



## **ETF ANNUAL ACTIVITY REPORT 2005**

**ADOPTED BY THE GOVERNING BOARD ON 06 JUNE 2006**



# INTRODUCTION

The ETF shares expertise in vocational education and training across regions and cultures. On behalf of the European Union, the ETF helps partner countries to develop peoples' skills and knowledge, thereby promoting better living conditions and active citizenship in democratic societies that respect human rights and cultural diversity.

As an EU agency, the ETF promotes the values and objectives of the European Union and contributes to sustainable development in its partner countries. Its work is based on the fundamental contribution that vocational education and training and higher education (through the Tempus programme) make to increasing prosperity, employability and social cohesion in modern economies. In fulfilling its role, the ETF works in close collaboration with relevant partner organisations to promote knowledge development and the sharing of experience.

The ETF provides services to five Directorates General within the European Commission<sup>1</sup> (External Relations, Enlargement, Employment and Social Affairs, the EuropeAid Co-operation Office and Education and Culture, the ETF's DG *de tutelle*). Services are also provided to the EC Delegations in the partner countries and the European Agency for Reconstruction. The ETF also provides support and services to EU Member States in the framework of EU external relations policies and contributes to the work of the European Parliament, and in particular to the Employment and Social Affairs and the Foreign Affairs Committees.

This annual report presents the ETF's main achievements in 2005 in comparison with the objectives set in the Medium Term Perspective 2004-2006 and the 2005 Work Programme. It shows the results of the ETF's activities in each of the EU external relations policy areas and thereby summarises the return for the Community from the ETF's operational activities. The annual report shows that the ETF has been effective in delivering the expected results defined in the 2005 Work Programme as its contribution to EU external relations policies and priorities in the Accession, Neighbourhood and Central Asian regions. Despite this complex geopolitical environment, by the end of the year, the ETF had delivered over 75% of the 62 results defined in the work programme. Work on the remaining result areas has been brought forward to 2006. The report also shows that the ETF has been efficient in the use of its resources. In committing over 99% of its annual subvention from the EU budget, the agency invested about 80% of its resources directly in its operational activities while only 20% was used to subsidise overhead costs.

At corporate level, the report outlines the ETF's management and internal control systems, which are the basis for the accountability of the institution. It shows how the ETF has sought to follow up recommendations from controlling authorities and how it is steadily introducing a risk management approach to deploy its resources efficiently and engage its stakeholders effectively. The report goes on to identify the material weaknesses in the management of the ETF which may have an impact on its work, and the corrective actions that it proposes.

I would like to take this opportunity to thank the many institutions and individuals in the EU and our partner countries who have helped us to achieve these goals. Thank you for your support so far and I look forward to continuing to work with you in 2006.

Muriel Dunbar  
Director

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<sup>1</sup> A comprehensive list of Commission requests for ETF services and support during 2005 can be found in annex





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## ETF FACTS AND FIGURES

**Mission:** *We assist partner countries in developing quality education and training systems and in putting them into practice.*

**Budget:** €18,500,000

**Staff:** 104

**Headquarters:** Turin, Italy



# PART I POLICY RESULTS

## 1.1 Overview of main policy achievements

The ETF has implemented its 2005 Work Programme in line with the objectives and expected results agreed with its governing board:

- Of the 50 expected results outlined in its operational activities in the Work Programme, 40 were fully achieved and eight have been delivered in 2006, while two were cancelled. Two expected results were cancelled.
- As regards the 12 expected results in its organisational and administrative activities, seven were fully achieved, and five will be concluded in 2006.
- The ETF can therefore claim to have fully achieved over 75% of the expected results defined in its original work programme by the end of 2005. A further 20% of the results were delivered in early 2006. These slight delays were caused above all by risks endemic to the ETF's complex operational environment, and in particular by the political instability which has featured in its partner regions in 2005, especially in the Mediterranean and Eastern Europe and Central Asian regions. The two cancelled results were agreed with the Commission on the basis of emerging priorities over the year.
- The ETF's 2005 budget included an EU subsidy of €18,500,000. This budget has been managed cost-effectively, with over 80% of its revenue being invested directly in operational activities and under 20% in administrative overhead costs.
- In 2005, the ETF committed over 98.54% of its annual subsidy from the Commission

The ETF invested over 40% of its operational funds in supporting the EU enlargement process in 2005; just under 30% was invested in supporting EU policies in the Mediterranean region, and a similar percentage was used to support EU policies in Eastern Europe, the Caucasus and Central Asia. As regards governance and compliance, the ETF received an overall positive opinion from the Internal Audit Service from the first audit of the internal control standards of the organisation.

ETF support to partner countries has been characterised by a participatory approach based on active and constant dialogue with stakeholders in partner countries on the reform of their education and training systems. Despite the instability mentioned above, in 2005, ETF experts carried out about 350 missions to partner regions, at an average of more than ten missions per partner country. The ETF efforts to involve stakeholders in the reform process to build capacity especially among policymakers can also be seen through the high number of study visits and policy learning seminars the agency has supported. In 2005, the ETF organised 11 study tours and 36 seminars enabling 1,400 stakeholders from partner countries, the EU, and relevant international organisations to network and develop policy approaches that are informed by the experiences of their peers. In this context, lessons from the EU Lisbon process and the recent reform experiences of the new Member States are especially relevant for partner countries.

ETF operational activities include support to the European Commission's services, provision of information and analysis, and expertise development initiatives to test new reform approaches in the partner countries.

### Support to the European Commission

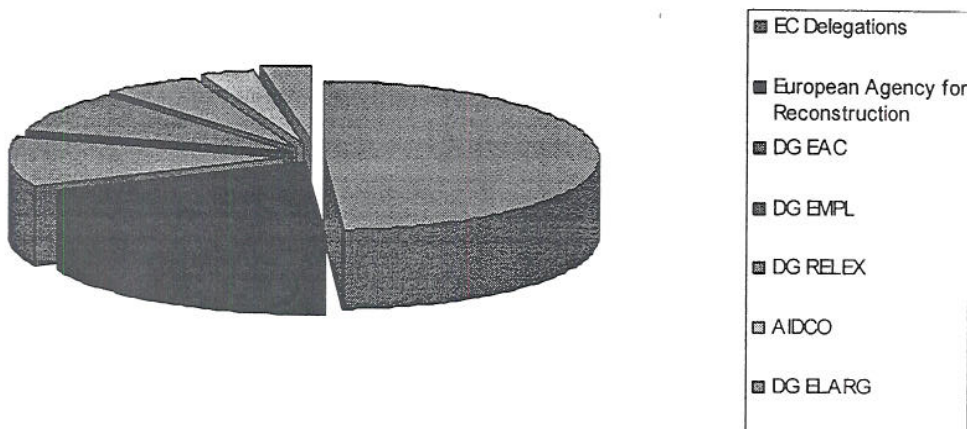
As in 2004, the ETF's principal activity in 2005 has been the provision of programming and project cycle support to the Commission services to ensure that EU interventions in vocational education and training (VET) reform fully support the overall objectives of the EU external



relations policy. In 2005, the ETF responded to 127 new requests from different Commission services. This represents a slight reduction from the 169 requests in 2004 as the programming cycle for the current instruments (Phare, CARDS, Tacis and MEDA) draws to an end.

ETF input has mostly been sought for programming, project identification and monitoring of EU-funded interventions. Over a quarter of Commission requests have solicited ETF support in the programming of aid to partner countries. The provision of 18 country analyses outlining the policy priorities for the education and training sector in 2007–13 to Commission programming in the Neighbourhood countries was a particularly intensive but welcome activity for the ETF in 2005. The ETF has also been active in responding to requests for project identification (9% of all requests). Increasingly, the ETF is also being asked to support the Commission in monitoring EU projects (20% of all requests), and to assess their impact on the overall reform process in a partner country.

## REQUESTS FOR ETF SERVICES



The bodies from which service requests have come, and the relative quantities, are shown above. In the light of the deconcentration process, the ETF has worked in close cooperation with Commission services in Brussels and Delegations in the partner countries. The Commission has facilitated this approach, for example by inviting the ETF to address the

regular meetings of Delegation Heads of Operations and Financial Officers in DG ELARG in the last quarter of 2005.

### *Promoting employment in the Mediterranean region*

*2005 was the first year of operation for the MEDA project 'Education and Training for Employment', implemented by the ETF on behalf of EuropeAid. In the years between now and 2008, the project will help ten countries in the region improve and refocus their education policies and strategies, better match education and training to the needs of their labour markets, and promote the use of information and communication technologies in education and training. This is a major activity with an overall budget of €5 million over three years.*

Requests for programming and project cycle support have come largely from DG RELEX, DG ELARG, AIDCO and the EC Delegations. The ETF has also seen an increase in requests for policy support from DG EAC, DG EMPL and DG ELARG in 2005. These requests have focused on adapting the EU *acquis*, experiences and approaches to candidate and potential candidate countries, usually in close cooperation with Cedefop.

DG EMPL asked for ETF support to assess the readiness of the candidate countries to take part in the EU employment strategy, and to develop capacity in the European Social Fund. DG EAC also drew on ETF expertise to support EU internal policy developments that are also relevant for partner countries, such as the Copenhagen process.



The ETF continued to provide the Commission with technical assistance for the implementation of the Tempus programme. In 2005, the ETF processed over 2,000 (3,378 in 2004) project applications and monitored 800 (588 in 2004) running projects. In 2005, the ETF trained over 70 Tempus project managers, and launched two research actions to assess the overall impact of Tempus III and its contribution to university–enterprise cooperation.

The ETF monitored the extent to which Commission services were satisfied with ETF support. Over 90% of respondents stated that they were satisfied or highly satisfied with the ETF's response to their request.

## Provision of policy information and analysis

The ETF also continued to provide the EU institutions, partner countries and other relevant stakeholders such as donors and social partners with policy information and analysis on the progress of and future perspectives for education and training reform and its links with employment as a basis for their work in the partner regions. Key examples of this service in 2005 were:

- **Overall review of progress in partner country reform:** Annual assessment of the progress of VET reform in candidate, potential candidate, MEDA, Eastern European, Caucasian and Central Asian partner regions. This report was prepared in consultation with the Advisory Forum and presented to the Governing Board in November 2005
- **Education policy issues:** A regional peer review report on curricula reform in South Eastern Europe including policy recommendations for Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia (FYROM), Serbia and Bulgaria. Reports on the existing vocational education and training programmes and emerging occupations in the tourism sector in Central Asia as part of an introduction to the concepts of national qualification frameworks.
- **Employment policy issues:** Three in-depth studies on employment, HRD and economic development in the Caucasus; tracer study on employment in Ukraine; labour market studies for Serbia, Montenegro and FYROM, and employment studies in selected Mediterranean partners.
- **Development policy issues:** Four draft country reports on opportunities and obstacles for skills development for poverty reduction including recommendations for VET system reform and inclusion of skills development into the PRSPs.

## Expertise development initiatives

The ETF continued to build up its expertise capacity through action research initiatives in 2005. The following are examples of such initiatives that were completed in 2005:

- **Impact assessment of training for company development in Russia:** A final event for this project took place in Moscow in December. The results of the study will be disseminated in 2006.
- **Consolidating knowledge on project evaluation through e-learning:** A final event for this project, in April, assessed the role of information and communication technologies in VET for the support and

### *Mining local resources in Albania and Kosovo*

*The ETF project "Local economic and employment development in Albania and Kosovo" helps Albania's poverty-stricken Lezhë region to develop its tourism potential through locally developed and directed training. Headmaster Zefeni Kola of Lezhë's Liris secondary school says the project can help turn the pressing problem of rural migration into an advantage for the region: "Lezhë has huge resources, both natural and human; we have an opportunity to exploit the former and an obligation to develop the latter."*



### ***Training with employers in Romania***

*Employers' input into qualification issues is essential if sound economic development is to be achieved. In Romania, however, most employers experience such difficulty in simply surviving from day to day that they have no time to get involved in training. With the help of the ETF, Romania has now set up sectoral committees that can represent the voice of employers. In 2005, two showcase committees were established in the metals and food sectors. Their members were trained and linked to peers in the EU. Their positive experiences have set an example that is now being replicated in other sectors in Romania.*

development of knowledge-based societies in partner countries.

#### ■ **Three three-year development projects**

(adult learning, national qualification framework (NQF) and teacher training) were concluded. The projects contributed to strategic policy development and policy learning among key stakeholders in the following ways:

- The ETF worked with policymakers in South Eastern Europe to develop a concept for adult learning strategies in the Western Balkans. Adult learning has been under-emphasised in reform strategies, and the results of this project have contributed to adult learning components in EC interventions in Bosnia and Herzegovina and Serbia.
- Strategies for setting up an NQF have been prepared in all Western Balkan countries. A regional seminar in December led to the integration of NQF

implementation strategies in national reform processes and in EC interventions. It has also prepared the way for the participation of these countries in the discussions about the European Qualifications Framework.

- Eight country reports on teacher training were presented at the South-Eastern European teacher training network conference in November. These have contributed to developing national reform strategies in teacher training, and the knowledge sharing of network with Cedefop's Teacher Training network (TT net).

## **Governance and compliance**

In 2005, the ETF continued its efforts to implement the overall reform process that is currently ongoing in the EU institutions and other agencies, and to improve the cost-effectiveness of its services.

Throughout the year, the ETF also enhanced its efforts to support and involve EU institutions and Member States in its activities. The ETF provided information and analysis and made presentations to European Parliament committees responsible for employment, external relations and education, as well as to the European Council Education Committee. The ETF also provided input into the Luxembourg and UK Presidency calendars. In line with the Paris Declaration of March 2005, the ETF organised a meeting with Member State donors to support the harmonisation and alignment of EU aid. The ETF also increased its focus on disseminating its work to European citizens by improving its website and the distribution of its publications. Further information on these activities is available in annex.

## **1.2 The ETF's progress towards the development framework set in its Mid-term Perspective 2004-06**

In November 2003, the Governing Board, informed by the Commission Communication (COM 287/2003) and the ETF external evaluation, concluded that the ETF was 'an effective centre of expertise and makes a valuable contribution to the Community's activities in the field of vocational education and training in its four partner regions'. The Governing Board defined a development framework (ETF-GB-03-28) to consolidate the agency's capacity to contribute to

the Community's assistance to the reform of vocational education and training systems in its partner countries.

The following table provides some key figures to illustrate how the ETF responds to the development framework set by the Governing Board for the period 2004-2006

Mid term Perspective Framework	Key figures 2005
<ul style="list-style-type: none"> <li>■ Consolidate the capacity of ETF operational departments to support Community priorities in line with Commission requests for support <i>per region</i>.</li> </ul>	<ul style="list-style-type: none"> <li>■ 127 new Commission requests overall. This includes 18 country analyses provided for ENPI countries.</li> <li>■ 97% satisfaction rate by Commission services on the ETF's response to requests</li> </ul>
<ul style="list-style-type: none"> <li>■ Develop ETF added value and expertise</li> </ul>	<ul style="list-style-type: none"> <li>■ At least 9 expert scientific contributions to international conferences by staff</li> <li>■ 3 flagship publications by ETF and 5 scientific contributions to external journals</li> <li>■ 11 thematic internal knowledge sharing seminars during 2005</li> <li>■ 15% of ETF staff commenced further/post graduate studies</li> <li>■ 7.5 person days of training and development on average in 2005. As regards the ETF's core business, this included study visits and summer schools</li> </ul>
<ul style="list-style-type: none"> <li>■ Improve communication and transparency with external stakeholders, and in particular EU institutions</li> </ul>	<ul style="list-style-type: none"> <li>■ 11 study tours; 36 seminars enabling 1,400 stakeholders from EU and partner countries to exchange experience in 2005</li> <li>■ 471,233 visits to the ETF website last quarter 2005</li> <li>■ 5 Presentations to European Parliament Committees; 1 presentation to Council Education Committee; 3 contributions to the Presidency calendar</li> </ul>
<ul style="list-style-type: none"> <li>■ Improve internal efficiency and management of ETF statutory bodies</li> </ul>	<ul style="list-style-type: none"> <li>■ Governing Board met basic requirements in Financial Regulation: adopted ETF Annual Report 2004, Pre-draft budget, Work Programme and draft Budget 2006., and PPDB met the obligations complied with obligations</li> <li>■ Governing Board adopted new Rules of Procedure for the Board and Advisory Forum</li> <li>■ Advisory Forum provided report on Progress of VET reform and Opinion on Work Programme 2005</li> </ul>
<ul style="list-style-type: none"> <li>■ Maintain high level of technical assistance to the Tempus programme</li> </ul>	<ul style="list-style-type: none"> <li>■ 2,620 applications processed</li> <li>■ 1,803 reports processed</li> <li>■ support to 2,210 running projects</li> </ul>



## **Main results in each EU external relations policy area or core business activity area**

The following section outlines the ETF's main achievements in the four EU external relations policy areas that the agency supports compared to the expected results originally defined in the 2005 work programme agreed with the Governing Board in November 2004. It also presents the ETF's results in its other core business activity areas, namely expertise development and the provision of technical assistance to the EC Tempus programme.

The analysis of the results is supported by reference to the indicators that were fixed in the original work programme and, where appropriate, information is also given regarding delays in the achievements of the results, or modifications to the expected results deriving from changes in the environment.



### 1.3.1 Results in the Enlargement policy area

Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
Support to CEC	Impact of EU investment in HRD in candidate countries increased in line with EU pre-accession policy through input to the European Commission's project cycle and policy dialogue with the partner countries	<ol style="list-style-type: none"> <li>1. Phare programming cycle supported by ETF expertise in line with EU priorities and in close co-operation with Commission services in Brussels and the Delegations in partner countries</li> <li>2. Analytical input delivered, at the request of DG EMPL, in the process of monitoring the implementation of the priorities identified in the Joint Assessment Papers for employment policy as well as in their preparation for the European employment strategy and ESF</li> <li>3. Raised awareness and wide dissemination (where possible in co-ordination with the EU presidency) of key messages in EU policy development (Copenhagen process) leading to improved understanding of their implications for the domestic policy making sphere</li> <li>4. DG Enlargement kept up to date on progress of the candidate countries towards accession in the fields of vocational training and labour market</li> <li>5. In line with EU programmes, capacity built in local institutions for the preparation of accession and structural funds management</li> </ol>	<p>In all countries ETF has provided the support requested by Delegations in programming, project design and monitoring.</p> <p>In all candidate countries, the ETF has supported the JAPs by commenting on progress reports and participation in JAP meetings. For HR and TR support was delivered to the preparation and launching of the JAPs.</p> <p>High level policy makers are well aware of EU discussions. Each country has appointed a national 'Copenhagen coordinator', and held awareness raising events and had EU documents translated. Support was given to the LLL progress reports for Education and Training 2010 that the candidate countries have sent to DG EAC.</p> <p>Review of progress in vocational training reform reports for BG, HR, RO, TK submitted to DG ELARG.</p> <p>Local capacity developed in ESF type project evaluation (RO), social dialogue in sector committees (RO), preparing for ESF projects (TR), and regional CVT strategies (BG)</p>	<ol style="list-style-type: none"> <li>1.1. Support given to project design of 3 projects in RO and 3 in HR.</li> <li>1.2. Monitoring support to 4 projects in TR, 2 in BG, 4 in RO and 4 in HR.</li> <li>2.1. Analytical input to JAP meetings in BG and RO</li> <li>2.2. Analytical input delivered to launch of AP in HR and TR</li> <li>3.1. At least one national event per country.</li> <li>3.2. Database established with translated EU documents</li> <li>3.3. ETF participation in EU Presidency calendar, such as Europass conference in January Quality conference in September</li> <li>3.4. LLL progress reports of CC and EC Synthesis report (with 8 references to ETF VET Financing report) commented</li> <li>4.1. 4 VET progress reports sent by July 2005</li> <li>5.1. National and regional stakeholders have been trained in several Institution Building workshops.</li> </ol>

Strand	Specific Objective	Expected result	Results actually achieved and/or reasons for changes	Indicators of achievement
Information & Analysis	<p>6. Updated national and cross-country quantitative and qualitative information and analysis and increased capacity of candidate countries for information and analysis</p> <p>7. Increased capacity in partner countries to deliver high quality information and analysis on the performance of their labour market and training systems as a basis for policy making and monitoring. This will include helping the countries prepare for participation in ReferNet upon accession</p>	<p>6. CEC able to enhance accession process and in particular the JAP and Lisbon/Copenhagen processes through in-depth information and analysis of HRD in the candidate countries</p> <p>7. Increased capacity in partner countries to deliver high quality information and analysis on the performance of their labour market and training systems as a basis for policy making and monitoring. This will include helping the countries prepare for participation in ReferNet upon accession</p>	<p>ETF continues to be part of the Education &amp; Training 2010 process, has commented on synthesis report and has been part of the preparation of the Helsinki study. ETF has actively supported the involvement of HR in the Education &amp; Training 2010 process. For JAP see under 2.</p> <p>In March 2005 it was decided to reorient the policies to the National Observatories, whose contact was terminated in July.</p> <p>BG and RO Observatories have provided products for and participated in ReferNet.</p>	<p>6.1 Review of progress reports delivered by 1 July, cross-country analysis done by end 2005.</p> <p>6.2 LLL progress reports of CC and EC Synthesis report (with 8 references to ETF VET Financing report) commented</p> <p>7.1 Reports and other contractual products/services delivered according to agreed workplan.</p> <p>7.2 Reporting and documentary services provided by National Observatories to Cedefop.</p>
Development	<p>8. Joint projects developed with the aim of supporting the participation of the candidate countries in Cedefop activities and networks</p> <p>9. Joint projects developed with the aim of facilitating the shaping of national policies along the key priorities of the European cooperation and through the dissemination of good practice from the Member State</p> <p>10. Collecting examples of LLL practice in candidate countries</p>	<p>CC representatives have participated in Cedefop's ReferNet, TTnet, SkillsNet and in the study visit programme</p> <p>Support given to national stakeholders in particular in the fields of Europass, EQF, Quality Assurance, social partnership, teacher training and statistics. Specific support was given to the national EQF consultation process</p> <p>Due to delays at Cedefop in the development of the database, the examples were not collected in 2005</p> <p>Due to the delays in the development of the prototype of the LLL database, examples of good practice could not be collected in the candidate countries.</p>	<p>8.1 Candidate country participation in network meetings</p> <p>9.1 Four EU Copenhagen discussion dissemination workshops held in the candidate countries and other partner countries</p> <p>9.2 Common workshops organised with Cedefop.</p> <p>9.3 Expertise input delivered to EQF consultations</p>	



### 1.3.2 Results in South Eastern Europe policy area

Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
Support to CEC	<p>Impact of EU investment in HRD in South Eastern Europe increased in line with EU external relations policies through input to the European Commission's project cycle and policy dialogue with the partner countries</p>	<ol style="list-style-type: none"> <li>CARDS programming cycle supported by ETF expertise in line with EU priorities and in close co-operation with Commission services in Brussels, the Delegations and EAR in partner countries</li> <li>Contribution to effective implementation of running CARDS projects delivered through monitoring actions</li> <li>EU and its services are regularly informed on progress in HRD through provision of updated information and analysis</li> <li>Increased awareness raised and widely disseminated messages of EU policy developments (Lisbon/Copenhagen Process)</li> <li>Implementation of European Charter for Small Enterprises supported through expertise and advice support to DG ENTR and through awareness raising in the countries on the importance of skill developments for SME growth and agreement among stakeholders on action to be taken to address gaps in entrepreneurial and other skills</li> </ol>	<p>In all countries the ETF has provided the requested support by Delegations and EAR in programming, project design and monitoring.</p> <p>Different contributions to content monitoring were delivered per country. The most intensive is in Serbia with mid-term evaluation and monitoring reports. In other countries reacting on progress reports and participation in steering committees are more common.</p> <p>Information and analysis provided through four-monthly newsletters and through participation of CEC staff in ETF activities. The focus on analysis has been on labour market and employment policies, through in-depth analyses.</p> <p>High level policy makers are well aware of EU discussions. Each country has appointed a national 'Copenhagen coordinator' and organised awareness raising events and translated EU documents.</p> <p>Increased cooperation among stakeholders around Chapters 1 and 4 of the SME Charters. SME project consolidated four partnerships in MON, SER, ALB and FYROM. These partnerships have developed and discussed strategies for entrepreneurship learning and for self-employment.</p>	<ol style="list-style-type: none"> <li>Project fiches and TORs for nine new CARDS projects linked to HRD provided to CEC services (including EAR) in Serbia, Montenegro, Kosovo, FYROM, BIH and Albania.</li> <li>One mid-term evaluation, two monitoring reports and many inputs to monitoring for current CARDS projects provided to CEC services by end of 2005</li> <li>Targeted inputs to SAP<sup>2</sup> and European partnership reports provided to CEC in BIH, Serbia and Montenegro, incl. Kosovo.</li> <li>Labour market studies for FYROM, MON, SER delivered to CEC in 09/2005. Studies for BIH and ALB delivered 12/2005</li> <li>At least one national event per country. Ministers/senior officials meeting in Zagreb 02/2005. Two meetings of national coordinators in 10/2005</li> <li>Database with translated EU documents</li> <li>ETF contribution to Austrian EQF event for SEE in 10/2005.</li> <li>Four partnerships on monitoring the implementation of the Charter for SME's); eight country reports and one regional report sent to DG ENTR; four strategies on entrepreneurship learning and four on self-employment</li> <li>Final conference 19-20 December 2005</li> <li>DG ENTR asked the ETF to continue its support to SME Charter</li> </ol>

<sup>2</sup> SAP: Stabilisation and Association process

Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
Provision of Information	<p>In depth information and analysis (at national and regional level) on recent HRD developments developed with support of the Observatory network</p>	<p>6. Increased capacity in partner countries to deliver high quality information and analysis on performance of their labour market and training systems as a basis for policy making.</p> <p>7. Improved collection of more detailed quantitative and qualitative information (at national and trans-national level) on specific aspects of VET and employment at national and trans-national level are provided to the CEC and wider public</p> <p>8. Regional peer review provides comparative analysis on a selected HRD issues and provides CEC and national stakeholders with policy recommendations</p>	<p>In 03/2005 the ETF amended its National Observatories strategy. The contract was terminated in July. No national reports on VET were produced. Targeted capacity building took place through other projects.</p> <p>Updates and in-depth analysis done in areas of employment and labour market, vocational guidance, curricula reforms and key indicators.</p> <p>Regional peer review on curricula reforms has provided policy recommendations for policy makers in BG, BIH, FYROM and SER and for CEC in relation to VET project design in SEE.</p>	<p>6.1 Capacity building in particular in EU discussions on education and training 2010, NQF/EQF, local development, adult learning and teacher training</p> <p>7.1 Seven studies on vocational guidance undertaken by 12/2005</p> <p>7.2 Full set of key indicators on vocational training and labour market in developed by 09/2005</p> <p>7.3 5 labour market studies finalised by Dec 2005</p> <p>8.1 4 National reports on curricula reforms (BG, FYROM, SER, BIH)</p> <p>8.2 1 Regional peer review report finalised in seminar by end of 2005</p>



Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
Development	Capacities of national actors built to design and implement HRD strategies and policies within the framework of EU policies	<p>9. Better understanding by senior SEE officials of EU policies and of their relevance and implications for reform actions. Improved capacity of national policy makers to design and implement HRD policies in the fields of adult learning, national qualifications framework, teacher and trainer training and local development</p> <p>10. Regional co-operation and exchange across the countries of the region supported through organisation of regional events</p>	<p>Three 3-year development projects (AL, NQF, Local development) were concluded and contributed to strategic policy development and policy learning among key stakeholders. Adult learning is included in the CARDS programming in BIH and SER. NQF implementation strategies related to CARDS projects. VET stakeholders well positioned to lead national consultation for EQF.</p> <p>ETF's role in VET TT strengthened through Yearbook and TT network in SEE. VET TT is higher on the education and training agenda in the region.</p>	<p>9 &amp; 10 Analyses and strategic papers produced by the ETF; development projects on AL, NQF, TT and local development are refined and EU concepts included: National adult learning strategies finalised and action plans developed at final conference on 26-27 Oct 2005; Capacity building in AL in FYROM through two seminars; Strategies for setting up National Qualification Frameworks prepared in national workshops and discussed at final conference 1-2 Dec 2005; TTT network in SEE met twice to exchange experience on VET teacher training; ETF Yearbook on TT published in summer 2005. Local development partnerships in Albania and Kosovo were evaluated in 03/2005. They have prepared HRD action plans and pilot activities.</p>

### 1.3.3 Results in the Mediterranean region policy area

Stand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
Support to CEC	<p>Impact of EU investment in HRD in the Mediterranean region increased in line with EU external relations policies through input to the European Commission's project cycle and policy dialogue with the partner countries.</p>	<ol style="list-style-type: none"> <li>MEDA programming cycle supported by ETF expertise in line with EU priorities and in close cooperation with Commission services in Brussels and the Delegations in the partner countries</li> <li>Contribution to the development of ENP action plans in concerned countries in the region and support to policy dialogue in the context of implementation of Association Agreements provided</li> <li>Relevant analysis at country and/or regional level on HRD issues to support the implementation of reforms and the design of future interventions delivered.</li> <li>Policy advice and capacity building actions for partner countries carried out to support the design and implementation of systemic reforms.</li> </ol>	<p>Result largely achieved although finalisation of the Tunisian SWAP intervention was postponed to 2006 at the request of the CEC. Timetables of support to projects in Syria and Lebanon were adapted according to requests from the EC Delegation. EC Delegations in Egypt and Jordan showed an interest in future actions in support of the MEDA projects.</p> <p>Expected result achieved by means of the input into the RELEX programming as requested by that DG.</p> <p>LM regional study in the Mediterranean region drafted (final draft due in January 2006). Fact finding mission for the Jordan VET report carried out. Report due 01/2006.</p> <p>HR reports in West Bank and Israel prepared. WBGS report validated in workshop November 2005. Israel report delayed until early 2006. TORs for the Study on SWAP donor practices prepared. Drafting of the study has been delayed to 2006 at AIDCO's request</p> <p>This activity was cancelled from WP05 by ETF due to workload in the Meda Department.</p>	<ol style="list-style-type: none"> <li>By end of 2005, the ETF had provided support for the launch and follow-up of VET/LM reform programmes in Syria and Lebanon, as requested.</li> <li>By end of 2005, the ETF had provided an identification fiche for a potential EC intervention in Jordan in the field of VET as requested by the EC Delegation.</li> <li>In the first half of 2005, the ETF carried out the feasibility phase of the Tunisian SWAP intervention.</li> <li>By end of 2005 the ETF had provided input to DG RELEX, as requested, in the programming for 2007 – 2013 through the preparation of short country reports covering all countries in the region except Israel which was postponed to early 2006.</li> <li>Country reports for the preparation of a LM regional study in the Mediterranean region finalised. Draft conclusions available.</li> <li>Fact finding mission for the preparation of a TVET report in Jordan carried out</li> <li>HR and LM report on WBGS finalised. Fact finding for IL HR and LM report carried out.</li> <li>TORs for the Study on donor practices on SWAP prepared.</li> </ol>



Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
		<p>5. EU policies and methodologies (in particular innovative approaches from the EC Leonardo da Vinci programme) disseminated in the region. EU policies and methodologies (in particular innovative approaches from the EC Leonardo da Vinci programme) disseminated in the region.</p>	<p>Result achieved in line with CEC requests.</p>	<p>5.1. 5.1. Following agreement with DG EAC, 2 MEDA representatives participated in the Leonardo valorisation event that took place in Cardiff on 29-30 November, as part of the UK EU presidency. A specific section was dedicated to the Copenhagen process in the regional Advisory Forum meeting.</p>
Information and analysis	<p>Strengthened national capacities to collect, analyse and forecast employment/training needs and the exchange of good practices promoted to enhance transparency and comparability of data at regional level.</p>	<p>6. The MEDA ETE regional programme is implemented according to agreed TAPs</p> <p>7. Increased capacity in selected partner countries to deliver high quality information and analysis on performance of their labour market and training systems as a basis for policy making and monitoring</p>	<p>Result achieved except for the holding of the Annual Forum, which in agreement with the EC services was agreed to be postponed to 2006.</p>	<p>6.1 By end 2005, the 2005 MEDA ETE work programme fulfilled according to plans</p> <p>6.2 Component 2 of the programme launched and seminars, study visits and studies carried out Components 3 and 4 tendered and contracts signed</p> <p>6.3 Component 2 of the programme launched and seminars, study visits and studies carried out</p> <p>6.4. Components 3 and 4 tendered and contracts signed</p> <p>7.1 Capacity building activities carried out according to planning in Syria and Jordan by end of 2005 (including holding of national seminars). Capacity building activities carried out according to planning in Syria and Jordan by end of 2005 (including holding of national seminars). Unemployment report finalised with very positive feed back from ETF Editorial Board</p> <p>7.2 National and tourism sector component progressing according to planning in Morocco. Key building blocks and key indicators identified..</p> <p>7.2 Launching seminar for the Observatory function held in Egypt in December 2005.</p> <p>7.3 Survey on HR in Syria completed. Positive feedback from Syrian stakeholders and EC Delegation.</p>



Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
Development	<p>Innovative approaches and intelligence on key issues of relevance for the region to support the definition of future EU and partner country policies and interventions in the field of HRD</p>	<p>8. Methodology for analysis of impact of continuing training on enterprises performance and career perspectives of workers in Morocco developed</p> <p>9. Multi-annual development action on VET in a lifelong learning perspective designed</p> <p>10. Analysis of issues of key interest carried out and dissemination actions implemented</p>	<p>Methodology developed but with a delay created by the survey in the field. The second phase of the project, to roll into 2006 with subsequent reschedule of phase 3.</p> <p>NQF project launched in the second half of the year. This is a multiannual project to continue in 2006.</p> <p>World Bank /ETF joint studies under publication in EN, FR, AR. Regional dissemination event was postponed to 2006 on request of the World Bank and included in the 2005 Work Programme.</p> <p>Project on financing VET, Multicountry, multiannual project launched in 2005 to be continued in 2006.</p>	<p>8.1. Report summarising the methodology and the outcomes of the evaluation action finalised</p> <p>8.2. 8 Moroccan staff trained on the use of the developed methodology by end 2005</p> <p>9.1 NQF regional project covering five countries launched. Experts meeting held. Country stock taking reports drafted. Launch event 12/05 (Jordan).</p> <p>10.1 Final text for the publication of the joint studies WB/ETF agreed including comments from Editorial Board, World Bank and other stakeholders.</p> <p>10.2 Financing project covering four countries initialised with two study visits carried out</p>

### 1.3.4 Results in Eastern Europe, the Caucasus and Central Asia policy area

Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of achievement
Support to CEC	<p>Impact of EU investment in HRD in Eastern Europe, the Caucasus and Central Asia increased in line with EU external relations policies through input to the European Commission's project cycle and policy dialogue with the partner countries</p>	<p>1. Tacis programming cycle supported by ETF expertise in line with EU priorities and in close co-operation with Commission services in Brussels and the Delegations in partner countries</p>	<p>Following requests from the Commission and EC Delegations, terms of reference and content monitoring were provided for Tacis-funded projects in UKR, RF, TAJ, KAZ, GEO, Project identification and project fiche prepared for AZE.</p>	<p>1.1. The ETF provided expertise input for the development of project fiches and Terms of Reference for Tacis funded projects on E-skills for SMEs in Russian Federation, national VET strategy in Azerbaijan, policy advice on VET in Georgia. ETF also provided content monitoring for the following Tacis-funded projects : VET linked to SME development in Kazakhstan, Linking the VET system to labour market needs in Tajikistan, Delphi II in Russia, Management Training Programmes III and IV, Development of a CVET system in Ukraine, VET reform in Ukraine (Decentralisation of VET system) phase I, Support to the development of an employment policy in Kyrgyzstan.</p>
	<p>2. Impact of EU assistance maximised and absorption capacities of the beneficiaries enhanced. Increased stakeholder commitment and ownership. Enhanced governmental and stakeholder capacities in designing and implementing national VET reform programmes</p>	<p>Within the project RF and Ukraine support to decentralisation, thematic seminars on such issues as financing, legal framework have been organised. Seven regions in Ukraine have been supported to develop regional Action plans on VET decentralisation. In Central Asia the concept of national qualification frameworks were introduced through an analysis of the existing education and training programmes and emerging occupations in the tourism sector, national and regional seminars and study visits. In Tajikistan support was provided to the Ministry of Labour and Social Protection to improve donor co-ordination, understanding of international VET reform debates and innovation capacity.</p> <p>In Moldova support was provided to the Ministry of Labour on employment policies and active labour market measures.</p> <p>In Belarus ETF provided support to key stakeholders and local experts through the development of a study aimed at exploring opportunities for regional and cross-border co-operation in the field of HRD between Belarusian border regions and neighbouring regions.</p>	<p>2.1. The ETF implemented one capacity building/policy learning initiative in Ukraine, Russia and Tajikistan to complement the support provided to Tacis project cycle in the countries concerned</p>	



Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of achievement
	<p>3. Relevant analysis at country level on HR development issues to support the implementation of reforms and the design of future EU interventions developed</p> <p>4. Support provided to the dissemination of EU policies and methodologies in the region, (e.g. Copenhagen and Bologna process related issues for Eastern European neighbours)</p>	<p>3.1. The ETF provided input, as requested, to the definition of action plans in the framework of the New Neighbourhood Policy in Eastern Europe and southern Caucasus</p> <p>4.1. One policy workshop was organised in Eastern Europe on EU policies and methodologies as relevant to on-going reform in the country concerned</p>	<p>Country analyses prepared for all EECA partner countries in support to DG RELEX programming for ENPI.</p> <p>In the framework of the project of National Qualification Frameworks in Russia and Ukraine issues on Copenhagen Process and Bologna Process have been disseminated.</p> <p>In Moldova key stakeholders from Ministry of Labour and Employment services were exposed to key issues of EU Employment Policy and EU best practises on active labour market policies.</p>	<p>3.1. The ETF provided input, as requested, to the definition of action plans in the framework of the New Neighbourhood Policy in Eastern Europe and southern Caucasus</p> <p>4.1. One policy workshop was organised in Eastern Europe on EU policies and methodologies as relevant to on-going reform in the country concerned</p>
<p>Provision of Information</p>	<p>5. Recommendations are delivered to local policy-makers and the European Commission for future programming and priority-setting in the Caucasus.</p> <p>6. Increased capacity in selected partner countries to deliver high quality information and analysis on the performance of the labour market and training systems as a basis for policy making and monitoring.</p> <p>7. ETF will have produced relevant analytic information as needed to support its own, European Commission, other donors or local initiatives.</p>	<p>Three in-depth studies were prepared in local teams and results discussed in several workshops in the Caucasus countries with all relevant stakeholders and donors. These studies were also used by CEC for programming and projects in GEO and AZB</p> <p>A study on transition from school to work started at the end of 2004 was widely discussed and disseminated in AZB and capacity was built in the Ministry of Labour to carry out similar studies.</p> <p>In Ukraine a pilot project on introducing methodology of tracer studies was completed and results were presented to the main stakeholders. Stocktaking reports were prepared in Central Asia on skills development for poverty reduction through an analysis of the situation at the school level, the references to skills development in national planning documents such as the PRSPs and of the links between VET system reform and poverty reduction initiatives.</p> <p>In Belarus a study was developed on cross-border co-operation potential between Belarus and Poland, Lithuania and Ukraine, in the field of human resources development</p>	<p>5.1 The ETF developed three in-depth studies on VET systems and their relevance to labour market needs in Armenia, Georgia and Azerbaijan.</p> <p>6.1 During December 2005 a number of capacity building and dissemination initiatives were organised in the region.</p> <p>7.1 Specific country or thematic analyses delivered as required.</p>	<p>5.1 The ETF developed three in-depth studies on VET systems and their relevance to labour market needs in Armenia, Georgia and Azerbaijan.</p> <p>6.1 During December 2005 a number of capacity building and dissemination initiatives were organised in the region.</p> <p>7.1 Specific country or thematic analyses delivered as required.</p>

Strand	Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of achievement
Development	<p>Knowledge on newer fields utilised for designing future EU assistance in the region</p>	<p>8. Enhanced ETF knowledge and experience on training strategies for local development in a poverty alleviation context and shared with CEC services in support to their programming cycle</p> <p>9. Methodology for analysis of impact of management training on company development in RF developed and tested.</p> <p>10. Activities on the development of qualification frameworks as integral component of on-going VET reform processes in Eastern European neighbours supported</p>	<p>Dissemination activities were successfully organised and had participation of local policy makers. The final report will contribute to the Year Book and Advisory Forum 2006.</p> <p>The methodology on assessing impact was developed and tested in 3 RF regions. A final report with recommendations to stakeholders developed.</p> <p>Analyses on Ukraine and Russian Federation condition for developing NQF have been developed and discussed with main stakeholders.</p>	<p>8.1. National reports produced on the results of the Local Development Project phases I and II covering KAZ, KYR, UZB, MOL, GEO and ARM</p> <p>8.2. Analysis and strategic recommendations produced and delivered to partner country policy makers and CEC services.</p> <p>9.1 Preliminary results of impact analysis of management training on company development in the RF shared with Russian and CEC counterparts</p> <p>10.1 By end 2005 EU experiences in the field of NQF presented to Eastern European neighbours and an action plan for project continuation in 2006 developed</p>



### 1.3.5 Results in the expertise development activity area

Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
<p>Thematic expertise consistent with the priorities of the European Commission developed among the staff of the ETF Operational Departments</p>	<p>1. Expertise of operational staff enhanced through the internal sharing of knowledge and experience</p>	<p>All operational staff have participated in at least one knowledge sharing event</p> <p>All operational departments have contributed news articles on projects and themes to the ETF newsletter throughout the year</p>	<p>1.1. Eleven thematic internal knowledge sharing seminars held throughout the year on education and training reform challenges in the Middle East and North Africa; lifelong learning; emerging European approaches to vocational education and training; European Qualifications Framework; the employment of VET graduates in Azerbaijan, vocational education in sectoral studies; Neighbourhood Policy and Impact Assessment; gender participation; transition from education to work; validation of informal and non-formal learning</p> <p>1.2. ETF staff contributed to the ETF newsletter with articles covering the following themes: neighbourhood, adult learning, regional development, accession, e-learning, poverty alleviation, entrepreneurship, gender, Bologna process, curricula reform</p>
<p>2. Reinforced expertise development by state of art tools and methodologies</p>	<p>Study support scheme established for ETF staff</p> <p>Cedefop study visit programme integrated into ETF's expertise development programme</p> <p>Thematic groups re-established to emerging priority areas identified by ETF operational staff</p> <p>Survey and analysis undertaken of expertise preferences and priorities amongst Tempus and operational staff</p>	<p>2.1. Fourteen ETF staff commenced further and postgraduate studies in HRD and operational support areas covering the fields of Neighbourhood Policy; Validation of Non formal and informal learning; Gender and development; Psychology; Information science; Lifelong learning; Development studies; Training and performance; Active learning; and Media studies, Information Technology and Management studies</p> <p>2.2. Shared learning base established to promote organisational information sharing among participating staff.</p> <p>2.3. Study visits undertaken for ETF staff in Adult learning; Links between higher education and vocational learning; 2006 Study visit scheduled to include curriculum development; participation in VET; Social cohesion; Validation and the recognition of competencies</p> <p>2.4. New thematic groups working on Bologna, the Copenhagen process, and the European Qualifications Framework; Skills for mobility in the informal economy; gender participation; knowledge management</p> <p>2.5. Expertise development preferences needs audited and used to identify technical – thematic competencies</p>	<p>2.1. Fourteen ETF staff commenced further and postgraduate studies in HRD and operational support areas covering the fields of Neighbourhood Policy; Validation of Non formal and informal learning; Gender and development; Psychology; Information science; Lifelong learning; Development studies; Training and performance; Active learning; and Media studies, Information Technology and Management studies</p> <p>2.2. Shared learning base established to promote organisational information sharing among participating staff.</p> <p>2.3. Study visits undertaken for ETF staff in Adult learning; Links between higher education and vocational learning; 2006 Study visit scheduled to include curriculum development; participation in VET; Social cohesion; Validation and the recognition of competencies</p> <p>2.4. New thematic groups working on Bologna, the Copenhagen process, and the European Qualifications Framework; Skills for mobility in the informal economy; gender participation; knowledge management</p> <p>2.5. Expertise development preferences needs audited and used to identify technical – thematic competencies</p>

Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement
	<p>3. Improved knowledge sharing between ETF and the outside world</p>	<p>ETF staff contributed to international conferences</p> <p>Cooperation between the ETF and related international organisations enhanced through participation in joint events</p> <p>Articles published by ETF staff using data and information from ETF projects</p>	<p>3.1. ETF's operational staff presentations to nine international conferences covering: European Qualifications Framework, Secondary Education, Qualifications Reform in South Eastern Europe, Trends in International Migration, the Economics of Education, Teacher Training and Emerging Trends in Education.</p> <p>3.2. ETF staff participated with International and National Organisations in key thematic and operational areas including: The World Bank on priorities in education reform, OECD on credit transfer, UNESCO on validation of informal and non-formal learning and poverty alleviation, CEDEFOP on financing of education, NORRAG on trends in development policy, Education Research Institute for South Eastern Europe (ERISEE) on donor cooperation opportunities, European Institute of Social and Education Policy on the trends in learning, Qualifications and Curricula Authority of England on qualifications framework, IQF Portugal on sectoral approaches in VET and Kenniscentrum (knowledge centre) of the Netherlands on validation of prior learning.</p> <p>3.3. Articles published by ETF staff in ETF Magazine Live and Learn on: teacher training, lifelong learning and human resource development, gender participation in education and training, European Qualifications Framework, poverty alleviation and education and training and skills for the informal economy</p>
<p>4. Increased recognition of the quality of ETF expertise</p>	<p>ETF staff contributions to external publications.</p> <p>Invitations received for ETF to participate as members of international policy working groups</p>	<p>ETF staff contributions to external publications.</p> <p>Invitations received for ETF to participate as members of international policy working groups</p>	<p>4.1. Two articles published by ETF staff in the European Journal of Education and the European Journal of Vocational Education. Article published by the European Network on the Validation of prior learning drawing on ETF's work in partner countries: Information paper on national qualification framework completed drawing on strategy development process in South Eastern Europe. Joint study on the contribution of vocational education to the knowledge economy completed.</p> <p>4.2. ETF staff members invited to participate as members of EU expert working groups in Education and Training 2010 process – European Qualification Framework expert working group, Validation of informal and non formal learning expert working, and Career Guidance expert working group; ETF invited to participate as members of UNESCO working group on Validation of prior learning;ETF invited to be members of OECD steering group on credit transfer</p> <p>4.3. Yearbook 2005 on the role of teachers completed using ETF staff contributions</p> <p>4.4. Commencement of preparation of Yearbook 2006 on the theme of skills for poverty alleviation</p>



### 1.3.6 Results in the Tempus technical assistance activity area

Specific Objective	Expected Results	Results actually achieved and/or reasons for changes	Indicators of Achievement	Resources
				Total HR (fte)
Assistance provided for the implementation of the Tempus Programme in full compliance with CEC priorities and standards and within the regulatory framework	1. Tempus projects selected for funding in context of increasing numbers of applications	1.1. Fully achieved 1.2. Fully achieved 1.3. Fully achieved 1.4. Fully achieved	1.1. Assessment guidelines drafted and agreed 1.2. Calls for application for different project types organised for agreed deadlines <sup>3</sup> 1.3. All applications received, processed and assessed <sup>4</sup> 1.4. Statistical data on results of assessment made available in requested format	6.5
	2. Projects evaluated and project performance monitored	2.1. Fully achieved 2.2. Fully achieved 2.3. Fully achieved 2.4. Fully achieved 2.5. Fully achieved	2.1. Assessment guidelines drafted and agreed 2.2. Progress reports registered and assessed <sup>5</sup> ; 2.3. Audit campaigns implemented and followed up 2.4. Regular guidance on contract monitoring issues provided to running projects <sup>6</sup> . 2.5. Field monitoring campaign agreed and implemented	9
	3. Improved visibility of Tempus programme	3.1. Fully achieved 3.2. Fully achieved 3.3. Production postponed 3.4. Fully achieved	3.1. General information on the Tempus Programme provided 3.2. Publications produced and disseminated to relevant target publics. This included the launch of a study into University-Enterprise co-operation in partner countries 3.3. Promotional materials produced and disseminated 3.4. General information and guidance on overall Tempus issues provided	1.5
	4. Improved management of Tempus projects through IT tools and workflows in a context of increased applications	4.1. Fully achieved 4.2. Fully achieved 4.3. Fully achieved 4.4. Tempus website transferred to DG EAC) 4.5. Fully achieved	4.1. IT tools developed: JEP on-line application forms and JEP on-line report forms 4.2. Continued implementation and fine-tuning of existing tools: IMG report forms on-line; SCM report forms on-line, etc. 4.3. Improved functionality of the Tempus Database (TDB) 4.4. Technical upgrading and further development of Tempus website ensured 4.5. Increased numbers of on-line users	2
	5. General programme development and general administrative support provided	5.1. Fully achieved	5.1. Assistance to CEC provided in a timely, professional and efficient manner	2
	6. Tempus project funds (for ongoing projects prior to 2003) and Tempus operational funds managed	6.1. Fully achieved 6.2. Fully achieved	6.1. Payments to grant holders made within fixed deadlines and in respect of financial and legal guidelines 6.2. Sound and efficient management of Tempus operational funds in accordance with the new Financial Regulations	1

<sup>3</sup> JEPs: 15 December 2005; SCMs: 15 February 2005 and 15 October 2005; IMGs: 15 February 2005, 15 June 2005 and 15 October 2005

<sup>4</sup> Estimated numbers: JEPs: +/- 900 applications; SCMs: +/- 520 applications; IMGs: +/- 2600 applications

<sup>5</sup> Estimated numbers: JEPs: +/- 333 reports; SCMs: +/- 220 reports; IMGs: +/- 1250 reports

<sup>6</sup> Running projects in 2005 (estimations): JEPs: +/- 410 projects; SCMs: +/- 220 projects; IMGs: +/- 1580 projects



## PART II MANAGEMENT AND INTERNAL CONTROL SYSTEMS

### 2.1 Risk assessment of the ETF's environment

In 2005, the ETF reinforced its risk management capacity in consultation with the Internal Audit Service (IAS) and other agencies with more experience in the field. Some basic risk management principles were adopted and a number of preparatory activities carried out which should lead to the formulation of a formal risk management policy in 2006.

According to the ETF's assessment, the main risks in its environment were:

- 2.1.1 **The complex operational environment.** This includes the unstable international political situation, particularly in the Mediterranean region, Central Asia and Eastern Europe which is a constraint both for the delivery of the work programme objectives and, often even for missions to the countries concerned. In 2005, instability in the Middle East, Turkey, Kyrgyzstan and Ukraine slowed down activities, which had an effect on at least ten specific result areas. Secondly, the fragile economic context of the partner countries often limits the market for procurement activities. This led to situations where recourse to negotiated procedures was necessary. Furthermore, the relationship between the environment and the ETF's limited field of action makes it difficult to assess the ETF's specific contribution to the reform processes in the partner countries. The ETF is dealing with this issue in consultation with other development actors that share the same challenge of cost-effective impact assessment. The ETF has launched specific activities in the Mediterranean and Eastern Europe and Central Asia regions to develop methodologies for impact assessment, and has doubled its investment in evaluation from 2005 to 2006.
- 2.1.2 **The ETF's complex financial management environment** in which the ETF is not only managing revenues from a range of sources subject to different financial rules, but is also seeking to bring its accounting practices in line with EU regulations, notably the introduction of accrual accounting. The ETF has different levels of responsibility and must apply specific approaches for the management of its main subvention from the Commission, the Tempus technical assistance convention, and the MEDA-ETE project convention. In addition, the ETF also manages funds on behalf of Member States. The diversity of these funding sources, each with its own budget title, increases the complexity of ETF accounting and budgeting practices, and consequently the risk for ETF financial management.
- 2.1.3 Changes in the ETF's **governance environment** deriving from the new financial regulation have given substantial new control responsibilities to the Governing Board. Furthermore, the input from Advisory Forum to the work programme is recognised as being a weak point. In 2005, the Governing Board adopted new rules of procedure to increase the effectiveness of both the Board and the Forum. The issue of ETF governance is also being addressed in the 2005 ETF external evaluation, which may eventually lead to more substantial modifications to ETF governance in the Council Regulation.

### 2.2 Management and internal control systems

The ETF has continued to work towards compliance with its developing regulatory framework in general, and with the internal control standards adopted by the Governing Board on 29 June 2004 in particular. While the regulatory framework and internal control standards are effective tools to reduce risk, the costs of compliance can be high for a relatively small agency. This is particularly the case for the initial investment costs for new control measures. In 2005, the agency has worked to develop a cost-effective approach whereby the costs of control are proportionate to the scale and specific risks of the agency.



In addition, a number of specific improvements as a follow up to the reservations identified in 2004 in Annual Activity Report (*reservation on Staff contract management and reservation on the robustness of financial management of some operational activities*) have been implemented.

In April 2005, the ETF was subject to a first audit of its management and internal control systems by the Internal Audit Service (IAS). This audit looked at the adequacy, effectiveness and efficiency of ETF management and internal controls during the first year of application of the standards, in other words until the end of 2004.

In the final audit report issued in December 2005, The IAS' opinion is that the internal control system in place provides reasonable assurance regarding the achievement of the ETF objectives. However, 19 observations were made with recommendations for improvements in the areas of staff competence and recruitment, sensitive functions, risk analysis, documentation of procedures, ensuring continuity of operations and adequate supervision, and internal audit capacity. In response to the IAS report, the ETF identified 56 preliminary actions to reinforce its management and control system. Some 30% of these actions were implemented in 2005, including the recruitment of an Internal Auditor to increase the level of management and control awareness and to improve the adequacy and efficiency of the management and control system. These findings were largely confirmed by the ETF's self-assessment in November 2005. In early 2006, the ETF finalised its action plan for improving the efficiency and effectiveness of the management and control system. In February 2006, the action plan was shared with relevant EU institutions and the Governing Board as foreseen in the ETF's regulatory framework.

#### 2.2.1 Improving the ETF's internal control environment, performance management and reporting.

The ETF carried out the following actions to improve its internal control environment:

- In line with the Internal Control System, a set of core institutional values were adopted by the Director in January 2005
- The ETF introduced a competence-based human resources management system as the backbone for its staff management policy and as a key element in developing the organisation's overall performance. The competences of half the staff, including all operational staff, were mapped by the end of the year. The remaining staff will map their competences in early 2006. This represents a cornerstone in the upgrading of all staff management policies and processes (and especially job descriptions, appraisal of performance and development) over the next 18 to 24 months.
- In the course of 2005, the ETF developed a concept and evaluated tools to introduce time tracking. The pilot was extended to all operational staff in early 2006, and is due to cover all ETF staff by the end of the year.
- As part of the effort to demonstrate its potential as a compliant, service oriented centre of expertise, the ETF also piloted a first set of corporate indicators in the second half 2005.
- Finally, the ETF recruited an internal auditor to reinforce its internal audit capacity. This post was filled as of January 2006.

#### 2.2.2 Reinforcing the robustness of ETF financial and legal procedures

In its 2004 Annual Activity Report, the ETF made a reservation on the robustness of its financial procedures with respect to the technical assistance services purchased from framework contractors, in particular the National Observatories in partner countries. The ETF took immediate steps to increase the quality of its purchasing of technical assistance services previously provided through the National Observatories structure in Eastern Europe and Central Asia and South-Eastern Europe. All direct agreement contracts these kinds of services were interrupted and 20 tenders were launched to select new service providers according to established procurement rules. Sixteen of these tenders were successful in identifying new providers, while four tenders had to be relaunched.

Under its risk management initiative and in line with the Internal Control Standards, the ETF also launched an exercise to map all key internal processes and record and



procedures which were not appropriately documented. An essential complementary element in this process was to capture and record all major Governing Board and internal management decisions ever taken at the ETF. As the formal registering of internal management decisions was only introduced in 2003, it may not be possible to complete the exercise exhaustively, thereby exposing the institution to some residual risk.

The ETF drew on results from its 2004-05 Ex post audit campaigns to identify and address issues relating to its management of framework contracts. This included the following audit assignments:

- Review of management and administrative procedures in the allocation of funds and service provision to the National Observatories. The exercise provided useful recommendations on the standard framework contract signed with the National Observatories which the ETF was able to use in the new tendering procedures launched in 2005. At the same time the audit provided a comprehensive assessment of the extent to which ETF has managed the National Observatories in an effective, efficient and transparent way, providing these external contractors with clear guidelines and procedures to carry out their work in an efficient and proper way while allowing a sample check on the legality and regularity of transactions. An ETF action plan was agreed as a follow up to the recommendations of the audit report.
- An audit of the ETF framework contracts for the provision of experts. The exercise provided the ETF with useful recommendations for improvements in respect of the contractors' management and performance of the framework contracts, the ETF's management of framework contracts, and the ETF's design and use of the provisions of the framework contract instrument. An ETF action plan for the follow up of the audit report will be drawn up in early 2006.

In 2005, the ETF took steps to lower the number of delegated Authorising Officers and clearly define the delegation responsibilities. This process was completed in early 2006, reducing the number to a total of six authorising officers in the organisation.

In 2005, the ETF was the first agency to pilot a register of exceptions to capture information on case where established procedures had been overridden under exceptional circumstances. The register documents, justifies and ensured approval at an appropriate level before a transaction was confirmed. In piloting this procedure foreseen in the Internal Control Standards, the ETF adopted a broad definition of the concept of exception as a means of capturing any deviation from established procedures in order to maximise the learning potential from the new tool. The pilot therefore involved capturing even minor exceptions which were clearly non-material in scope as well as deviations to specific procedures which were still fully justified under the ETF's financial and procurement framework. As a result, the register recorded some 72 exceptions in 2005 involving a total of €713,000. Although this represents well under 0.5% of financial and legal transactions at the ETF, the apparent financial implications are significant due in particular to two specific exception created by the risks endemic to the ETF's environment. Some 62 exceptions involved transactions under €10,000, with 39 exceptions involving less than €1,000. In terms of transaction type, some 48 (average value €1,180) referred to situations where actual payments differed slightly from formal commitments due to minor changes in project implementation or event organisation. The piloting of the register of exceptions has been helpful in identifying deviations, and the ETF has now launched an exercise to define the concept of exception more precisely, analyse cases in detail and launch measures to bring its working procedures in line with operational constraints while maintaining compliance with the financial regulation. The ETF's pilot exercise was however, particularly helpful in flagging up two specific exceptions regarding Tempus fund management and direct agreements which the ETF considers to be material. These exceptions are strongly influenced by the risk environment in which the ETF operates, and are further developed in the reservation section. An extract from the register, listing exceptions which ETF considers material, is included in annex.

### 2.2.3. Feeding in the results from ETF external evaluation activities

In 2004 and 2005 two external evaluations per year were commissioned by the ETF. The 2006 budget will allow for a higher number of evaluations.

The 2004 evaluations (ETF activities in Bulgaria and *Entrepreneurship in Education and Training*, an ETF project evaluation in Russia and Ukraine) were completed in the first half of 2005. Although the overall assessment of the evaluations was positive, some important recommendations were made by the external evaluators on ETF document management at operational level and progress reporting on activities, as well as planning of realistic and achievable objectives. The findings and recommendations were disseminated to ETF project and country managers and fed back into the ETF decision making process for operational programming. They were also presented at the Governing Board meeting in June 2005.

In accordance with the yearly evaluation plan, two evaluations were launched in 2005: ETF activities in Syria 2000-2004 and *Training for Enterprise Development* in Central Asia, an ETF project evaluation. Both evaluations will be completed in the first half of 2006. ETF's investment in external evaluation is due to increase from €120,000 euro in 2005 to €250,000 in its 2006 budget.

In 2005, the ETF finalised the action plan agreed after the 2002 full External Evaluation of the agency. Regular progress reports have been provided to the Governing Board culminating in a final report presented to the Board in June 2005. This final report indicated that the ETF had made progress in achieving:

- greater consistency with EU policies and priorities;
- effective communication and transparency;
- integrating the consequences of enlargement in its work;
- improving internal efficiency and communication;
- increasing the effectiveness of its statutory bodies;
- high quality technical assistance for Tempus.

The final report fed into the next External Evaluation launched by the Commission in 2005, and which should be finalised in spring 2006.

### 2.2.4 Following up other relevant action plans.

In 2005, the ETF also took note of recommendations from the European Court of Auditors and the European Parliament regarding the financial management of its budget. In particular:

- The inclusion of Tempus funds in the ETF budget. The recommendation was made under the former EU accounting system, and has been resolved for the 2005 budget prepared under the accrual system.
- The need to enter the balance of the previous financial year in the budget. This has been addressed through an amending budget for 2005.
- The requirement to publish the full budget in the Official Journal. This has also been addressed for the 2006 budget.

## 2.3 Conclusion and residual risks

In general, the internal control system in place provides reasonable assurance regarding the achievement of the business objectives set up for the ETF. However, given the challenges facing the ETF in its environment, and the recommendations for improvement in the ETF's internal



controls made by the internal audit service, a number of critical residual risks can be identified. These are then subject to the reservations in the following section.

- The risks inherent in the ETF's operational environment which have an impact on the achievement of the ETF's work programme and are a threat to compliance with the financial regulation;
- The risks deriving from the ETF's management of different revenues from the Commission and Member States
- The risks arising from the structural changes foreseen for the ETF under the new financial instruments.

In addition, there are a number of other residual risks. Although these risks are important, they are not considered material either because the ETF has already launched relevant improvement actions to mitigate the risks, or because the risks refer to the future strategic development of the ETF, and consequently have implications for the 2006 and 2007 work programmes rather than the current annual report.

- The risk of redundancy and/or gaps in controls from the fact that the ETF is still at a relatively early stage in the implementation of the Internal Control Standards, which were introduced in 2004. The first report from the Internal Audit Service concluded that, despite 19 observations, the ETF's management system still gave reasonable assurance regarding the achievement of its objectives. On the basis of the report, the ETF has defined a number of targeted improvement actions to put in place a proportionate control system that balances compliance with the scope and scale of the institution. The ETF had already taken a number of steps in 2005 to improve its risk assessment and control by recording procedures, the introduction of the register of exceptions and its ex-post audit programme as well as the appointment of an internal audit capability. The improvements will continue in 2006 as the ETF implements its action plan, with particular attention to training staff in the spirit and rules of ETF financial regulations.
- Document management practices in the early years after the ETF's establishment. In particular, internal decisions from the period 1994-2003 are often under a form that lack the necessary formality and are not recorded in an exhaustive way. The ETF has however launched an activity to reconstruct the internal decisions and a policy to limit their impact on current or future decisions and initiatives.
- In the period 2006-2007, the ETF expects that the Commission will repatriate Tempus technical assistance to the Executive Agency in Brussels, and revise the agency's remit. These wide-ranging changes should be enacted relatively quickly so that the ETF can respond to its amended remit under the new external relations instruments from 2007. The repatriation of Tempus technical assistance will affect 23 posts in the ETF under the 2005 establishment plan. The staffing implications deriving from the revised remit are more difficult to assess at this stage, but will require the ETF to reinforce its investment in staff development and/or acquire new competences in its VET operations department. These changes may have implications for ETF staff, and its staffing budget for 2006 and 2007. In order to mitigate the risks, the ETF has already started working in close co-operation with Commission services, the new Executive Agency and with ETF staff to prepare the changes.
- In 2005, the ETF introduced the EU accrual accounting standard coupled with the specification to include additional revenues from the Commission and Member States in its budget. This included the specification of budget titles for the Education and Training for Employment convention from the Meda programme, the Tempus convention and revenues from the Member States. The ETF has piloted the introduction of the new system in line with the recommendations made by the European Court of Auditors (see 2.2.4 above), including the elaboration of the new budget structure in an amending budget adopted by the Governing Board in October 2005. The changes have been accompanied by modifications to internal procedures which will need to be further specified as the ETF builds experience and benefits from the opinion of the Court of Auditors on this first pilot year.

Further efforts are needed to mitigate the current risks. In 2006, the ETF will further develop the implementation of risk management introduced in late 2005, to progressively move from an emphasis on compliance with the internal control standards to emphasise the effectiveness of its internal control system, based on optimising existing working methods rather than creating additional tasks.



## PART III RESERVATIONS

### 3.1 Materiality criteria

In preparing Part III of the report, the ETF has taken into consideration the analysis presented under Part II according to the following criteria:

- Significant or repeated deviations from established procedures. Although only in its pilot year, the register of exceptions has been helpful in providing evidence for this criterion.
- Significant weaknesses in the ETF Internal Control System. The Internal Audit Service report and ETF's internal self assessment are key sources for this criterion;
- Significant reputational risk. The ETF's monitoring of the implementation of its work programme, and its developing risk assessment initiative are the main sources of information on this issue.
- Financial materiality. In line with the Secretariat General Guidelines (Sec 1533 of 15 November 2005), the ETF proposes an estimated materiality threshold of 2% of the budget per ABB activity. The ETF has applied this recommendation to the scale of the agency. In 2005, the ETF managed a budget of €23 million subdivided into eight activities. The ETF has therefore adopted €50,000 as a materiality threshold for the inclusion of reservations in the Annual Activity Report.

### 3.2 Reservations

The ETF hereby makes the following reservations on its Annual Activity Report for its activities during 2005:

#### 3.2.1 Reservations related to ETF operational environment

- **Reservation 1. Impact of political developments in the ETF partner countries on the work programme.** The implementation of the expected achievements planned in the ETF's 2005 Work Programme was affected by the political instability in the ETF's partner regions, and in particular the Middle East, Ukraine, Belarus and Kyrgyzstan. This contributed to delays in reaching eight out of the fifty expected results defined in the work programme. The eight delayed results will be carried over and fully achieved in 2006. To mitigate this risk, the ETF has reinforced its close cooperation with the Commission Services in Brussels and with the EC Delegations in the field to ensure that the implementation of its initiatives is consistent with broader EU priorities in the Barcelona and Neighbourhood processes. The overall financial impact of the delays in terms of the value of operational activities carried forward from 2005 to 2006 is estimated as under €200,000.
- **Reservation 2. Negotiated agreement with the Turkish National Employment Service ISKUR. As mentioned under 2.1. the complex operational environment** in which the ETF operates, and in particular, the fragile economic context of the partner countries often limits the market for ETF procurement activities. Under the ETF Work Programme project 'Support for Institution Building in the field of Human Resources Development' (WP 05-11-03), the ETF defined a direct agreement with ISKUR (the Turkish National Employment Service, and host of the National Observatory), to fund preparatory activities for the European Social Fund. A critical success factor for the project was the close liaison between the Turkish authorities, and in particular between the Prime Minister's office, the Ministries of Education and Labour and the Employment Office responsible for the European Social Fund preparatory activities. In consultation with the Turkish authorities, it was decided that



ISKUR was the only possible body that met these conditions, and a direct agreement was reached. To mitigate the risks, ETF negotiated directly with ISKUR to ensure that the training would be provided well below market prices, and closely monitored the project which was successfully and efficiently implemented. The transaction had a value of €89,000.

### 3.2.2 Reservation related to ETF's management of different revenues.

- **Reservation 3. Tempus convention.** As mentioned under 2.1, the ETF receives revenue from the European Commission to finance its technical assistance to the Tempus programme. The Commission, which defines the activities to be carried out, asked the ETF to issue a call for expressions of interest for the choice of the academic experts to help in the selection of Tempus projects. The Commission asked the ETF to use the procurement tool approved by its legal service and in line with normal practice in the Commission for such operations. The ETF, however, expressed a concern that that the procurement tool was formally in contradiction with the procurement standards defined in its financial regulation. After consultation with the Commission, the ETF complied with its request but recorded the transaction in its Register of Exceptions and included it as a reservation as the scale of the operation (an overall value of €360,000) was above its materiality threshold. . Given the written assurance given by the Commission regarding the consistency of the transaction with their procedures, and the impending repatriation of Tempus technical assistance, the ETF considers that it has taken appropriate precautions under the authority of the Commission, and that the funds are being used cost effectively for the stipulated objectives.

### 3.3 Overall conclusions on the combined impact of the reservations on the declaration as a whole

The information and analysis provided in the Annual Activity Report indicate that the ETF is fulfilling its mid-term strategic goals 2004-06, and has largely achieved the specific operational objectives set out in its annual work programme. In addition, the opinion of the Internal Audit Service is that the ETF's management and internal control system provides reasonable assurance regarding the achievement of the business objectives set up for ETF.

The specific reservations put forward by the ETF are strongly influenced by the agency's environment and the drive toward compliance with its regulatory framework. The combined impact of the reservations amounts to €612,183, representing under 3.0% of the ETF's 2005 budget of €23 million.

## PART IV DECLARATION OF THE DIRECTOR

I, the undersigned, **Muriel DUNBAR**, Director of the European Training Foundation

In my capacity as authorising officer

Declare that the information contained in this Annual Activity Report 2005 gives a true and fair view<sup>7</sup>.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

Request that the following reservations raised in Part III be take into account when considering the report:

- Impact of political developments in the ETF partner countries on the Work Programme
- Negotiated Agreement with ISKUR.
- Tempus convention.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, *ex post* controls, and the lessons learnt from the reports of the Court of Auditors for the years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Place Turin date 8.6.06

M. Dunbar (signature)

<sup>7</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the institution.





## PART V ANNEXES

### 5.1 Draft annual accounts and other financial reports

#### Annual accounts

<b>a. Economic outturn</b>	<b>31.12.2005</b>	<b>1.1.2005</b>	<b>31.12.2004</b>
<i>Revenue</i>	18.962.777,49	18.479.824,88	18.479.824,88
<i>Expenditure</i>	-18.749.972,54	-18.121.616,91	-18.121.616,91
<b>Outturn for the financial year</b>	<b>212.804,95</b>	<b>358.207,97</b>	<b>358.207,97</b>
<i>Balance carried over from previous year</i>	3.457.690,37	-1.317.732,02	-1.317.732,02
<i>Appropriations carried over and cancelled</i>		204.409,92	204.409,92
<i>Reimbursements to the Commission</i>			
<i>Changes in Capital</i>		4.216.613,05	
<i>Exchange gains/losses</i>		-3.808,55	-3.808,55
<b>Balance for the financial year</b>	<b>3.670.495,32</b>	<b>3.457.690,37</b>	<b>-758.922,68</b>
<b>b. Balance sheet</b>	<b>31.12.2005</b>	<b>1.1.2005</b>	<b>31.12.2004</b>
<i>Intangible fixed assets</i>	3.213.993,87	3.380.177,42	3.364.664,37
<i>Tangible fixed assets</i>	212.532,36	250.074,83	151.633,35
<i>Stocks</i>	36.501,11	75.837,49	
<i>Current assets – Short-term pre-financing</i>	1.266.274,16	1.631.710,02	
<i>Current assets – Short-term receivables</i>	174.205,08	65.401,24	25.664,22
<i>Cash account</i>	23.664.596,55	23.169.979,81	1.582.651,56
	<b>28.568.103,13</b>	<b>28.573.180,81</b>	<b>5.124.613,50</b>
<i>Fixed capital</i>	3.670.495,32	3.457.690,37	2.757.375,04
<i>Provision for risks and liabilities</i>	205.000,00	205.000,00	
<i>Current liabilities</i>	24.692.607,81	24.910.490,44	2.367.238,46
	<b>28.568.103,13</b>	<b>28.573.180,81</b>	<b>5.124.613,50</b>
<b>c. Statement of cash flow</b>	<b>31.12.2005</b>	<b>1.1.2005</b>	<b>31.12.2004</b>
<i>Cash at beginning of the year</i>	23.167.361,11		24.956.146,34
<i>Increase (decrease 2004) in cash</i>	497.235,44		-1.786.166,53
<i>Cash at the end of the year</i>	23.664.596,55		23.167.979,81
<b>d. Budgetary outturn</b>	<b>31.12.2005</b>	<b>1.1.2005</b>	<b>31.12.2004</b>
<i>Revenue</i>	23.251.879,84	18.479.824,88	18.479.824,88
<i>Expenditure</i>	-22.807.895,32	-18.121.616,91	-18.121.616,91
<i>Balance carried over from previous year</i>	3.457.690,37	-1.317.732,02	-1.317.732,02
<i>Cancellation of appropriations carried forward</i>	387.801,79	204.409,92	204.409,92
<i>Reimbursements to the Commission</i>			
<i>Changes in Capital</i>		4.216.613,05	
<i>Exchange gains/losses</i>	1.452,30	-3.808,55	-3.808,55
<b>Balance for the year</b>	<b>4.290.928,98</b>	<b>3.457.690,37</b>	<b>-758.922,68</b>



## Budgetary execution

<b>2005</b>						
	Authorised budget 2005	Committed	Paid	Automatic carry-over	Total expenses	Committed on budget
Title 1	11,942,000.00	11,787,354.87	11,309,760.87	477,594.00	11,787,354.87	98.71%
Title 2	1,568,027.56	1,558,529.75	1,232,309.16	326,220.59	1,558,529.75	99.39%
Title 3	4,989,972.44	4,743,675.11	2,818,340.84	1,925,334.27	4,743,675.11	95.06%
Total annual subsidy	18,500,000.00	18,089,559.73	15,360,410.87	2,729,148.86	18,089,559.73	97.78%
Title 4	479,231.55	479,231.55	123,005.87	356,225.68	479,231.55	100.00%
Total other donors	479,231.55	479,231.55	123,005.87	356,225.68	479,231.55	100.00%
Title 5	5,000,000.00	5,000,000.00	135,432.60	4,864,567.40	5,000,000.00	100.00%
Total ETE MED	5,000,000.00	5,000,000.00	135,432.60	4,864,567.40	5,000,000.00	100.00%
Title 6	2,363,260.09	2,363,260.09	677,042.19	1,686,217.90	2,363,260.09	100.00%
Total Tempus TA 2004/05	2,363,260.09	2,363,260.09	677,042.19	1,686,217.90	2,363,260.09	100.00%
<b>Total</b>	<b>26,342,491.64</b>	<b>25,932,051.37</b>	<b>16,295,891.53</b>	<b>9,636,159.84</b>	<b>25,932,051.37</b>	<b>98.44%</b>
<b>2004</b>						
	Authorised budget 2005	Committed	Paid	Automatic carry-over	Total expenses	Committed on budget
Title 1	11,493,973.00	11,244,735.19	11,121,967.10	122,768.09	11,244,735.19	97.83%
Title 2	1,470,027.00	1,459,926.37	1,212,795.76	247,130.61	1,459,926.37	99.31%
Title 3	4,636,000.00	4,616,955.35	3,448,998.70	1,167,956.65	4,616,955.35	99.59%
Total annual subsidy	17,600,000.00	17,321,616.91	15,783,761.56	1,537,855.35	17,321,616.91	98.42%
Title 4	800,000.00	800,000.00	260,126.31	539,873.69	800,000.00	100.00%
<b>Total</b>	<b>18,400,000.00</b>	<b>18,121,616.91</b>	<b>16,043,887.87</b>	<b>2,077,729.04</b>	<b>18,121,616.91</b>	<b>98.49%</b>

Contracts concluded through direct agreement (negotiated procedure) 2005 (TCI)

Contract Number	Contractor	Country	Amount (€)	Procedure	Type of contract	Title
CON/05/ETF/0010	Berta Laura c/o Med & Sport 2000 srl	Italy	0	Direct Agreement	Framework Contract	Medico del Lavoro per il personale della Fondazione
CON/05/ETF/0016	TURKISH EMPLOYMENT ORGANISATION - TURKIYE IS KURUMU GENEL MUDURLUGU - ISKUR	Turkey	89000	Direct Agreement	Fixed Amount Contract	Pilot active employment measures fostering social inclusion and cohesion with a special focus on gender issues
CON/05/ETF/0022	ANTHONY WATTS	UK	1000	Direct Agreement	Fixed Amount Contract	Expert on dissemination of ETF Career Guidance report -FYROM
CON/05/ETF/0023	Telecom & Capital Express	Italia	19440	Direct Agreement	Fixed Amount Contract	Purchase of Power Supplies Extreme
CON/05/ETF/0027	Business Objects Belgium & Luxembourg	Belgium	0	Direct Agreement	Framework Contract	Maintenance of existing Business Objects licenses
CON/05/ETF/0034	Ronald G. Sultana Ph.D.	Malta	1000	Direct Agreement	Fixed Amount Contract	Finalisation of BIH Career Guidance Report
CON/05/ETF/0038	YACOM BUSINESS SOLUTIONS GMBH	Germany	0	Direct Agreement	Framework Contract	EdiStar Maintenance and Software Consultancy
CON/05/ETF/0039	ALQI MUSTAFAI	Albania	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0040	VLADO LUBURIC	Croatia	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0041	Miomir Despotovic	Serbia and Montenegro	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0042	RAME LIKAJ	Kosovo	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0043	MAJA JUKIC	Croatia	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0044	MEVLIDA PEKMEZ	Bosnia and Herzegovina	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0045	RADOSLAV MILOSEVIC	Montenegro	600	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference



CON/05/ETF/0046	NATASHA ANGELOSKA GALEVSKA	FYROM	3100	Direct Agreement	Fixed Amount Contract	Support for the 2005 SEE VET TTnetwork conference
CON/05/ETF/0061	DEVELOPMENT STRATEGIES SRL	Italy	3200	Direct Agreement	Fixed Amount Contract	Rapporteur Support for ETF Aid co-operation seminar
CON/05/ETF/0062	SEMENTSOV SERGEY PAVLOVICH	Russian Federation	1100	Direct Agreement	Fixed Amount Contract	Impact Assessment of Training for Company Development
CON/05/ETF/0078	IPSA S.p.A.	Italy	35000	Direct Agreement	Fixed Amount Contract	Rental of advertising space at Turin International Airport

Human and financial resources by ABB activity (ora)

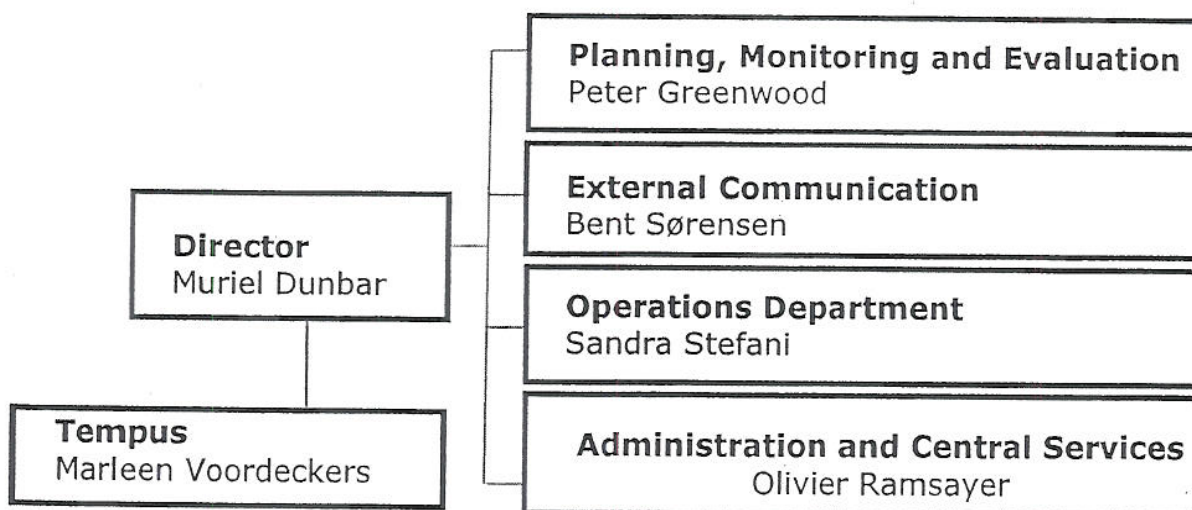
Activity	Basic Staff allocation	Total statutory ABB	BUDGETARY RESOURCES						Total Budget planned	Total Budget expenditure
			Staff costs	Missions planned	Missions expenditure	Administration & infrastructure	Project funds planned	Project funds expenditure		
			Title 1	Title 1	Title 1	Title 2	Title 3	Title 1-3	Title 1-3	
Enlargement	6	8.5	922 495	76 675	105 602		757 275	1 756 445	1 721 583	
SEE (CARDS)	9	12.0	1 302 346	156 113	105 602		1 240 275	2 698 734	2 511 236	
Mediterranean region (MEDA)	10	12.0	1 302 346	162 503	143 586		1 314 275	2 779 124	2 759 485	
EECA (Takis)	8	11.0	1 193 817	172 103	144 083		1 287 275	2 653 195	2 678 813	
Expertise development	10	12.0	1 302 346				110 000	1 412 346	1 361 828	
Tempus technical assistance	20	22.0	2 387 635	64 225	55 663		0	2 451 860	2 443 298	
Organisational support	9	9.0	976 760	71 649	54 945		266 900	1 315 860	1 174 793	
Administrative support	32	17.5	1 899 255	56 732	72 437		24 000	3 432 987	3 613 175	
<b>Total</b>	<b>104</b>	<b>104.0</b>	<b>11 287 000</b>	<b>760 000</b>	<b>681 918</b>	<b>1 453 000</b>	<b>5 000 000</b>	<b>18 500 551</b>	<b>18 264 211</b>	



## 5.2 Structure and staffing of the ETF

The ETF's Governing Board is chaired by the Director General of DG Education and Culture and is comprised of representatives from Member States, the European Commission and from candidate countries as observers. The Governing Board approves the ETF's annual Work Programme and budget and is also consulted on issues that relate to the strategic direction and management of the ETF. The Director of the ETF reports to the Governing Board and chairs the Advisory Forum. In 2005, the ETF had an establishment plan of 104 Temporary Agents and a budget of €23 million including a subsidy from the Commission of 18.5 million.

At the start of the year, the ETF's organisational chart was defined largely according to the different external relations instruments it serves. This logic implied separate departments covering the candidate countries and the Western Balkans, Eastern Europe and Central Asia; and the Mediterranean region. Another department provided technical assistance to the Commission for the implementation of the Tempus programme. During the year, in response to similar exercises within the Commission, the ETF launched an internal re-organisation in preparation for the emerging external relations instruments due to come into force in 2007. In parallel, the ETF opted to merge its operational staff into a single team-based department to benefit from greater flexibility and efficiency in deploying its specific expertise and to reinforce knowledge sharing. The Management Chart at the end of the year was as follows:



### Staffing chart (as of 31 December 2005)

#### Temporary Agents Fact sheet Nationality of Temporary Agents

	A* B* C*			Grand Total	%
	A*	B*	C*		
A	3			3	3%
B	1	7	1	9	9%
BG	1			1	1%
CZ	1			1	1%
D	5	2	1	8	8%
DK	5			5	5%
E	3			3	3%
EL	1			1	1%
F	4	4		8	8%
FIN	1	1		2	2%
GB	7	4	1	12	12%
I	7	13	8	28	29%
IRL	1	2		3	3%
L			1	1	1%
NL	5	2		7	7%
P	1			1	1%
RO		2		2	2%
S	1			1	1%
TUN	1			1	1%
<b>Total</b>	<b>48</b>	<b>37</b>	<b>12</b>	<b>97</b>	<b>100%</b>

### Gender and grades of Temporary Agents

	F	M	Total	Establishment Plan 2005
A*16				-
A*15				1
A*14	1		1	2
A*13			0	1
A*12	1	5	6	7
A*11	7	8	15	15
A*10	2	1	3	11
A*9	3	2	5	4
A*8	6	6	12	11
A*7		3	3	1
A*6	1	1	2	0
A*5	1		1	0
<b>Total A*</b>	<b>22</b>	<b>26</b>	<b>48</b>	<b>53</b>
%	46%	54%	100%	
B*11				-
B*10				1
B*9	2		2	2
B*8	2	2	4	6
B*7	6	1	7	10
B*6	6	5	11	10
B*5	3	4	7	8
B*4		1	1	0
B*3	5		5	0
<b>Total B*</b>	<b>24</b>	<b>13</b>	<b>37</b>	<b>37</b>
%	65%	35%	100%	
C*7				1
C*6	1		1	2
C*5	1		1	2
C*4	2		2	4
C*3	3		3	3
C*2			0	2
C*1	4	1	5	0
<b>Total C*</b>	<b>11</b>	<b>1</b>	<b>12</b>	<b>14</b>
%	92%	8%	100%	
<b>Total TA</b>	<b>57</b>	<b>40</b>	<b>97</b>	<b>104</b>
%	59%	41%	100%	



### 5.3 Material reservations from ETF 2005 Register of Exceptions

Date	Ref (copy - paste special - text in Word document)	Amount euro	Dept-Unit	Subject	Type of exception
28/04/2005	EXC/2005/4	89,000.00	ESEE	WP-05-011-03	Direct agreement for one punctual need
22/12/2005	EXC/2005/72	360,000.00	Tempus	Tempus convention	Procurement procedures requested by Commission not compliant with ETF Financial regulation

## 5.4 Key decisions of the ETF statutory bodies

### Governing Board

The Governing Board and observers, met on 14 June and 29 November 2005. The meetings were chaired by Mr Nikolaus van der Pas, Director General for Education and Culture of the European Commission.

At the meeting of 14 June, the Governing Board confirmed the main achievements of the ETF in 2004 in comparison with the objectives set in its planning perspectives for ETF 2004-06 and the Annual work Programme 2004 by adopting the Annual Activity Report 2004 and its own analysis and assessment of it.

In addition the Governing Board Members took note of the progress reported on the following technical and administrative issues:

- The outcomes of the first Audit of the ETF by the Internal Audit Service;
- The final progress report on the 2002 External Evaluation of the ETF;
- The analysis of first results from the ETF Internal Annual Evaluation Programme;
- The progress report on 2005 External Evaluation of the ETF;
- The adoption of an Internal Communication policy

The ETF Governing Board met on 29 November 2005 in Turin. The main outcomes of the meeting were:

- the examination and adoption of the ETF's draft budget and work programme for 2006. The final adoption of the budget and work programme will depend on the decision of the budgetary authority on the overall budget of the European Union for next year.
- the adoption of revised Rules of Procedure for the Governing Board. These changes bring the activities of the Governing Board into line with recent changes in the ETF's Council Regulation deriving from its Financial Regulation
- the adoption of revised Rules of Procedure for the ETF Advisory Forum. These changes bring the work of the Advisory Forum into line with the new role of the Advisory Forum agreed with the Governing Board in March 2004.

### Advisory Forum

The Advisory Forum is a statutory body [CR Art 6] comprising over 130 vocational training experts. Members of the Advisory Forum are drawn from Member States, the partner countries, social partners and international organisations. The main role of the Forum is to provide advice to the ETF and its Governing Board on the ETF's annual Work Programme. The Forum also serves as an exchange network, enabling good practices on vocational training policies and reform to be shared between the countries involved. In 2005, regional meetings were held in Romania, Spain and Lithuania. The Advisory Forum delivered its opinion on the ETF's Work Programme to the Governing Board members in November 2004. The Forum also contributed to a second analysis of progress in VET reform in all partner regions that was presented to the Governing Board meeting in November.