4 Transnational policy networks and regional public goods in Latin America

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Introduction

Regionalism can take different forms. In recent decades, we have witnessed important waves of regionalism amid globalization across the world, but the drivers of these waves have been very different. In Europe, the main driver has been institutionalization and the establishment of formal rules (and often informal ones, too) to arrange the provision of regional public goods (RPGs). In South Asia, regionalism has moved forward thanks to economic integration, often privately driven. In Latin America, however, there has been no clear driver. For decades, the region has been characterized by constant failure in its attempts to advance institutionalization, as well as by weak advances in economic integration beyond the pressures of globalization.

In discussing this challenging situation, this paper will argue that a particular and distinctive driver for regionalism has been emerging in Latin America. The driver that I suggest has been operating strongly in the region is socially shaped and is particularly rooted in the dynamics of myriad nonhierarchical policy networks that operate across countries and sectors throughout the region. As I will explain, this network-based mode of regional integration has been firmly on the rise over the last three decades, and has become capable of providing some level of RPGs, while also contributing to many successful processes of policy diffusion in the region. Unfortunately, these networks do not yet fulfill most of the promises of the "new world order" suggested ten years ago by Anne-Marie Slaughter (2004).

Regional policy networks are probably not an alternative to institutions for political integration. Instead, they represent a different itinerary for providing some RPGs, with their particular intricacies. Networks are located in multiple places and spheres, and do not show a well-designed structure or logic of cohesion: they can be embedded within international organizations, or explicitly promoted for policy coordination purposes; they can be the result of professional associations at the regional level (e.g. LASA, CLAD, LACEA among others); they can be government-based networks under the umbrella of particular intergovernmental or transnational entities; and they can also be promoted by interest groups and civil society organizations operating at the regional level. In fact, these are only a few examples that show where such networks are located and remain active over time. Networks do not require large budgets, formal organizations, or hierarchic management; but of course they can benefit from these resources if they are available.

Transnational networks in Latin America are valuable for developing social and professional communities, for facilitating mobility and mutual support when needed, and for managing training and transmitting information (Fernández-i-Marín and Jordana 2015). Aided by weak language barriers, Latin American transnational networks have contributed to the diffusion of policy innovations and the transmission of political ideas. In a way, they contribute to promoting a soft version of regionalism, which is also very convenient for establishing linkages with networks, platforms, and international organizations related to global governance. However, the major obstacle to constructing a network-based regionalism in Latin America is that these setups cannot fully tackle the problem of underprovision of regional or transnational public goods. Networks often suffer from a serious collective action problem due to the free-rider effect and the lack of selective incentives or coercive mechanisms, and this limits their potential. However, such limitations do not undermine their ability to provide some RPGs effectively.

In this paper, I concentrate on the governance of regulation at the regional level by means of networks, as an example of public good provision, to exemplify and develop the arguments previously outlined. I explore some of the reasons behind the weakness of regulatory networks in providing RPGs, while recognizing their contributions to a basic level of provision. The primary outputs of regulatory networks are, as identified by Berg and Horrall (2008, p.188): "(1) events and meetings; (2) data for benchmarking; (3) public pronouncements; (4) material for stakeholders; (5) capacity building for professional staff; (6) best practice laws, procedures and rules; (7) regulatory network news; and (8) technical studies." Some of these are club goods, while others are pure or impure (excludable) public goods that fulfill the purposes of the network's members, in particular its sponsors or leading members. Governance functions that I expect can be activated by such networks include norm and agenda setting, consensus building, policy coordination, knowledge production, exchange and dissemination, and also the use of international reputation for domestic purposes. I will also discuss the potential for developing more hybrid modes of governance, in which networks and other forms of such markets or hierarchies could merge into synthetic and polymorphic innovative governance structures.

This is important as networks have played important roles in Europe during the 2000s and also in forging public–private trust-based structures in some Asian cases. In addition, networks and their related hybrid forms have great potential for articulating interregional connections, adapting their shape and profile to specific geopolitical constraints and becoming temporal constructions without major path-dependence consequences. In this sense, network-driven policies appear to be extremely relevant for the fragmented and changing circumstances of contemporary global governance.

Based on several examples drawn from the areas of finance and telecommunications, I will discuss the logic of regional regulatory networks in Latin America. The reason for selecting these areas is connected to the different conditions of global governance in each case. In finance and banking regulation there are many global governance shortages due to the lack of well-established international organizations capable of playing an authoritative role in these areas (Abdelal 2007; Angeloni 2008; Major 2012; Tsingou 2009; Underhill and Zhang 2008). In contrast, a large number of international organizations are involved in the governance of telecommunications at the global level—from the longstanding International Telecommunications Union (ITU) to the new Internet Corporation for Assigned Names and Numbers (ICANN) (Archer 2014; Kim and Barnett 2000). The next section develops a conceptual framework for the analysis of transnational regulatory networks in regional environments, while the following sections examine networks in the selected policy areas. The final section provides conclusions, including some considerations on the potential role of policy networks for the provision of RPGs.

A framework for studying regional governance by transnational regulatory networks

Network-based transgovernmental actors are increasingly present in international arenas, both global and regional, in particular in specialized sectors with significant technical components, such as pharmaceuticals, telecommunications, data privacy, standard setting, or human rights, among many others (Djelic and Quack 2010; Kahler 2010). These networks may take multiple organizational forms and also adopt different functions in regulatory policy making, including rule making, rule taking, and rule intermediation. Professionals and civil servants working in governmental or quasi-governmental organizations from different countries are the agents that constitute these networks, and the interactions between these individuals frequently take place in a plurality of international settings and venues which their countries are members of. In fact, shared membership in international settings has been identified as a powerful mechanism for policy diffusion, fostering the introduction of policy and institutional innovations at the domestic level (Fernández-i-Marín and Jordana 2015; Holzinger et al. 2008). These interactions are often articulated and convened by international associations and organizations not based on international treaties, but on soft structures of mutual collaboration, information circulation, and informal coordination. It has been observed that the activity of such international structures, which usually operate in a nonbinding fashion, retains most of the characteristics of network governance (Kahler 2010; Levi-Faur 2012; Risse 2004).

A network mode of global—or regional—governance is "based on shared or pooled authority and on repeated, enduring, and reciprocal relations among actors in different national jurisdictions [. . .] (even if one member of the network has a more central position or more influence over outcomes than others)" (Kahler and Lake 2009, p.248). As stated, by means of diffusion mechanisms related to the network environment, their activities may also involve substantive impacts on the development of domestic policies, despite their having no formal authority (Bach and Newman 2010; Brust and McDermott 2012). Regulatory conventions, managerial and policy best practices, and procedures for establishing policy instruments are typical examples of informal norms and models circulating within such transnational network circles, which are then processed and adopted by domestic government authorities in their specific domains.

Together with international organizations, regulatory agencies are major players in regulatory networks. Their global spread across many policy areas over the last few decades (Jordana et al. 2011) has brought many changes to the domestic policy arena in diverse sectors. Regulatory agencies have become important actors, often bringing together high visibility and enough technical resources to intervene in domestic policy making, while also being well connected to similar institutions in other countries. Beyond their specific tasks, with their strong professional patterns, regulatory agencies can also be understood as institutional solutions to the problems related to the management of regulatory capitalism (Jordana and Levi-Faur 2005). They have been expanding significantly in Latin America and the Caribbean (LAC) (Jordana 2012) and constitute nodal institutions capable of articulating interactions between global and local actors, as well as between public and private ones (Bianculli et al. 2015). For this reason, regulatory agencies would be expected to engage in transnational regional networks, to promote them, and also to obtain benefits from their involvement in policy making at multiple levels of government (Berg and Horrall 2008; Djelic and Sahlin-Andersson 2006).

Network structures may effectively facilitate the intermediation of regulatory concepts and practices from the international to the national level, or from one country to another (Levi-Faur and Starobin 2014). They establish spaces in which regulatory innovation and policy change come up against potential regulatory compliance. In contrast to marketplaces, in which the exchange of interests predominates, networks are places in which deliberation, value formation, and policy learning are also possible. This means that processes of regulatory diffusion often have complex and uncertain outcomes, but ones that are often more promising than formal trade agreements in terms of overcoming difficulties and gridlocks. Network-level outcomes may involve the introduction of screening systems that most members of the network will consent to and accept, thus legitimizing them. In fact, actors involved in transnational regulatory policy networks may include, among others, rule makers, rule takers, and rule intermediaries. The involvement of these three kinds of actors represents an opportunity to promote or also establish formal or informal systems of regional regulatory governance.

However, the governance of these networks may present distinct structural properties, and each particular form of network governance can create very different situations that are capable of shaping the activity of regulatory intermediaries. Networks are not formal organizations, nor do their members share legal ties; in fact, their connections are usually based on mutual trust and repeated contacts. Provan and Kenis (2007) identify three types of network governance. First, "participant governance," which involves the direct participation of members without any specialized structure of governance. Second, "lead organization governance," a model in which a particular organization operates as a leader by administering the network and supporting the other members in their efforts related to the goals of the network. Finally, "network administrative organizations (NAO)" governance, based on the existence of a separate entity designed specifically to govern the network, or which simply becomes the network facilitator or the network broker.

I suspect each form of network governance would be articulated through a different framework. While participant governance would require high consensus in selecting and accepting actors, lead organization governance would not require more than the implicit understanding of network members. Also, the NAO form of network governance would allow the acceptance of certain participants to be specified and suggested to the network members, without the requirement of high levels of consensus. These expectations are useful for better understanding the diversity of modes of governance that emerge in transnational regulatory domains, and how they are selected and recognized as valuable by rule takers at the national level.

Transnational networks in banking in Latin America

In this section I examine regional policy networks in banking in Latin America as an example of a regulatory context in which there are multiple global governance shortcomings. Globally, the main rule maker in banking is the Basel Committee, while national regulatory agencies also play an important role. Within this context, states decide "voluntarily" whether or not to adopt certain pieces of regulation (as rule takers). However, I am curious about the role that regional networks may play in connecting the global and domestic levels (including networks of agencies, rating agencies, consultants, and experts), and how they contribute to facilitating decisions on rule adoption.

Financial regulatory institutions in Latin America were surrounded by a turbulent environment during the 1980s and 1990s, coping with banking crises and domestic fiscal crises. Economic developments and policy reactions in the region have been intensively researched and extensively discussed in the literature (for example, Lora 2007; Ocampo and Ros 2011; Rojas-Suárez and Weisbrod 1995). However, this paper takes a different approach to public intervention into banking policy in Latin America. Focusing on the transnational dimension, I discuss how banking regulators in the region were capable of establishing new governance arrangements following the crisis at the regional level, which in some way contributed to greater financial stability in recent years. The section scrutinizes the architecture of Latin American international organizations and transgovernmental networks within the banking regulatory space and assesses how far their institutionalization has contributed to a more effective form of regional regulatory governance and RPG provision in more recent times.

Regional networks in banking play a significant role in the absence of a worldwide organization of banking regulators, in contrast to other financial sectors, such as insurance or securities and exchange, where a more articulated system of global governance exists. In fact, the European Union exemplifies a different response to these shortcomings. In 2003, it established the Committee of European Banking Supervisors (CEBS), aiming to create an independent advisory group on banking supervision that was capable of articulating a network mode of governance in banking regulation within the EU. This network, however, enjoyed very few resources, and was instead solely focused on the coordination of national authorities (Quaglia 2007). Several years later, a more hierarchical structure was introduced with the creation of the European Banking Authority (EBA), which started operations in 2011. EBA inherited all the tasks and responsibilities of CEBS, but also obtained some powers to overrule national banking supervisors, particularly in cases of competitive behavior among countries regarding banking regulation that might undermine common regulatory standards. More recently, the European Central Bank (ECB) obtained more relevant responsibilities to supervise those large banks in Europe that are able to create systemic risks. Compared to Latin American initiatives, however, those in Europe were proposed and also driven by the EU and involved a hierarchical logic of regional integration that was not present in the Latin American context.

Network governance forms in Latin American banking

There are several transnational structures in Latin America that relate to the governance of banking at the regional level. Some of these structures are international associations that all the countries in the region are members of. These were not created by international treaties but instead evolved from the very informal network arrangements that began several decades ago. They now have a certain degree of formal organizational structure, but their members still work largely as a network for coordination and information exchange. These structures are complemented by public–private dialogue networks articulated by multilateral organizations, fundamentally the Inter-American Development Bank (IDB). In addition, there are two international associations operating at the subregional level, one related to the MERCOSUR and the other to Central American countries, and both of which undertake their activities within the framework of subregional integration initiatives with specific institutional structures.

The most relevant transgovernmental structure for network governance in banking in LAC—but that also encompasses North America—is the Association of Supervisors of Banks of the Americas (ASBA, *Asociación de Supervisores Bancarios de las Américas*). This association has gained a preeminent position in the regional governance of banking issues, particularly after the banking and debt crises that many countries in the region suffered in the 1980s and 1990s. It is a clear case of the NAO form of network governance, one that evolved from a simpler participant governance form at its origins.

One factor to be taken into account when assessing the relevance of banking agencies in the region is that they were first introduced in many countries in the

1920s (Jordana and Levi-Faur 2006). At the time, their initial design was strongly influenced by North American models, partly as a result of the missions led by Edwin Walter Kemmerer, a Princeton University professor who acted as a consultant for many governments at that time (Drake 1989). In subsequent decades, these banking agencies went through a long history of institutional development and occasional crises (see Nogales 2000 on Bolivia, and Garavito and Fernando 2003 on Colombia). As can be observed in Figure 4.1, these agencies expanded quite rapidly across the region (Jordana and Levi-Faur 2005). More recently, they underwent massive reforms in order to obtain more autonomy vis-à-vis the executive (Jordana and Ramió 2010). Except in Argentina and Brazil, designs of banking regulatory agencies in Latin America are much more homogeneous than in Europe, where central banks are involved in banking regulation in a large number of countries. Within this context, it is no surprise that the first meeting of banking regulators in Latin America took place in 1981, when the Commission of Latin American and Caribbean Banking Supervisory and Inspection Organizations (*Comisión de Organismos de Supervisión y Fiscalización Bancaria de América Latina y el Caribe*) met for the first time in Mexico, after being

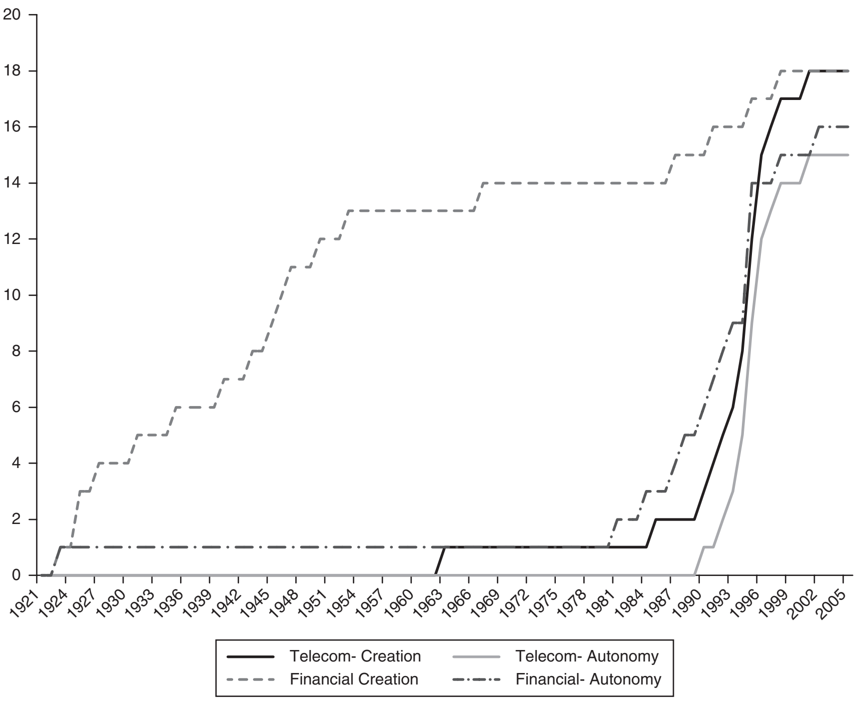

Figure 4.1 The Expansion of Telecom and Financial Regulatory Agencies in 18 Latin American Countries (1920–2005): Creation and Autonomy (Fixed-Term Tenure).

Source: Jordana and Ramió (2010).

convened by the Center for Latin American Monetary Studies (CEMLA, *Centro de Estudios Monetarios Latinoamericanos*).[1]

The Commission of Latin American and Caribbean Banking Supervisory and Inspection Organizations held meetings almost every year during the 1980s and adopted a formal organizational design as early as 1982, during its second meeting, held in Lima, when its statutes were approved. Membership reached 27 countries by 1984, and meetings were open to experts and representatives from different international organizations. Representatives were also frequently invited from extraregional supervisory authorities, like the USA or Spain. In addition to these general meetings of agency heads or presidents, a number of technical committees started to operate on specific issues during the 1980s. During the ninth meeting, held in 1992 in Santa Cruz, Bolivia, it was decided that the organization would change its name to Association of Banking Supervisory Organizations of Latin America and the Caribbean (ASBALC, *Asociación de Organismos Supervisores Bancarios de América Latina y el Caribe*). Organizational support from CEMLA remained in place until the late 1990s, when ASBALC became more self-sufficient and established its own permanent secretariat in Mexico, DF. This also led to changes in its network governance form, which evolved towards the NAO type, with a specialized organization responsible for coordination, administrative services, and service provision to members. It was at this time that the organization was renamed ASBA, partly to signify the full inclusion of North American banking regulatory agencies.

In recent decades, ASBA's main task has been to disseminate the regulatory requirements of the Basel Committee on Banking Supervision through the region, helping with their implementation, explaining their contents, and facilitating a space for the exchange of information and experiences among members. One major instrument for achieving this aim has been a large-scale training program with guest teaching staff from the United States, Canada, Spain, and also from within the region itself. A second instrument is the working groups (and subgroups) on multiple regulatory issues. These include one representative per country who exchange experiences, elaborate common positions, or revise the implementation of Basel-based regulations in the region. The secretariat provides support to all high-level meetings of ASBA members, manages the training program, and also implements modernization programs. Two successive technical cooperation programs established by the IDB have supported ASBA's efforts to propagate the Basel regulatory frameworks, and have also provided technical support to countries when needed (Gutierrez and Caraballo 2011).

Regulatory regimes in most countries in the region were focused on microprudential regulation until 2008, and banking agencies and their networks usually promoted more intense adoption of international regulatory standards. Currently, levels of implementation of Basel I and Basel II regulatory requirements are very high in most countries in the region, reaching about 80% in 2010 (De la Torre et al. 2012). Furthermore, ASBA is also allowed to participate in some Basel Committee meetings so as to obtain information directly and provide views from LAC. This is very useful for small countries, which do not have alternative channels, but not for larger ones, as these have their own seat on the Basel Committee.

In this sense, it can be argued that the main information circulating in the regional network relates to the diffusion of the international standards that are commonly accepted as correct or adequate at a given time, including assessments of their adequacy, practicality, and other details of their implementation. This can be understood as a valuable club good for national supervisors, particularly for small countries. However, larger countries also obtained public good compensations from membership: one the one hand, they enjoyed increased influence in defining region-wide regulatory positions and, on the other hand, they benefited from some level of regional regulatory harmonization and by avoiding dumping on the part of their smaller neighbors.

Subregional networks of regulators in financial governance

There are other financial regulatory networks in the region, such as the Central American Council of Superintendents of Banks, Insurance, and other Financial Institutions (CCSBSO, *Consejo Centroamericano de Superintendentes de Bancos, de Seguros y de Otras Instituciones Financieras*). This network was created in 1976 and includes regulatory agencies from Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica, and the Dominican Republic. The CCSBSO initially operated as a network, convening annual meetings, but in 2000 it established itself formally as an international association, showing a similar pattern of moving towards an NAO form of governance. During the 2000s, the CCSBSO became very active, establishing many technical committees to deal with regulatory harmonization or accounting standardization and other issues. In 2011, it decided to establish a permanent secretariat in Panama with the aim of achieving a stable organizational structure while moving beyond the network approach that characterized its operations at its beginnings. This is a clear case of a transnational network providing club goods by means of developing organizational capabilities—and establishing strong connections with rule takers at the national level within the subregion. Finally, it is also important to note that CCSBSO is directly represented within ASBA, in addition to its national members.

In addition, the MERCOSUR also emerged as an active cluster for coordinating financial regulation at the subregional level, in a similar way to CCSBSO countries. Working Subgroup 4, which deals with financial issues, is made up of representatives from central banks, banking authorities, and insurance and securities agencies, and articulates different technical teams focusing on specific areas of financial regulation (insurance, capital markets, money laundering, and financial services), which meet relatively frequently. However, their activities are based more on negative coordination and information exchange than on advancing regulatory harmonization and the integration of financial systems and regulatory supervision. In this sense, the structure of the body's network governance has remained a participant governance form of network. In this sense, its capacity to play an active role in providing subregional public goods is weak, but it is nonetheless capable of reaching some decisions by consensus. It has made, in fact, some advances towards reaching certain levels of harmonization in technical areas (i.e., accounting criteria) and also in developing common criteria for the implementation of Basel II and Basel III standards.

Multilateral international organizations and transnational banking networks

Networks promoted by multilateral organizations are clear cases of lead organization governance networks, which usually require less coordination and cooperation in order to operate. The IDB established a research network called the Latin American Financial Network in the early 2000s, with the purpose of promoting high-level policy discussions on financial issues in Latin America. The new network also aimed to foster personal bonds among the academic community, regional policymakers, and the IDB research team, to facilitate policy exchange and, eventually, policy diffusion. The network's main activity is a yearly workshop that brings together top researchers, policymakers, and financial regulators from the North and the South to discuss recent theoretical and empirical advances in the economics of corporate finance in a two-day brainstorming session, and to coordinate a common agenda.

Around the same time, the IDB also launched a series of regional policy dialogues in different areas, including banking supervision. In 2003, this network started as a public–private conference on the implications of Basel II for Latin America, convened by the IDB in Washington, DC, with high-level representatives from domestic regulatory institutions, major banking associations, and also regional or subregional associations. These meetings continued each year in different places, as a venue at which bank representatives and supervisors could engage in dialogue with a regional perspective. This network includes 25–50 members at each meeting, and is also supported by major regional associations and networks in the area (ASBA and CCSBSO for regulators, and FELABAN for banks). Since 2010, this initiative has been integrated into the IDB's regional policy dialogues and is also becoming better articulated within the IDB's development strategy. In general, the governance form of this network is based neither on self-organization or consensus making, but provides some benefits for participants, such as information exchange and consensus building, without any commitments on their part.

Transnational networks in telecommunications in Latin America and the Caribbean[2]

International organizations as regional network promoters

There is no shortage of international organizations in the area of telecommunications worldwide. It is thus no surprise that they are among the most important sources of support for governance in this sector in Latin America. In this sense, two organizations that aim to act as lead organization governance in the region are especially important. First, there is a broad-purpose, territorially based international organization that focuses on regional integration goals: the Organization of American States (OAS), which was established in 1948 for pancontinental purposes and is headquartered in Washington, DC. Second, there is the sector-based Latin American branch of the ITU, an intergovernmental organization affiliated with the United Nations that is one of the oldest intergovernmental organizations in the world, as it was originally established in 1865.

Among the regional networks connected to these international organizations, the most important is the Inter-American Telecommunication Commission (CITEL, *Comisión Interamericana de Telecomunicaciones*; CITEL 2005), which aims to perform in the NAO mode. Created by the OAS in 1994, the high point of the sector's commitment to market competition and privatization, it is a subunit specializing in the regional governance of telecommunications. CITEL has two types of members: representatives from the public sector (who now come from 33 countries), who may come from any type of public body, and often include sector ministers; and associate members from different areas of the private sector, mainly regulated firms.

CITEL's main governance purpose, however, is to focus on pure public goods, promoting agenda and rule setting on the technical and regulatory side of telecommunications, in order to establish common norms, network interoperability, joint use of the radio-electric spectrum, and so forth. In the 1990s, it began work on the *Blue Book on Telecommunications Policy for the Americas* (2005), published jointly with the ITU's branch in the Americas. Its contents aimed to suggest policies and rules to be developed in the region after the liberalization of the sector in the early 1990s. During the 2000s, CITEL became less stringent in terms of its policy suggestions, and increasingly turned into a space where government positions for forthcoming ITU conferences were negotiated, with the aim of eventually reaching consensus for regional strength in different global telecom forums. This is particularly true for the United States and Canada, which usually look to conclude hemispheric agreements at CITEL, while striving to establish common regional standards, a process which is strongly contested by several Latin American countries.

CITEL has a complex structure including a rotating board of directors and two specialized Permanent Consultative Committees within which detailed discussions take place. There are a number of other working groups, which include representatives from several countries. In addition to these regular gatherings, CITEL is very active in providing specialized training: it has established a number of training centers in most Latin American countries, offers a large number of courses, provides grants for course participants, and coordinates these tasks with the regional branch of the ITU, which is also involved in providing specialized training.

The abovementioned ITU branch, which was opened in 1992, is active in launching programs to provide technical support and promote the advance of telecommunications in the less developed countries in the region. In addition to government participation, the regional ITU branch has also expanded its membership to form a network-like structure involving 115 organizations, which include firms, NGOs, scientific units, and regional organizations. The network is employed to disseminate information, facilitate meetings, and provide specialized training. In fact, the ITU office is strongly focused on developing policies in the area of telecommunications in the region, providing technical advice on the telecoms governance of less developed countries, and also coordinating some ICT development projects. This initiative represents a move towards establishing a hybrid mode of regional governance, taking advantage of the characteristics of network-based procedures within a more traditional institution.

In addition to CITEL and the regional branch of ITU, there are a number of subregional organizations with a similar operational logic. These subregional initiatives have a public nature, taking the form of an international treaty or sectoral initiatives that form part of subregional integration processes. For example, a group of Central American countries established the Telecommunications Regional Technical Commission (COMTELCA, *Comisión Técnica Regional de Telecomunicaciones*) in 1966. Originally a network of public operators, COMTELCA is an association of different Central American regulatory agencies that is a common space for subregional governance involving national authorities and regulatory agencies. Also at the subregional level are other structures that serve some governance functions, mainly consensus building and policy coordination, such as the MERCOSUR Committee for Communications, SGT-1, established in 1995, or the Andean Committee of Telecommunications Authorities (CAATEL, *Comité Andino de Autoridades de Telecomunicaciones*), established in 1991. In addition to its regular interactions, CAATEL was also active in joint decision making regarding the regulation of some technical areas (e.g. satellite communications) during the 1990s and early 2000s.

Regulatory agency networks in telecoms

Established in 1998 as a forum to facilitate policy coordination in the region among the new regulatory agencies in most Latin American countries, the Latin American Forum of Telecommunications Regulators (REGULATEL, *Foro Latinoamericano de Entes Reguladores de Telecomunicaciones*) began operating after almost all countries in the region had already created regulatory agencies (see Figure 4.1). This initiative represents a participant governance mode, where members take care of coordination, but without a robust structure. The origins of REGULATEL are strongly related to a critical juncture when all Latin American countries sought to take a common position regarding international call termination costs, in opposition to US and Canadian interests that were seeking to quickly reduce their payments for call termination. This cleavage created the need for a separate forum from CITEL, one that centered on regulatory agencies instead of ministerial representatives. This was a serious dispute that forged interests that would be defended jointly by Latin American agencies, which were all in some way responsible for this issue. REGULATEL rapidly brought together 20 telecommunications regulatory agencies in Latin

America (three European agencies from Portugal, Spain, and Italy later joined as observers, but Caribbean regulatory agencies were not invited).

By the time the termination cost dispute was over, the network was already in operation, and the member agencies—most of which were then still young, expanding organizations—have since continued to perform some governance activities and tried to keep the network structure functioning under certain limited internal rules. For example, the REGULATEL presidency rotates annually among the heads of the 20 regulatory agencies that form the network. REGULATEL is a participant organization, and members did not agree to make financial contributions to sustain the network. Resistance in several countries has stifled continued support for this initiative, limiting the possibility of its becoming a lead organization in the sector and developing a stronger transnational platform.

A significant obstacle to the REGULATEL network becoming more institutionalized and better able to produce more public and club goods is related to the widely varied formal status of telecom regulatory agencies in Latin America. The network operates only as a coordinating body, sharing tasks and responsibilities among its members through a minimal organizational structure; but it does not operate as an international organization. Its members see the network as a forum, a common space in which to manage knowledge and build consensus: "the Forum operates through an organization that takes advantage of the infrastructure of the regulator of each member country, to carry out exchanges of information and experiences" (REGULATEL 2009). However, they do not perceive it as providing authoritative guidance. Its main objectives are to facilitate the exchange of information and policy coordination, to promote the harmonization of regulation in the region (thus contributing to regional integration), and to identify and defend regional interests as a whole, seeking to define common positions to be defended in international forums. But only the first of these has really been achieved.

In spite of its limited governance capabilities and shortage of public goods provision, REGULATEL has become very active in organizing annual meetings in the region. To some extent, these periodic exchanges of information are believed to contribute to the harmonization of regulation in Latin America, facilitating the emergence of learning mechanisms (Peña 2006). Some club goods are also provided by REGULATEL, such as data for benchmarking, technical studies, or regulatory network news, which particularly benefit small countries. A parallel network involving Caribbean utility regulators exists as well: the Organisation of Caribbean Utility Regulators (OOCUR) was created in 2002 and includes agencies dealing with telecommunications regulation. This is not a formal organization, but a network of regulatory agencies which exchange information, promote joint activities, and facilitate their interactions, and so is similar to REGULATEL but on a smaller scale.

Conclusions

Following my comparison of the structures of regional network governance in the two policy areas examined, I have found many differences, but also some similarities. On the one hand, the lack of a well-established and inclusive regime of global governance in banking has obviously triggered uncertainty and increased the relevance of regional settings as alternative spaces for interaction and information exchange, while the fragmentation and polarization of global governance in telecoms has produced an increasing number of competing regional networks for sector governance, and fewer incentives for regulatory harmonization. On the other hand, both cases show that norm definition and norm setting has not occurred at the regional level, but rather in countries outside the region or at the global level. The role of regional transnational networks emerges as a critical one, in particular for smaller countries, in order to obtain information, advice, and technical support without taking on strong obligations as rule takers. In this sense, I have observed that some policy network patterns are very similar: small countries perceive their outputs as public goods or club goods, while larger countries do not require these, but obtain indirect benefits from their involvement in networks.

Another difference lies in the type of regional network governance predominating in each sector. Given the absence of alternative options, the evolution of ASBA in the banking area shows the transformation of regional network governance from a participant governance to an NAO form over the course of more than 30 years, a process supported by other actors that function as lead organizations for more politically sensitive issues. In the case of telecoms, I have observed how CITEL acted in the 1990s as an NAO for the governance of the sector, but was unable to integrate emerging networks of regulatory agencies, which also developed alternative participant governance network modes, although these were not strong enough to build an alternative NAO that was capable of increasing the offer of RPGs for the sector. Both cases, however, have come up against the same problem of the involvement of countries outside the region, creating more difficulties for collective action, although they provide resources and better information channels for network operations.

For decades, regional governance networks in both sectors have created a sustained pattern of intense information exchange and common understanding for regulatory harmonization in the region, which almost certainly contributed—to different degrees of intensity according to each sector and each country—to the adoption and further adjustment of new rules in national settings. However, these networks have not been capable of enlarging the provision of public goods (or club goods) in their policy areas, nor of evolving towards stronger institutional forms. New ideas circulate through these networks that affect agenda setting at the national level, but only when certain opportunity windows are present are they able to influence policy developments to explicitly harmonize countries' regulatory frameworks, for example.

Regulatory governance networks allowed the emergence of informal mechanisms of regional cooperation, or a rapid diffusion of regulatory innovations, beyond formal institutions, regional summits, and multiple attempts to move forward political integration. However, these networks showed many shortcomings, in particular their inability to act intentionally to pursue relevant objectives, due to weak institutionalization and scarce resources. As a result, however, a novel but limited offer of regional public and club goods—such as stronger cooperation, rapid information exchange, and sustained trust among regulators and policymakers—emerged in the region.

It is probably not to be expected that regional policy networks will provide more public goods, but they can improve the quality of the collective goods they provide in regulatory governance through better coordination, stronger trust formation and increased information exchange. This may produce regulatory convergence through diffusion nurtured by transnational network activity. They also may expand into many other sectors in which regulatory harmonization gains at the regional level are possible. The successes and failures of this network mode of regional governance, however, clarify the existing limitations and opportunities for the provision of RPGs. In this sense, promoting regulatory governance networks may well contribute to providing the region with more benefits, but also it is clear that this mode of governance cannot be the solution to most of the region's integration problems.

More promising are hybrid modes of governance that, given the particularities of Latin American integration, have the potential to promote regulatory harmonization. For example, establishing political links within the same area between regional regulatory networks and initiatives relating to "hard" public goods (such as infrastructure provision), provided by different institutions, may help to overcome some weaknesses in collective action. An advantage of networks is that they do not compromise sovereignty, nor oblige participation in decision-making processes, nor require sunk costs or long-term investments. They are simply *ad hoc* working arrangements which can be adapted to many different geographies and moving sector-specific borders. In sum, experimentation and originality in regional governance is necessary for Latin American integration, as each region must find its own mode of integration and its own connection to global governance. A larger supply of different types of RPGs could be provided by a multiplicity of hybrid modes and polymorphic structures of governance, involving innovative combinations of institutions and networks.

Notes

1 CEMLA was created by a network of economists from Latin American central banks as early as 1952 to provide training and technical advice from within the region itself. When central bank governors from LAC started to meet in 1964, CEMLA became its permanent secretariat (CEMLA 1993).

2 This section is based on a previous study by Jordana and Levi-Faur (2014).

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