillance system developed in order to frequently and regularly check the implementation of the licensing conditions covering all components of the electronic communications market</p> <p>Result 3: The legislative framework and regulatory capacity are improved in accordance with EU MS best practices to ensure fair competition on the telecommunications market in Israel</p>	<p><b>Result 1:</b></p> <ul style="list-style-type: none"> <li>• A methodology for the continuation of proper implementation of a wholesale market for electronic communication networks is drafted and discussed with the MoC;</li> <li>• At least 2 methodologies to regulate the retail market are drafted and discussed with the MoC;</li> <li>• At least 3 methodologies to provide adequate sharing mechanisms are drafted and discussed with the MoC;</li> <li>• A sample Reference Interconnect Offer (RIO) is presented to the MoC.</li> </ul> <p><b>Result 2:</b></p> <ul style="list-style-type: none"> <li>• At least 3 procedures for the proper implementation of enforcement actions for market surveillance are drafted and discussed with the MoC;</li> <li>• At least 3 methodologies for review and analysis of the electronic communications market in accordance with the requirements of the EU Access Directive are drafted and discussed with the MoC;</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Operational statistical reports</li> <li>• Workshop materials</li> </ul>	<ul style="list-style-type: none"> <li>• Sufficient human resources with up-to-date professional knowledge; are available</li> <li>• Means of introducing improvements are available;</li> <li>• Good co-operation exists among the Israeli public institutions and other stakeholders.</li> </ul>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
	<ul style="list-style-type: none"> <li>An advanced authorisation scheme that meets the requirements of the EU Authorisation Directive is elaborated and discussed with the MoC;</li> <li>Guidelines on how to move from the traditional “type approval regime” to a simpler “self-declaration regime” for the import and manufacture of electronic communications equipment are presented to the MoC;</li> <li>Procedures are initiated to address shortages in the implementation of results of the previous twinning project.</li> </ul> <p><b>Result 3:</b></p> <ul style="list-style-type: none"> <li>Actions are identified to address shortages in the implementation of the results of the previous twinning project;</li> <li>Actions are identified to address differences between the Access Directive and the Israeli Communications Law;</li> <li>Actions for redrafting the Communications Law together with the necessary secondary legislation and selected legal acts are developed and discussed with the MoC;</li> <li>A least 3 methodologies to enable Israel to meet the obligation of universal service provision are drafted and discussed with the MoC;</li> <li>A proposal toward the establishment of a “universal service fund” together with the necessary legislative acts is presented to the MoC;</li> <li>A proposal for the establishment of a “competition unit” and of a basic structure for the establishment of an Independent Telecommunications Regulatory Authority is outlined and discussed with the MoC.</li> </ul>		

Activities	Benchmarks	Means <sup>4</sup>	Assumptions
0.1. Kick-off Workshop 0.2. Final Closing Conference 0.3. Visibility actions	<ul style="list-style-type: none"> <li>Participants are identified and attendance lists prepared;</li> <li>Stakeholders are informed of the start date and detailed</li> </ul>	Kick-off Meeting: PL, RTA, 2 STEs (2 days each) Closing Conference: PL, RTA, 2 STEs (2 days each), interpreter Visibility: RTA, STE (10 days),	<ul style="list-style-type: none"> <li>Good co-operation exists among the stakeholders;</li> <li>Stakeholders are able to allocate sufficient time to participation in project</li> </ul>

<sup>4</sup> Please note, the working days in the Logframe are indicative only

Activities	Benchmarks	Means <sup>4</sup>	Assumptions
	<p>content of the project by the start of month 2;</p> <ul style="list-style-type: none"> <li>• Stakeholders, media and public are informed about the results of the project by the end of month 22;</li> <li>• Recommendations and lessons learnt are formulated and discussed.</li> <li>• A communication plan is developed by the end of month 3;</li> <li>• Stakeholders, media and the public are regularly informed about project activities and results.</li> </ul>	BC PL, RTA Counterpart, MoC Spokesperson team, interpreter, visibility costs of EUR 10,000	activities.
1.1. Drafting of methodologies for the proper implementation of a wholesale market for electronic communication networks	<ul style="list-style-type: none"> <li>• An overview is prepared of existing MoC activities for in the field of implementation of a wholesale market for electronic communication networks, including findings on any shortages and recommendations for improvement;</li> <li>• A methodology is drafted for the continuation of proper implementation of a wholesale market for electronic communication networks by the end of month 16.</li> </ul>	RTA, 3 STEs for a total of 72 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
1.2. Drafting of methodologies to regulate the retail market	<ul style="list-style-type: none"> <li>• An overview of the existing methods employed to regulate the retail market is prepared, including findings on any shortages and recommendations for improvement;</li> <li>• At least 2 methodologies are drafted to regulate the retail market by the end of month 10.</li> </ul>	RTA, 2 STEs for a total of 48 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
1.3. Development of sharing mechanisms for access to telecommunications infrastructure, networks and other facilities owned and operated by others	<ul style="list-style-type: none"> <li>• Guidelines are prepared to help the MoC develop sharing mechanisms for access to telecommunications infrastructure, networks and other facilities owned and operated by others;</li> <li>• At least 3 methodologies for the provision of adequate sharing mechanisms are prepared by the end of month 19.</li> </ul>	RTA, 3 STEs for a total of 72 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
1.4. Development of a sample Reference Interconnection Offer	<ul style="list-style-type: none"> <li>• A sample reference interconnection offer is developed by the end of month 10.</li> </ul>	RTA, 2 STEs for a total of 20 working days, interpreter	
1.5. Study visit to an MS to examine the procedures involved in regulating service provision over networks owned and operated by others	<ul style="list-style-type: none"> <li>• BC experts are acquainted with the procedures involved in regulating service provision over networks owned and operated by others;</li> <li>• Findings from the study visits are used to prepare</li> </ul>	RTA, 30 per diems, 5 flight tickets, small incidental costs	

Activities	Benchmarks	Means <sup>4</sup>	Assumptions
	methodologies and procedures regarding access by new market entrants to infrastructure, networks and facilities owned and operated by other operators.		
2.1. Development of an effective enforcement procedure for market surveillance	<ul style="list-style-type: none"> <li>• A report is prepared on current market surveillance procedures in force in Israel, including findings on any shortages and recommendations for improvement;</li> <li>• At least 3 procedures are drafted for the proper implementation of enforcement actions for market surveillance by the end of month 17.</li> </ul>	RTA, 3 STEs for a total of 72 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
2.2. Study visit to an MS to examine the enforcement procedures involved in market surveillance	<ul style="list-style-type: none"> <li>• BC experts are acquainted with the market surveillance and enforcement procedures in place in an EU MS;</li> <li>• Findings from the study visits are used to prepare methodologies and procedures regarding market surveillance and enforcement on the telecommunications market.</li> </ul>	RTA, 30 per diems, 5 flight tickets, small incidental costs	
2.3. Drafting of methodologies for the review and analysis of the electronic communications market	<ul style="list-style-type: none"> <li>• A background paper is prepared on existing MoC activities in the review and analysis of the electronic communications market, including findings on any shortages and recommendations for improvement;</li> <li>• At least 3 methodologies for review and analysis of the electronic communications market in accordance with the requirements of the Access Directive are drafted by the end of month 16.</li> </ul>	RTA, 3 STEs for a total of 72 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
2.4. Elaboration of an advanced authorisation scheme	<ul style="list-style-type: none"> <li>• A report is prepared on the differences between the existing authorisation scheme employed by the MoC and EU general authorisation, including findings on any shortages and recommendations for improvement;</li> <li>• An advanced authorisation scheme is elaborated in accordance with the requirements of the Authorisation Directive by the end of month 18.</li> </ul>	RTA, 2 STEs for a total of 48 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
2.5. Development of guidelines on how to move from the current “type approval regime” to a “self-declaration regime” for the manufacture and import of electronic communications equipment	<ul style="list-style-type: none"> <li>• Guidelines are developed on how to move from the traditional “type approval regime” to a simpler “self-declaration regime” for the manufacture and import of electronic communications equipment by the end of month 12.</li> </ul>	RTA, 2 STEs for a total of 48 working days, interpreter	

<b>Activities</b>	<b>Benchmarks</b>	<b>Means<sup>4</sup></b>	<b>Assumptions</b>
3.1. Review of the implementation of the mandatory results of the previous twinning project and addressing of identified shortages	<ul style="list-style-type: none"> <li>An action plan to address the shortages identified is developed by the end of month 4.</li> </ul>	RTA, 2 STEs for a total of 40 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
3.2. Identification of differences between the Access Directive and the Israeli Communications Law	<ul style="list-style-type: none"> <li>A comparison is prepared of the Access Directive with the Israeli Communications Law, including actions to be taken to address any differences, by the end of month 6.</li> </ul>	RTA, 2 STEs for a total of 40 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
3.3. Improvement of the legislative framework	<ul style="list-style-type: none"> <li>A plan is developed for redrafting the Communications Law together with the necessary secondary legislation by the end of month 12;</li> <li>At least 5 draft legal acts are elaborated with the help of the STEs and submitted to the BC authorities for adoption by the end of month 22.</li> </ul>	RTA, 3 STEs for a total of 72 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
3.4. Drafting of methodologies for universal service provision	<ul style="list-style-type: none"> <li>At least 2 methodologies are drafted to help Israel meet the obligation of universal service provision by the end of month 12;</li> <li>A proposal toward the establishment of a “universal service fund” together with the necessary legislative acts is developed by the end of month 15.</li> </ul>	RTA, 2 STEs for a total of 48 working days, interpreter	See assumptions under Activities 0.1, 0.2 and 0.3.
3.5. Enhancement of regulatory capacity in accordance with EU MS best practices	<ul style="list-style-type: none"> <li>A proposal is outlined for the establishment of a “competition unit” within the MoC by the end of month 11 and a basic structure outlined for the establishment of an Independent Telecommunications Regulatory Authority by the end of month 22.</li> </ul>	RTA, 2 STEs for a total of 48 working days, interpreter	<ul style="list-style-type: none"> <li>See assumptions under Activities 0.1, 0.2 and 0.3;</li> <li>No political or financial barriers exist to the implementation of the recommendation to establish a “competition unit” or an Independent Telecommunications Regulatory Authority.</li> </ul>
3.6. Study visit to an MS to examine the institutional setup and functioning of an Independent Regulatory Authority, including the competition unit	<ul style="list-style-type: none"> <li>BC experts are acquainted with the procedures involved in the establishment of an independent regulatory authority;</li> <li>Findings from the study visits are used to prepare a proposal for the establishment of a “competition unit” within the MoC and to outline a basic structure for the future establishment of an Independent Telecommunications Regulatory Authority described under Activity 3.5.</li> </ul>	RTA, 30 per diems, 5 flight tickets, small incidental costs	

**Annex II: Indicative implementation schedule**

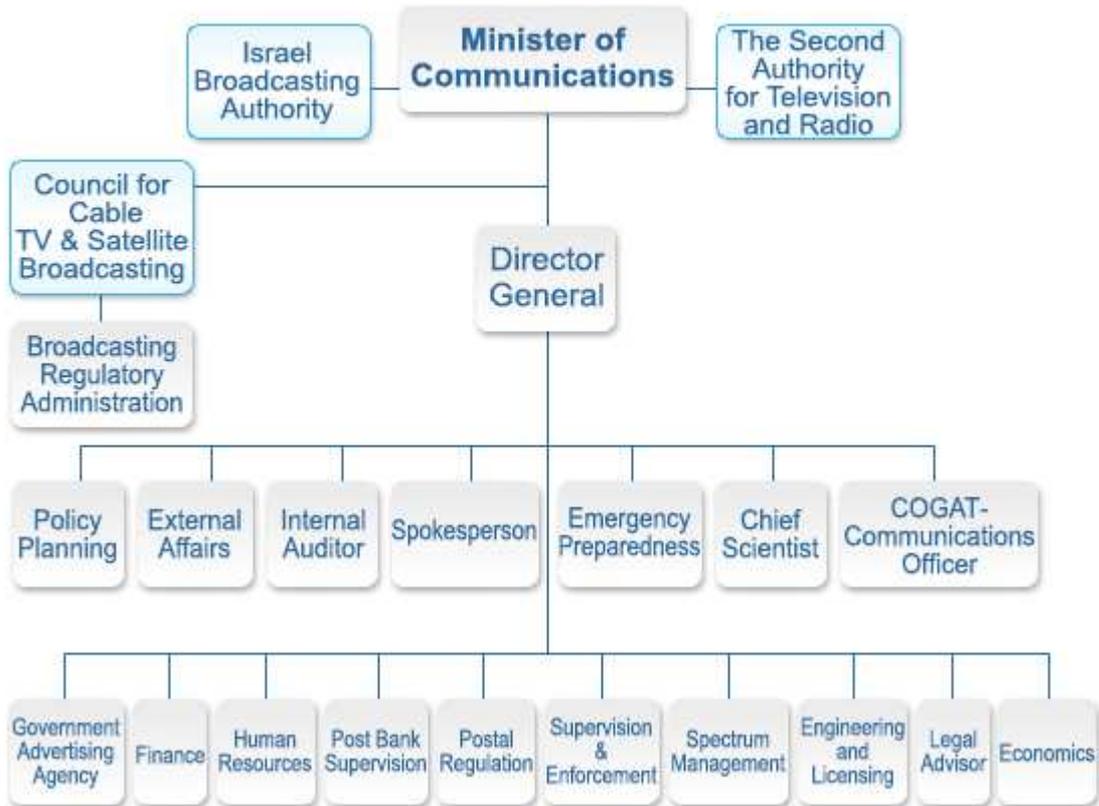
Month n°	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
<b>Project start-up</b>																								
<b>Steering committee meetings</b>																								
<b>General activities</b>																								
<b>0.1</b> Kick-off Workshop																								
<b>0.2</b> Final Closing Conference																								
<b>0.3</b> Visibility actions																								
<b>Component 1:</b>																								
<b>1.1</b> Drafting of methodologies for the proper implementation of a wholesale market for electronic communication networks																								
<b>1.2</b> Drafting of methodologies to regulate the retail market																								
<b>1.3</b> Development of sharing mechanisms for access to telecommunications infrastructures, networks and other facilities owned and operated by others																								
<b>1.4</b> Development of a sample Reference Interconnection Offer (RIO)																								
<b>1.5</b> Study visit to an MS to examine the procedures involved in regulating service provision over networks owned and operated by others																								
<b>Component 2:</b>																								
<b>2.1</b> Development of an effective enforcement procedure for market surveillance																								
<b>2.2</b> Study visit to an MS to examine the enforcement procedures involved in market surveillance																								
<b>2.3</b> Drafting of methodologies for review and analysis of the electronic communications market																								
<b>2.4</b> Elaboration of an advanced authorisation scheme																								
<b>2.5</b> Development of guidelines on how to move from the current “type approval regime” to a “self-declaration regime” for the manufacture and import of electronic communications equipment																								

Month n°	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
<b>Component 3:</b>																								
<b>3.1</b>	Review of the implementation of the mandatory results of the previous twinning project and addressing of any shortages																							
<b>3.2</b>	Identification of any differences between the Access Directive and the Israeli Communications Law																							
<b>3.3</b>	Improvement of the legislative framework																							
<b>3.4</b>	Drafting of methodologies for universal service provision																							
<b>3.5.</b>	Enhancement of regulatory capacity in accordance with EU MS best practices																							
<b>3.6.</b>	Study visit to an MS to examine the institutional setup and functioning of an Independent Regulatory Authority, including the competition unit																							

Annex III: Organisational Structure of the MoC

# Ministry of Communications

## Organization Structure



## **Annex IV: List of relevant laws and regulations**

### **Israel**

- Communications Law (5742-1982)
- Wireless Telegraphy Ordinance (5732-1972)
- Law on the Second Authority for Television and Radio (5750-1990)

### **European Union**

- Access and Interconnection Directive (2002/19/EC) as amended by 2009/140/EC
- Authorisation Directive (2002/20/EC) as amended by 2009/140/EC
- Regulatory Framework Directive (2002/21/EC) as amended by 2009/140/EC
- Universal Service Directive (2002/22/EC) as amended by Directive 2009/136/EC
- Competition Directive (2002/77/EC)
- Better Regulation Directive (2009/140/EC)
- Radio Equipment Directive (2014/53/EU)
- Commission guidelines (2002/C 165/03) on market analysis and the assessment of SMP
- Open Internet Access Regulation ((EU) 2015/2120)