

ETF ANNUAL ACTIVITY REPORT 2007

ADOPTED BY THE GOVERNING BOARD ON 10 JUNE 2008

ANNUAL ACTIVITY REPORT 2007 – ANALYSIS AND ASSESSMENT

The Governing Board has assessed the Director's report on the results for the 2007 financial year. Overall, the Board appreciates the results achieved by the ETF, and notes that the agency in particular:

- increased its policy advice support to the Commission in 2007 compared to 2006 as well as the number of requests from the Commission for the formulation, implementation and, in particular, for evaluation support.
- received 115 on-going requests from the European Commission, 60% of which were for assistance in countries covered by the Instrument for Pre-Accession, 26% in countries covered by European Neighbourhood and Partnership Instrument, and 14% in those covered by the Development and Cooperation Instrument.
- executed its activities within the resource framework adopted by the Board. In particular, the ETF committed over 91.35% and disbursed over 74.91% of its annual subsidy from the Commission of €19.7 million, with the remaining funds being disbursed in 2008. In this context, the Board commends the ETF for continuing to respect the benchmark of cost-effectiveness set in 2005 whereby over 80% of its executed budget of about €22 million is invested directly in operational activities and less than 20% in administrative overhead costs.
- contributed to achieving equity and poverty reduction through skills development and capacity building for human resources development stakeholders in line with the mid-term perspective.
- provided support to the Commission¹ in the area covered by the Instrument for Pre-Accession with the specific objective of making the European perspective more concrete for partner countries and giving a high priority to the needs of EC Delegations in candidate and pre-accession countries as well as tailoring its capacity support actions adapted to the circumstances and priorities of each country.
 - in Croatia, contributions were aimed at strengthening social dialogue, quality assurance and the capacity at the Ministry for ESF preparation while in Turkey, support was given for the finalisation and impact assessment of major projects funded by the EU and for the development of Turkey's response to the credit transfer (ECVET) proposal of the European Commission and to the recently formed Vocational Qualifications Council, while in the former Yugoslav Republic of Macedonia (FYROM) the ETF performed analyses on education, social partnership and employment to support relevant IPA planning documents.
- assisted the European Neighbourhood Partnership Instrument through information provided to relevant EC services on the state of implementation of ENP Action Plans and country developments in the area of human resources development as input for the preparation of new action plans under the instrument.
- enabled cross country reflection and learning between different countries covered by the instrument by providing information to policymakers and donors on key issues for regional VET development and possible areas for regional cooperation.

¹ IPA0701: Facility to respond to commission requests

- contributed to optimising the dialogue between education and the labour market through the implementation of qualification frameworks², particularly in countries in the ENPI region including specific country tailor-made initiatives designed for the Russian Federation, Ukraine, Georgia, Armenia, Azerbaijan, Morocco, Egypt, Jordan and Tunisia through policy stakeholder working groups.
- sustained its contribution to national institutional capacities in Mediterranean countries to collect, process and analyse relevant information on education, training and employment issues.
- consolidated its efforts for the republics of Central Asia as part of the ETF's support to the Development and Co-operation Instrument by ensuring that:
 - Policy impact of reform interventions reviewed and lessons shared; and
 - Working with policy stakeholders in **Kazakhstan, Kyrgyzstan, Tajikistan** and **Uzbekistan** on the development of qualification frameworks and clearer links between education and training and strategies for poverty reduction³.
- finalised the first cycle of its innovation and learning programme and commenced dissemination of the lessons learned on the:
 - teaching of key competences in South Eastern Europe
 - implications of migration for the development of vocational education⁴, and
 - development of a model framework for tracking partner country performance on the transition from education to work
- extended its publications programme to reflect a stronger orientation towards vocational education in the context of lifelong learning and related labour market issue and update of the dynamic part of the ETF website with more regular content and a broader spread of languages. The ETF also took steps to maximise the advantages of the site through the launch of new project areas for communities of practice.
- maintained its investment in expertise development through scientific contributions to conferences, flagship publications, knowledge sharing. In this context the Board encourages the ETF to reinforce its investment in internal training initiatives to help it to adjust to the challenges in the new financial perspectives.
- broadened the range of reports and analyses it uses to support its management practices, including the conclusion of its human resources framework, involving more coherent and strategically oriented job descriptions, and measures for management and internal control systems.

The Board acknowledges the three observations made by the Director. In noting the risks regarding Tempus, the Board encourages the ETF to work closely with the Commission services to limit the possibility of further risks related to the Tempus convention, and to mitigate any possible social, reputational, legal or financial impact of the expected repatriation of Tempus technical assistance. The Board asks the Director to report on progress in this field.

In the light of the above remarks, the Governing Board adopts the ETF Annual Activity Report 2007, and requests that it be forwarded, together with this analysis, to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Court of Auditors.

² ENPI07 05: National Qualifications Framework

³ DCI07 03: Skills development and poverty reduction strategies

⁴ ILP07 02: HRD and Migration

Introduction

The European Training Foundation¹ (ETF) is a specialised agency of the European Union based in Turin, Italy, providing support to the European Union's external assistance instruments.

The ETF's mission is to help transition and developing countries² to harness the potential of their human resources through the reform of education, training and labour market systems in the context of the EU's external relations policy.

Our services are targeted towards a range of stakeholders and clients with shared interests in the contribution that human resource development makes to EU external assistance objectives. These stakeholders include European institutions such as the European Commission, the European Parliament, related European agencies and EC Delegations, as well as policy stakeholders in the partner countries. We also work with the international donor community on the exchange of information and lessons learned in the assistance field.

This annual report presents our main achievements in 2007 in terms of the objectives set in the Medium Term Perspective 2007-2010 and the 2007 Work Programme. It shows the results of our activities in each of the EU external relations policy areas and summarises the return on our operational activities for the Community. It demonstrates that we have been effective in delivering the results defined in our 2007 Work Programme as our contribution to EU external relations policies and priorities in South Eastern Europe, the Mediterranean, as well as Central Asia and the Caucasus.

At corporate level, the report outlines the progress that the ETF continues to make in reinforcing its management and internal control systems as the basis of accountability. It shows how the ETF has sought to follow up on recommendations from controlling authorities and how we are in the process of introducing a risk management approach to deploy our resources even more efficiently and engage with our stakeholders more effectively. The report goes on to identify the material risks, which may have an impact on our work, and the corrective actions that we propose.

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 and I look forward to continuing to work with you in 2008.

Muriel Dunbar

Director

¹ The ETF was established by Council Regulation No. 1360 in 1990 to contribute to the development of education and training systems in the partner countries.

² In 2006, the partner countries were: Albania, Algeria, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Egypt, the former Yugoslav Republic of Macedonia, Georgia, Israel, Jordan, Kazakhstan, Kosovo (as defined in UNSCR 1244), Kyrgyzstan, Lebanon, Moldova, Montenegro, Morocco, Russia, Serbia, Syria, Tajikistan, Tunisia, Turkey, Turkmenistan, Ukraine, Uzbekistan, and West Bank and Gaza Strip.

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PART I: ETF's contribution to the EU's external assistance programmes

The ETF 2007 Work Programme was monitored through a series of corporate indicators. These indicators comprise seven main categories of action and 21 key variables which cover the key functions of the ETF, its performance as a centre of expertise and its institutional obligations as an agency of the European Union.

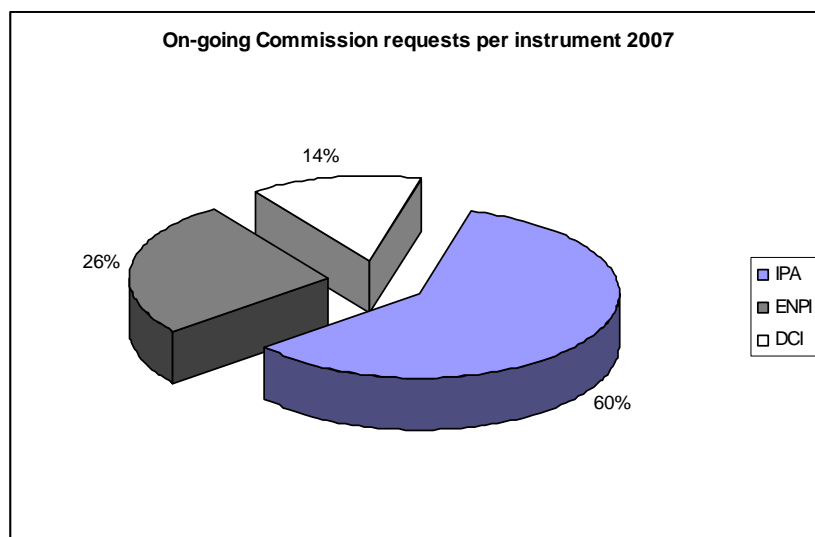
The indicators serve to assess the performance of the ETF against its work programme and also to benchmark progress towards its mid-term perspective objectives. The indicators ensure that there is a clear link between the mid-term perspective, the ETF's annual Work Programme and the work it undertakes for the European Commission and with partner country stakeholders.

The ETF's expertise role is increasingly being recognised. The number of expertise contributions to conferences and the number of articles in academic journals and magazines have increased. The number of subscriptions to the ETF electronic newspaper has also increased.

As regards the ETF as a well-managed EU Agency the exception procedures now represent slightly over 1% of the total budget (1.14%). The ETF reaches its goal of eight days staff development and training per year (8.8) and staff turnover does not exceed the maximum target of 8-15% per year. There is a complete gender balance at Administrator (AD) level for the first time.

In operational terms the ETF saw an increase in policy advice requests in 2007 compared to 2006 and an increase in the number of publications regarding partner countries. Furthermore, requests from the Commission for the formulation, implementation and, in particular, for evaluation support have increased compared to 2006.

More generally, in 2007 the ETF received 115 on-going requests from the European Commission, 60% of which were for assistance in countries covered by the Instrument for Pre-Accession, 26% in countries covered by European Neighbourhood and Partnership Instrument, and 14% in those covered by the Development Cooperation Instrument.



The requests were for a range of activities including programming, implementation and monitoring. In 2007, most of the requests for the IPA region were for programming (46%) and policy advice (17%). In the ENPI region 57% were for policy advice and 12% for formulation. In the DCI region the requests related to identification (32%), formulation (31%), and programming (25%).

In 2007, there was an 11% increase in requests for the IPA region. Over the course of the year, there was also an increase in requests covered formerly by the Tacis and Meda instruments – up from 38

requests, to 45.5 requests in the ENPI region (an increase of the approximately 20% compared to 2006). Overall, there were 18% more on-going requests in 2007 than in 2006.

No of requests per instrument and category 2007

	IPA	ENPI	DCI	Total
Programming	32	1	4	37
Identification	3	2	5	10
Formulation	7	4	5	16
Financing			1	1
Implementation	5	3		8
Monitoring	7	2		9
Evaluation	2	1		3
Content review	1	1		2
Policy advice	12	16	1	29
Total	69	30	16	115

ETF support to the EU's external assistance programmes in 2007

In 2007, the ETF's priorities and distribution of effort across the countries it works with focussed on cross cutting themes that contribute to vocational education and training in a lifelong learning context. The ETF supported qualification frameworks, lifelong learning, capacities for improving labour market functioning and the improvement of quality in vocational education training systems. The contribution of skills development to achieving equity and poverty reduction and the capacities of stakeholders involved in human resource development, including social partners and policymakers were key elements. The ETF 2007 Work Programme established the stronger country emphasis outlined in the Mid-Term Perspective.

The ETF's operations in 2007 were managed under three pillars of action.

Pillar 1: Support to education and training reform

Pillar 2: Corporate communication

Pillar 3: Organisational learning: Strengthening knowledge and systems

The following section describes the detailed results of the ETF's activities in pillars 1 and 2 in 2007. The ETF's actions under pillar 3 are described in Part 2 of this report under management and control.

Pillar 1: Support to education and training reform

In contributing to the EU's external assistance instruments, the ETF undertakes five major activities, covering each of the external assistance instruments, the development of evidence to support policy making and implementation in HRD in the context of partner countries, and the assistance that the ETF provides to the Commission under the Tempus programme.

Activity 1: Contributing to the Enlargement process by supporting the modernisation and reform of education, labour market and training systems in candidate and potential candidate countries.

Activity 2: Contributing to the Neighbourhood process through cooperation and partnership in human resource policy development and policy implementation

Activity 3: Contributing to economic and development cooperation in human resource development in Central Asia

Activity 4: Supporting the European Commission and partner country policy development through innovation and learning;

Activity 5: Providing technical assistance to the European Commission on the Tempus Programme (Trans European mobility scheme for university studies) and progressive transfer to the EAEAC

Activity 1: Contributing to the Enlargement process

The key activity of ETF's mission in the region covered by the Instrument for Pre-Accession in 2007 was to provide support to the Commission³ with the specific objective of making the European perspective more concrete for partner countries in the area of HRD and in its contribution to socio-economic development. In doing so, the ETF aimed to support the development of potential candidate and candidate countries through an improved contribution of HRD policies to socio-economic development including cooperation with Cedefop by the Candidate countries.

Candidate Countries

In **Croatia**, at the request of the EC Delegation, the main emphasis for 2007 was capacity building at agency level. The ETF provided support to the capacities of the Agency for Adult Learning for its task as 1) implementation agency for the law on adult learning passed early 2007 2) its role as PIU for the CARDS 2004 Adult Learning Project and 3) as proposing agency for IPA projects under the IPA instrument. Other ETF contributions were aimed at strengthening social dialogue in education and training and creating awareness of the need for quality assurance at all levels of the education and training provision. Additional support was also given to the Ministry of Economy, Labour and Entrepreneurship to increase the capacity at the Ministry for ESF preparation. A stock taking report on social partnership in education and training as well as stocktaking reports on social inclusion and governance capacity of institutions involved in IPA programming.

In **Turkey**, in support of the EC Delegation, the ETF made extensive contributions to the drafts of the IPA HRD Operational Programme for 2008. The Programme was approved in December 2007. The ETF gave advice to local stakeholders on the preparation of IPA projects. Support was also provided for the finalisation of SVET and SBEP (Basic Education)⁴ projects during and in between the bimonthly monitoring committees. Also at the request of the EC Delegation, the ETF carried out an impact assessment of the MVET⁵ project on vocational teacher training in Turkey. The recommendations in particular contribute to the discussion of future policies on teacher training, including the intention of YÖK⁶ to restructure its teacher training faculties. ETF support was also provided for the development of Turkey's response to the credit transfer (ECVET) proposal of the European Commission and advice was given to the Vocational Qualification Authority on its initial implementation phase.

In support of the **Former Yugoslav Republic of Macedonia (FYROM)**, the ETF undertook in-depth analyses in the fields of education, social partnership and employment. The results feed into the comments provided by the ETF on relevant IPA planning documents, progress reports and technical studies commissioned by the European Commission's DG Employment. Contributions to capacity-building were delivered in particular in the area of IPA planning (project design), the design, monitoring and evaluation of suitable employment policies, as well as social inclusion practices. Macedonian actors are continuously involved in regional exchanges of experience, including access to expertise.

Potential Candidate Countries

In **Serbia**, policy advice was provided to the Ministries of Education, Employment and Economy also for the preparation of a project fiche for IPA 07 on VET reform. Training and policy advice was provided for the preparation of project fiches for IPA 08. More generally, the ETF provided assistance to the European Agency for Reconstruction (EAR) as well as for the preparation of a bridging project between CARDS VET II and IPA 07 on VET reform.

³ IPA0701: Facility to respond to commission requests

⁴ EU support projects for the secondary and primary education sectors respectively

⁵ EU support project for the modernisation of vocational education in Turkey 2004

⁶ Council of Higher Education in Turkey

The monitoring of the CARDS VET II Programme was undertaken on behalf of the EAR and comments were provided during the preparation of a project on adult education elaborated by the Ministry of Education for IPA 08.

In **Albania**, following a request by the EC Delegation in Tirana and based on the EC sector fiche for Education and Employment CARDS 2006, 'Support to improved operation of pilot Vocational Schools and Vocational Training Centres,' the ETF conducted identification and assessment analyses to support the preparation of terms of reference for the EC programme cycle. Similarly, as requested by national policymakers and in line with priorities indicated in the EC progress report, the ETF provided policy advice related to: i) Updating the VET Legislation in Albania, and ii) establishing regional VET centres.

The ETF also supported policy learning on National Qualification Frameworks and accreditation and assessment, as key instruments for quality assurance in vocational education and training.

During the year, in **Kosovo (under UNSCR 1244)**, through intensive dialogue with DG Enlargement, Kosovo, and the European Commission (EC), the ETF supported the Kosovar authorities in making education and employment priority sectors for EC programming in 2008. The ETF extended and strengthened the dialogue with the Kosovo stakeholders and provided policy advice on education and employment. The Kosovo HRD Education and Employment Working Group (HRD Task Force) was established.

The ETF was nominated by ELARG, EC/EAR as the responsible EU institution in charge of working with the Kosovo authorities on the education and employment IPA 2008 Programme for Kosovo. In doing so, the ETF facilitated three cross-stakeholder workshops with the HRD Education and Employment Working Group resulting in project concept notes to be funded under IPA 2008.

In close coordination with the European Commission, the World Bank and other donors, the ETF facilitated the start up and institutional awareness on a potential Sector Wide Approach (SWAp) in education and was nominated by the Kosovo government to be a member of the Steering Committee (along with government representatives and donors) for the review and final approval of the findings of the feasibility study. The ETF established formal institutional collaboration with the World Bank in the HRD sector and has agreed on joint activities for 2008, including the joint preparation and dissemination of the results of a report on the employment of young people and women in Kosovo.

In **Bosnia and Herzegovina**, the ETF cooperated closely with the EU funded project 'Institutional Capacity Building in Education (ICBE)' and provided policy advice in establishing the task force for EU integration and international cooperation in education. Contributions were given to capacity building sessions on IPA, Education and Training 2010, lifelong learning and the roadmap for EU integration. Following the request of the MoCA, the ETF provided a policy advice on BiH draft adult learning strategy and on some issues related to draft VET Framework Law. As requested by the EC Delegation the ETF carried-out the monitoring of the CARDS VET III project.

In 2007, the ETF conducted a series of workshops and seminars in the IPA region to ensure that policymakers and stakeholders in the region have access to systematic information on the developments and purposes of the European Union's Education and Training 2010⁷ programme and advice on its possible application to strategies for modernisation. A key element of these activities related to the further contribution of qualification frameworks to modernisation.

The ETF also took more focused steps towards facilitating discussions in South Eastern Europe on the role education and training can play in promoting and supporting social inclusion⁸.

Social inclusion issues have been dealt with in various ways by the ETF in previous years. However, the request for its inclusion in the ETF Work Programme by DG Enlargement enabled the ETF to approach the issue more systematically in 2007.

In responding to the request, the ETF established an international expert group with an advisory role, and networked with international organisations (UNDP, Council of Europe, Open Society Institute).

⁷ IPA07-02 Education and training 2010

⁸ IPA07-03 Social Inclusion

The aim was to assist, identify and evaluate elements of good practice for the inclusion of ethnic minorities through education and training policy measures in EU Member States (in particular the new ones) and in South Eastern Europe. In the course of the year, the ETF began the dissemination of good practice on social inclusion with the aim of feeding into the IPA programming cycle.

Support to DG Enterprise continued with further assistance to policymakers and stakeholders in all IPA countries by ensuring their access to information on developments and the purposes of the European Charter for SMEs.⁹ This enabled data on progress and status in line with the objectives of the SME Charter to be produced by each country allowing comparisons between countries and against EU progress, as well as assessments of developments in entrepreneurship learning.

The focus on policy development and learning¹⁰ amongst stakeholders of the region was re-inforced through a deepening effort on policy related dialogues and reviews. This was further supported through regional cooperation. ETF actions in this area involved **Kosovo (under UNSCR 1244), Albania and Turkey** on selected policy priorities in line with their framework of relations with the EU, covering education finance, school and school management and the implementation of reform. The policy learning activity was complemented by dedicated activities in the area of networking¹¹ with parliamentarians attending seminars in Montenegro and the Former Yugoslav Republic of Macedonia.

Assistance to DG Employment¹² was provided through capacity building measures undertaken with IPA stakeholders aimed at improving administrative capacities and governance in employment policies. In 2007, the focus was on the development of instruments to strengthen capacity in policy development, planning, implementation and monitoring in all relevant administration and public bodies or agencies involved at central, regional and local levels. The ETF's capacity building¹³ for the region also continued through its ongoing support to the modernisation of learning and teaching processes in **Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo (under UNSCR 1244)**.

Activity 2: Contributing to the Neighbourhood process through cooperation and partnership in human resource policy development and policy implementation

The ETF's mission in the region covered by the European Neighbourhood and Partnership Instrument in 2007 is to provide support to the Commission¹⁴ with the specific objective of assisting countries in the region to maximise the contribution of human resources development to socio-economic development. For the region as a whole, information was provided to relevant EC services on the state of implementation of ENP Action Plans and country developments in the area of human resources development as input for the preparation of new action plans under the instrument.

In **Jordan** support was provided to national policymakers and middle level management to develop an action plan and Mid Term Expenditure Framework (MTEF). Advice provided to Ministry of Labour included strategic governance issues to be addressed for successful implementation. In **Egypt**, ETF support to the implementation of the Meda VET reform project was enhanced by the provision of a stocktaking exercise on the contribution of the project to overall human resources development sector reform. Correspondingly, in **Lebanon**, the implementation of the Meda VET project in the agro-food sector was facilitated through the provision of technical assistance to the EC Delegation and local stakeholders.

In the Eastern European area of the Neighbourhood region, the ETF provided support in Ukraine on the impact of the Tacis VET reform project on regional management. This was through a stocktaking exercise on the contribution of the project to overall sector reform, while in **Armenia** support was provided to the EC Delegation for the successful launch of the TACIS AP 06 Sector Policy project as well as to the Poverty Reduction Strategy in Education (VET). Assistance was also provided to the

⁹ IPA07-04 Entrepreneurship learning

¹⁰ IPA07-05 Policy learning to support VET reform processes

¹¹ IPA 07-08

¹² IPA07-06 Governance and administrative capacity in employment

¹³ IPA07-07 Learning and teaching

¹⁴ ENPI07-01 Facility to respond to Commission requests

EC Delegation for the preparation of an SPSP (Sector Policy Support Package) in VET financed under the ENPI AP 2007.

For the MEDA-ETE project¹⁵, covering all Mediterranean partner countries, 2007 was characterised by: (i) the consolidation of the established Euro-MED Observatory network and the organisation of data collection; (ii) the setting up of two new networks – one on apprenticeship and enterprise-based learning involving representatives from ministries of education/training and social partners; and the other on quality assurance in TVET involving members from education sector ministries and social partners; (iii) establishment of virtual platforms for the different networks; (iv) the selection of best practices and the preparation of the transfer phase in component 3 of the MEDA-ETE project¹⁶; and (v) the start-up of the e-learning course in project component 4¹⁷.

A major element of the ETF's activities in the ENPI region was its ongoing HRD Observatory¹⁸ support to national institutional capacities in selected Mediterranean countries to collect, process and analyse relevant information on education, training and employment issues.

In **Egypt**, this led to a guide to available labour market data and their sources, together with a descriptive report of the available data on the employment specifically for Greater Cairo and selected locations in the Nile Delta region including details on manpower, population and unemployment. In the course of 2007, a database on the labour market in the Greater Cairo/Delta region became available, as did a handbook on labour market indicators for Greater Cairo/Delta, which was also distributed.

In **Jordan** a profile of the tourism sector was developed together with a methodological handbook to enable its replication in other sectors. In **Morocco** and **Syria**, results were more limited. In Syria, only two of the four main expected results were achieved¹⁹. In Morocco, activities are being carried on in 2008.

As in the IPA region, the ETF also provided support to **DG Enterprise**²⁰ in the implementation of the Euro-Med Charter for SME's. ETF activities aimed at creating synergies between developments in the Euro-Med charter and the Commission's regional project (MEDA-ETE) on education and training as well as disseminating the exchange of relevant experiences between the EuroMed Charter and MEDA participants on entrepreneurship and skills development.

Support²¹ was provided to selected ENPI countries to develop specific packages to accompany national reform efforts in cooperation with policymakers and stakeholders. These covered decentralisation in **Ukraine**, the development of reform monitoring capacities in **Morocco**, and the development of capacities in **Armenia, Egypt, and Jordan** for overall policy design in the HRD sector.

In the countries of the **Caucasus** a cross country approach aimed to provide information to policymakers and donors on key issues for regional VET development and possible areas for regional cooperation. This led to three national reports on vocational education and labour market reform. Specifically, in Armenia²² support was provided to the new VET Development Council as a tripartite body in terms of representation, responsibilities, roles and modus operandi.

In **Russia**, the ETF supported a pilot model for VET financing that will be validated in 2008.

In the course of the year, the ETF also continued its support to countries in the ENPI region on qualification frameworks²³, including specific country tailor-made initiatives designed for the **Russian Federation, Ukraine, Georgia, Armenia, Azerbaijan, Morocco, Egypt, Jordan** and **Tunisia** through

¹⁵ ENPI0703-MEDA-ETE

¹⁶ Component 3 of the MEDA ETE project relates to support for young people

¹⁷ Component 4 relates to E -learning

¹⁸ ENPI07 – HRD Observatory Function

¹⁹ An HR information system and analytical report , but not a web site and associated , database

²⁰ ENPI07 02- Entrepreneurship learning and skills development

²¹ ENPI 07 04 Policy Learning to support VET Reform process

²² ENPI07-04 Policy learning to support VET reform processes

²³ ENPI07 05 - National Qualifications Framework

policy stakeholder working groups. For the Eastern European countries involved, pilot tourism sector qualification frameworks were completed consisting of agreed learning outcomes-based qualification profiles, level descriptors, and assessment approaches (formal, informal, non-formal learning).

National qualification framework policy papers were drafted by each national work group, (in different states of readiness depending on progress in the country). Final versions will be completed in 2008 and will review the pilot experience, identify policy issues, report on national consultations and make proposals for further steps.

In the MEDA region, national task forces including the main stakeholders were created, and met regularly throughout the year. This crucial (and still on-going) phase aimed at building a common vision and language on what a qualification framework might look like and possible action plans. To enable a regional dimension in this area, two peer reviews were carried out in **Jordan** and **Tunisia** - it was the first time that peer reviews had been organised in the region in the TVET field.

Activity 3: Contributing to economic and development cooperation in human resource development in Central Asia

In Central Asia as part of the ETF's support to the Development and Co-operation Instrument, the ETF worked with policy stakeholders in **Kazakhstan, Kyrgyzstan, Tajikistan** and **Uzbekistan** on the development of qualification frameworks²⁴. The activity explored the relationship between framework development and overall modernisation. As in the Neighbourhood area, this led to Pilot tourism sector qualification frameworks in each country being prepared consisting of agreed learning outcomes-based qualification profiles, level descriptors, assessment approaches (formal, informal, non-formal learning).

The ETF also worked with national stakeholders on establishing clearer links between education and training and strategies for poverty reduction²⁵ including a series of guidelines for each country.

In general, the ETF supported²⁶ the region by ensuring that DCI and Tacis interventions were identified and designed, and the policy impact of reform interventions reviewed and lessons shared. ETF country specific human resources intelligence was up-dated and policymaker/shaper contact networks expanded – including confirmation from authorities in **Turkmenistan** for ETF support.

Activity 4: Supporting the European Commission and partner country policy development through innovation and learning;

The ETF's innovation and learning activities facilitate international dialogue and debate between the EU and partner countries on policy strategies and innovations in human resources development. They aim to distribute methodologies and tools that assist partner country stakeholders and policymakers. In 2007, the ETF supported five innovation and learning activities.

ETF activities in this area included strategies to improve the teaching of key competences²⁷, which generated lessons and insights on legislative and governance frameworks, and school autonomy, including management and school culture, including support provided to and within schools, curriculum frameworks for the teaching of key competences, and teacher competences and training, methods and examinations.

In 2007, the ETF also finalised its projects on the implications of migration for the development of vocational education²⁸, and on the transition from education to work. The latter comprised the creation of a model framework for partner countries with recommendations for programmes to facilitate the

²⁴ DCI 07 02 National Qualification Frameworks

²⁵ DCI 07 03 Skills development and poverty reduction strategies

²⁶ DCI 07 01 Facility to respond to commission requests

²⁷ ILP 07 01 Key competences

²⁸ ILP 07 02 HRD and Migration

transition from school to work and ²⁹ recommendations to the European Commission on strategies to address school to work transition in the partner countries.

In its research on policy learning³⁰, the ETF worked in four countries to produce a review of its role in facilitating policy learning and dissemination, as well as the extent to which it has managed to increase its own visibility in the international debate on policy learning. In all countries a reform community, involving different stakeholders at different levels within the system, has been established.

As part of its management and dissemination of expertise in education and training, the ETF is consolidating processes within its expertise community to support knowledge management in policy strategy development³¹. This involved business and related competence development at corporate level, and covered internal knowledge sharing, knowledge creation, reflection and learning processes.

Activity 5: Technical assistance to the European Commission for the Tempus Programme (Trans European mobility scheme for university studies)³²

In 2007, the last full year of Tempus activities in the ETF context, the ETF provided assistance for the implementation of the Tempus programme. The activity was undertaken in full compliance with the Commission priorities and standards within the ETF's regulatory framework. Overall, the ETF co-ordinated the management of more than 800 running projects, finalised activities linked to the December 2006 call for Joint European Projects, provided content and finance related contract management for more than 750 running Tempus projects, and supported the 2007 audit campaign. Impact studies were finalised, edited, translated and published.

Pillar 2: Corporate communication

The overall aim of the ETF's corporate communication is to support policy learning and knowledge sharing in the ETF's field of responsibility and to enhance the impact of EU external assistance by informing about ETF activities, results and added value. The communication and information activities aim at influencing developments by reaching the ETF's expert audience of policymakers, partners, experts and practitioners at both European and national levels.

In support of the ETF's activities within the new external relations instruments (ENPI, IPA and DCI), the ETF implemented a number of initiatives to communicate and promote the results, new objectives and the role of the organisation. Following an intensive internal consultation process, a new future oriented ETF Communication Policy was approved

ETF Publications

In 2007, the ETF Communication Unit launched and distributed an electronic newsletter in six languages (published monthly, except January, August and December) and the magazine Live & Learn was reformatted with issue No 7 (April) published in a new, modern and more user-friendly design in three languages (EN, FR and RU).

Key publications published in 2007 included: Quality in vocational education and training with a specific focus on policies and learning processes, Labour markets in the Western Balkans, Priorities and mechanisms for financing vocational education and training in South Eastern Europe, Reform of vocational curricula, Adult learning and key competences, Gender mainstreaming in education and employment, Career guidance in the Mediterranean region, Transition from education to work in the Meda region, Human resources development and its links to the labour market in the West Bank and Gaza Strip, Technical and vocational education and training and the labour market in Israel, Employment policy reforms in the Middle East and North Africa, Investment in education, employment and economic performance in Syria, Skills development and poverty reduction in Central Asia, Labour

²⁹ ILP 07 03 Transition for education to work

³⁰ ILP 07 04 Policy Learning

³¹ ILP 07 05 Knowledge Management

³² Executive agency for education and culture

market and vocational education and training in the Neighbourhood region, and Secondary education in OECD countries. In addition, four papers on the contribution of human resources development to migration policy (Albania, Egypt, Moldova and Tunisia) were prepared and edited externally.

Internet and audiovisual products

The update of the dynamic part of the website continued regularly with 15/20 news pieces published monthly, half of which were translated into six languages as part of the newsletter now sent electronically to some 1,500 people. Five project restricted areas and/or communities of practice were launched and/or redesigned and an analysis for future improvements is ongoing.

A revision of the thematic and country sections was carried out so as to guarantee the possibility to cross reference project information. The intranet was fully launched and has replaced the Lotus Notes portal as a tool for internal communication.

Dialogue-generating communication

In 2007, 36 meetings and study visits were organised in the context of the corporate framework contract, and nine corporate visits were organised by the ETF Communication Unit.

The ETF also supported two major corporate events. The conference 'Equal Opportunities For All In Education And Employment' (held in Rome on 21 March 2007), in cooperation with the Department of Equal Opportunities of the Italian Presidency of the Council, attended by two Italian ministers and more than 100 international participants, and the 'Europe Meets Its Neighbours' day held in Turin on 6 May. This was an innovative event organised in cooperation with the local authorities and locally based ETF partner country associations and open to all citizens. Furthermore, the ETF also organised two Governing Board (statutory) meetings. The first on 11-12 June 2007 was combined with an open day to familiarise new Governing Board members with ETF activities. The second meeting was held on 19-20 November 2007.

PART II: Management and internal control systems

Pillar 3: Organisational learning - strengthening knowledge and systems

The ETF defined a mid-term perspective covering the period 2007-10 foreseeing a progressive transformation of the organisation over the next four years that will impact on the content of the operation of its core business and the management of its resources. As highlighted in last year's report, this will include the ongoing alignment of the ETF's management and internal control systems and its core business.

In 2007 the ETF continued this process through its activities related to organisational learning in its governance and management of resources. The aim of this is to ensure that each part of the ETF is integrated within a management framework that both facilitates the sharing of process standards and knowledge across operations and provides for an effective and efficient management system.

To support this, in the course of 2007, the ETF broadened the range of reports and analyses it uses to support its management practices. These included the conclusion of its human resource framework, including the revision of job descriptions, as well as the ongoing implementation of instruments and measures targeted at engaging with its external operating environment and at risks relevant to ETF management and internal control systems.

These instruments involved internal and external audits, ETF evaluations, as well as specific measures to support the implementation of the internal control standards, e.g. a register of exceptional transactions and the formal record of opinions of financial verifiers. In addition, a major element of ETF's risk management processes involved the implementation of an internal audit capability.

Inherent nature and characteristics of policy environment(s) and beneficiaries

This section introduces the main features of ETF's policy environment through the ETF's stakeholder groups.

Stakeholders

Partner countries: The ETF's operational environment continues to be complex and, in certain cases, volatile due to political instability in the partner countries. The complexity of the ETF's operating environment was confirmed in 2007 through a number of international developments, the most visible being the general tension in the Middle East. Such developments have an impact on EU external relations priorities and can inhibit planned deployments of ETF's expertise to support education and training reform. Not least, there may also be security implications for ETF staff in the field.

The situation in South Eastern Europe regarding Kosovo (under UNSCR 1244) has a background influence on the work of the ETF in the region in during the year. It is expected that this will continue and may even be more acute in 2008.

European Union institutions: In 2007, the ETF's policy environment was significantly affected by to the ongoing discussion of the recast of ETF's Council Regulation and notably the proposed broadening of the ETF's thematic mandate to encompass human resources development in a lifelong learning context and related labour market issues with a focus on policy support. The broader mandate adds to the complexity of the ETF's work and will need careful monitoring to ensure that resources are allocated in such a way as to have the greatest impact. The matrix of indicators highlighted in 2006 was implemented in 2007 with the aim of strengthening the ETF's corporate objectives and functions in the mid term with its annual work programme. This should make the measurement of the achievement of its mandate and understanding the impact of its activities possible.

A second factor in the ETF's institutional environment is the complex nature of its operational and reporting lines. As regards the Commission, the ETF's parent DG is DG EAC while its financing comes from the budget for external relations. The ETF needs to accommodate the various priorities of DG RELEX, ELARG, and AIDCO and, where relevant, the EC Delegations and their needs for support. Furthermore, other DGs, principally EMPL, but increasingly JLS, ENTR and RTD³³ have an impact on the ETF, particularly in the evolution from vocational education and training to human resources development.

The structured dialogue framework and contact group network chaired by DG EAC helps the ETF to balance the different expectations of Commission services with its policy objectives and resources. The Commission's statement in its Communication on the ETF in December 2006, outlining the requirement for a 'renewed commitment from both sides to strong communication and exchange', continues to be highly relevant to the work of the ETF³⁴.

EU regulatory environment

The ETF still faces the challenge of adapting and integrating the EU financial and staff regulations cost effectively to its specific context. The framework regulations provide a helpful and transparent structure with a high degree of accountability and interoperability with other EU institutions, but they are not always immediately applicable to the specific needs and risks faced by the agency.

Another feature of the agency's institutional environment is the continuing effort to harmonise approaches and practices among EU agencies. As noted in the 2006 Annual Activity Report; the political drive for this process comes from its potential to deliver greater cost effectiveness and accountability.

The effectiveness and efficiency of this process is not yet clear although it may have an increasing impact on the ETF's future maintenance and running costs especially when agencies are obliged to draw on the services provided by the Commission. There are potential risks arising from this approach

³³ Respectively, DG Justice, Security and Freedom; DG Enterprise and Industry; and DG Research.

³⁴ European Commission: Communication on the ETF, Brussels, December 2006, Comm 832.

which need to be mitigated. The role given to the European Commission to harmonise the application of the staff regulations in the agencies (under article 110) has resulted in a delay in defining human resource approaches.

An additional example is the introduction of a new tool to support financial management in the EU administration. Considering the development costs associated, an agency the size of the ETF has little option but to adopt and adapt the European Commission system, ABAC. Its installation and tailoring to the ETF's specific environment and operational needs is, however, difficult. The risks associated with changing such a central element of the ETF's financial management, have lead us to maintain our existing system (Sincom 2) for the time being. A definitive decision has now been made. The ABAC system is scheduled for introduction in 2009. The ETF is mitigating these risks through close operational cooperation with the Commission's administrative services, through the Heads of Agencies coordination group and in particular through cooperation with European Food Safety Authority (EFSA) in Parma which is both close to the ETF and shares the same national legal and financial context.

The framework staff regulations, for which the implementing rules relating to agencies are under discussion with Commission services, have been drawn up based on the context of the Commission. These regulations apply first and foremost to officials and contract agents in the main EU institutions, and need to be adapted to the specific needs of small specialist agencies staffed largely by temporary agents. In particular, by limiting standard recruitment grades, the regulations do not cater for the recruitment needs of specialist agencies that need to attract suitably qualified or experienced professionals for key positions. The framework regulations do not adequately provide for mobility between the agency and other EU bodies or to the specific constraints on managing career progression within agencies. The constraints provided by the regulation limit the capacity of the agency to adapt its expertise to the new challenges in its mandate and functions. The ETF is working in close cooperation with DG ADMIN and other agencies to produce appropriate implementing rules that balance the interests of staff, the agency and the EU institutions.

Similarly, the financial regulation provides a basis for sound financial and procurement management across the Community, but is not commonly applied or necessarily appropriate for a small agency such as the ETF that manages funds from different sources and executes its activities through relatively small transactions in partner countries which may have poor financial and administrative services or environments where there is a need for increased administrative supervision. Examples which confirm this risk come from the difficulties faced by the ETF in applying framework service contracts in Eastern Europe or the exceptions related to the management of the Tempus convention in the ETF Register of Exceptions continued in 2007. To respond to this risk, the ETF is engaged in a specific risk assessment for its operational activities. The phenomenon of Tempus related exceptions should cease when technical assistance is repatriated in 2008.

Governance environment

In its Communication on the ETF of December 2006, the Commission recommended that the ETF's Advisory Forum should not be included in the revised Council Regulation as a statutory body. This reflects a situation in which the statutory opinions of the Advisory Forum have ceased to play a role in the determination of the ETF's work planning processes. As part of its response, the ETF intends to make greater use of its project and operating networks to ensure that its planning processes are fully informed by developments in the international environment. In November 2006, the ETF launched discussions (still to be concluded) with the Governing Board on an evolution of the Forum into an integrated network structure to ensure appropriate consultation with representatives of ETF key stakeholder groups on the activities of the agency.

Management and control systems

In 2007, to respond to an evolving environment and mission the ETF adopted a human resources strategy which aims at ensuring that staff expertise and skills are developed and maintained in accordance with the current and future business and operational requirements. The organisation defined a job description framework as a key element of an effective and integrated human resources management system particularly in terms of recruitment, mobility, competences and development. Job

descriptions are the link between the ETF 'mission statement' and the related processes and projects that the agency implements.

The organisation regularly carried out actions, including tailored training modules, to ensure that staff is fully aware of the rules governing their conduct and ethics and integrity principles.

During the year, the ETF deployed an internal project to document and analyse its business processes to ensure that it is meeting customer requirements, defining actors involved, identifying potential weaknesses/risks and controlling/ mitigating them³⁵.

The project provides management with a clearer understanding of the ETF's work processes and supports, together with the annual review of the established register of exceptions, the Director in the preparation of the Annual Declaration on the Control System.

The report of the follow-up audit by the Internal Audit Service of the Commission recognised the implementation of an adequate model in the ETF for the management of delegations in line with its defined responsibilities. In addition, since December 2007, the ETF has re-inforced the segregation of duties within its financial circuits.

During the year, the ETF launched an initiative, to respond to auditing bodies' recommendations, to reinforce the definition and tailoring of different financial circuits in the organisation aiming at overall rationalisation and simplification, and ensure coherence, efficiency and proportionality to risks. This initiative should bear fruit in 2008

Planning, monitoring and risk management

In 2007, the ETF further developed and established the concept of Activity Based Budgeting and applied it to the 2007 Work Programme and the mid-term perspectives 2007-10. To support the ETF's capacity to monitor the use of its resources by activity on a regular basis, the organisation further defined its time recording system building on the structure of the activity based budgeting pillars, the work programme objectives, the annual management plans, the main organisational processes and projects, as well as individual objectives.

During the year, the ETF completed a risk self-assessment exercise under the leadership of the internal audit capability. The activity was designed (as a component of the adopted ETF risk management strategy) to feed into the organisational improvement action plan to support management processes and facilitate more efficient and effective operations ensuring full compliance of its internal control systems.

In addition, a Legal Advisor position was established to provide timely legal advice and risk assessment support to ETF managers and process owners.

Monitoring of performance

Evaluations commissioned by the ETF

The ETF has commissioned three external evaluations of its activities since 2004 in accordance with the Communications from the Commission (2003 and 2007) on the ETF³⁶.

The aim of these evaluations is to enable the ETF to draw stronger lessons from its operations. Specific lessons have been learnt relating to improvements in the formulation of intervention strategies and the incorporation of results into future projects. These evaluations have had either a project focus or country focus, assessing the quality of all the ETF activities within one partner country. The ETF reports annually to the Governing Board on the results of the evaluations and their follow-up.

In 2007 the ETF completed three country evaluations in Romania, Turkey and the Former Yugoslav Republic of Macedonia. These evaluations add to the series of country evaluations previously commissioned in Bulgaria and Syria and provide valuable information on and assessment of the

³⁵ The full mapping of all relevant processes is scheduled for completion in 2008.

³⁶ SKS 07 02 Evaluation

relevance, effectiveness, added value and impact at the country level of ETF activities. Also, a new evaluation was launched in 2007 in Egypt. The ETF publishes all its evaluations on its website.

Furthermore, as part of its response to the Commission's external evaluation, the ETF commissioned assessments of its monitoring and evaluation, and project identification practices³⁷ to benchmark itself against other similar organisations and to get an external independent opinion and recommendations on some of its internal working processes.

European Commissions Feedback questionnaires

Questionnaires were sent for 15 randomly selected requests completed after July 2007.

67% of the responses said that the quality of our work was very good. 67% of the responses said that the service provide was very useful. In 75% of cases the requestors found that ETF can provide all the needed expertise in human resources development. In an opposite case, it was stated that "other actors are also active. In particular in this case, information from DG EAC is also essential".

Contracted audit firm for ex post audit

The 2007 external ex post audit campaign focused on the main contractors that provide administrative services under Titles I-II and cover an estimate of 5% of title I funds (provision of consultancy and interimaire staff) and 20% of title II (building expenditure) . The campaign led to the general conclusion that ETF funds were being administered in a lawful and regular manner with sound financial management by external contractors, and recommendations provided useful lessons for the organisation to improve its internal practices and procedures.

European Court of Auditors

In spring 2007, the ETF hosted the European Court of Auditors twice for an assessment of the 2006 financial statements. In the final report on the 2006 annual accounts, the ETF accounts were defined reliable, legal and regular. Auditors paid a third visit in October 2007 to monitor ETF systems and practices. Observations were limited to issues which are being addressed.

Internal Audit Capability

An Internal Audit Capability (IAC) was in post until July 2007 and provided technical support to the implementation of specific improvement actions to enhance internal control systems notably in the area of risk assessment and documentation of main ETF processes and procedures. The IAC also provided consultancy support to the ETF Management Team on a broad range of issues including the ETF recast regulation, guidelines for the development of job descriptions and time recording systems, the Code of Good Administrative Behaviour, and management of sensitive functions.

Internal Audit Service

The IAS visited the ETF in October 2007 and a final follow up report was issued at the end of 2007. The objective of the audit was to assess the progress made by the ETF in implementing the 19 recommendations that the IAS issued following the in depth audit of the organisation in 2005. The audit was carried out in accordance with the annual work plan of the IAS for 2007 and IAS methodological guidelines.

The effort deployed by the ETF in the implementation of an action plan resulted in the closure by IAS of five audit recommendations and the identification of actions to complete the recommendations still in progress. The main recommendations require the completion of processes in human resources management, in particular the full deployment of job description and competence frameworks; and in the area of risk management, the further development of the organisational risk management approach including control of sensitive functions and definition of a continuity business plan. An action plan to address outstanding points was defined by the ETF and sent to the IAS at the beginning of 2008.

³⁷ SKS 07 04 Business Development

In addition, the IAS follow up report in 2007 recommended that the ETF simplify its financial procedures to be proportionate to risks.

In 2007, the ETF also carried out an internal self assessment as a means of evaluating the effectiveness of the internal quality and control systems in place in the organisation. It was carried out by ETF staff according to their perceptions of the system and the implications for daily work. Overall results show a general perception of improvement and progress when comparing results with previous years' self assessment exercises. Furthermore, the results of the exercise showed that, in general, there is consistency between the perception that the organisation has of the efficiency and effectiveness of its control systems and the results of the follow up audit of the Internal Audit Service

The recommendations from the above mentioned bodies and assessment exercise feed into the improvement action plans implemented under the responsibility of the ETF Internal Control Co-ordinator. The internal procedure aims at ensuring that identified weaknesses in the ETF management and control systems are systematically and efficiently managed and all resulting improvement actions are monitored. This is an integral element in the ETF's internal control system.

Conclusion and observations

In the course of 2007, the ETF has made further progress in mitigating internal and external risks arising from its operating environment. Actions have included measures to identify and eliminate these risks and, where this has not been possible, to manage and minimise them. These measures have strengthened both the organisation's operations and its ability to manage the complexities of its environment. However, the impact of these improvements needs to be validated to ensure that they are properly embedded. In this respect, the ETF would welcome further observations from the Internal Audit Service (IAS) on its progress in 2007 to ensure the effectiveness and efficiency of its management of resources.

There are still a number of issues that the ETF has not fully addressed. These include the inherent uncertainty of the ETF's environment arising from political instability in its partner countries and the continuing adaptation to the new external assistance instruments adopted by the Community in 2006. These challenges are addressed in the ETF's mid-term perspective and are expected to have an increasing impact on activities and in particular the development and maintenance of expertise. In particular, the new external instruments are more policy driven than the previous forms of external assistance and they place a stronger emphasis on the development of policy ownership among partner countries. As identified in the ETF's mid-term perspective in 2006, this is expected to generate a higher level of engagement on the ground with partner country policymakers and a more complex set of deliverables. In this respect the recast regulation proposed in 2007 is important to ensuring that the ETF has a firm legislative base for supporting EU external assistance in the area of education and training.

There are three specific observations to be noted: political instability in the ETF's operational environment, the management of Tempus technical assistance, and the human resource implications of the expected repatriation of Tempus technical assistance.

Observations

After careful reflection on the assessment in parts I and II of the Annual Activity report, the ETF puts forward the following observations:

Observation 1

Political instability in the ETF's operational environment. As in 2006, the implementation of the ETF's work programme 2007 was affected by political instability in the regions with which it works, in particular the Middle East, the Caucasus, Central Asia, and South Eastern Europe. This has contributed, on occasion, to delays and interruption of ETF project work. To mitigate this risk, the ETF has stepped up its cooperation with the Commission and has prioritised its services to partner countries on the basis of commonly agreed criteria to identify and agree on environments that are conducive to reform.

Observation 2

Financial management of the Tempus convention. As noted in Annual Activity Report 2006, the Commission has continued to ask the ETF to use Tempus Convention funds to purchase academic experts through an established mechanism used at the Commission which the ETF does not feel are fully aligned with the requirements of its Financial Regulation. Through correspondence with the Commission on each case, the ETF has taken appropriate precautions under the authority of the Commission to ensure that the funds are used cost-effectively for the stipulated objectives. This element will be resolved when technical assistance is repatriated to the Commission services in 2008.

Observation 3

The Tempus technical assistance programme will be repatriated by 30 June, 2008, as requested by the Commission. Maintaining a high quality technical assistance prior to its repatriation may require an adjustment in staff numbers and capacities that may be difficult to reconcile with the proper application of staff regulations. In this context, the ETF is addressing the situation by reinforcing the provision of training to new recruits to the Tempus department and by strengthening the procedures underlying its standard technical assistance services. The ETF is also helping staff to face the lack of certainty and providing, where possible, opportunities for internal mobility and information about external recruitment opportunities within the Community institutions.

PART III: 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 2007 gives a true and fair view³⁸.

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 observations raised in Part II be take into account when considering the report:

- Political uncertainty in partner countries
- Financial management of part of the Tempus convention.
- Possible social, reputational, legal and financial implications of the repatriation of Tempus technical assistance from the ETF.

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 Torino, date 10.6.08

M. Dunbar (signature)

³⁸ True and fair in this context means a reliable, complete and correct view on the state of affairs in the institution.

PART IV: Annexes

Annual accounts and other financial reports

Annual accounts

a.	Economic outturn account	31/12/2007	31/12/2006
	Operating revenue	20,037,779.96	19,234,325.52
	Administrative and operational expenses	-20,387,135.17	-21,681,680.93
	Non operational activities	-268.90	-546.96
	Outturn for the year	-349,624.11	-2,447,902.37
b.	Balance sheet	31/12/2007	31/12/2006
	Intangible fixed assets	2,881,652.70	3,052,639.22
	Tangible fixed assets	265,157.93	310,661.61
	Stocks	26,528.84	33,768.94
	Current assets - Short term pre-financing	856,837.74	1,169,343.89
	Current assets - Short term receivables	517,100.78	339,351.40
	Cash account	12,806,111.61	12,156,961.92
		17,353,389.60	17,062,726.98
	Capital	872,968.84	1,222,592.95
	Provisions for risks and liabilities	1,001,000.00	550,000.00
	Provisions for risks and charges	154,913.33	156,855.00
	Accounts payable	15,324,507.43	15,133,279.03
		17,353,389.60	17,062,726.98
c.	Statement of cash flow	31/12/2007	31/12/2006
	Cash at beginning of the year	12,156,961.92	23,664,596.55
	Increase in cash	649,149.69	-11,507,634.63
	Cash at end of the year	12,806,111.61	12,156,961.92
d.	Budget outturn -	31/12/2007	31/12/2006
	Revenues	20,547,409.86	22,452,351.62
	Expenditures	-23,348,961.35	-23,667,689.90
	Outturn for the year	-2,801,551.49	-1,215,338.28
	Adjustment for carry forward from previous	4,480,390.37	4,092,037.44
	Appropriations carried forward and	200,030.54	558,806.05
	Changes in capital	0.00	0.00
	Exchange gains/losses	-1,057.25	-106.49
	Balance for the financial year	1,877,812.17	3,435,398.72
	Balance carried over from previous year	3,509,714.65	74,315.93
	Amount reimbursed to the EC	-74,315.93	0.00
	Total amount to be reimbursed to EC	5,313,210.89	3,509,714.65

Contracts concluded through direct agreement (negotiated procedure) 2007

Contract Number	Contractor	Country	Value	Procedure	Contract Type	Description
CON/07/ETF/0011	PC-Ware Information Technologies BVBA	Belgium	19,019	Direct Agreement	Fixed Amount Contract	Selection of a LAR
CON/07/ETF/0016	Birzea Cesar	Romania	14,000	Direct Agreement	Fixed Amount Contract	Editorial Board members
CON/07/ETF/0017	Borisova Galina	Russia	14,000	Direct Agreement	Fixed Amount Contract	Editorial Board members
CON/07/ETF/0018	Munther Masri	Jordan	14,000	Direct Agreement	Fixed Amount Contract	Editorial Board members
CON/07/ETF/0028	Association Office Du Tourisme	France	13,698	Direct Agreement	Fixed Amount Contract	Organisation of Study Visit in Quimper - Agrofood
ORDER FORM 51873	Odense Teknisk Skole	Denmark	3,000	Direct Agreement	Order Form	Provision of a 3 Day Programme for ETF VET TT Study Visit
ORDER FORM 52435	Contract Arredamenti di Alberto Piatti	Italy	7,599	Direct Agreement	Order Form	Purchase of partitioning for the Library
ORDER FORM 57327	Sagat S.p.A.	Italy	33,000	Direct Agreement	Order Form	Purchase of advertising space at Turin international airport

Human and financial resources by ABB activity

ABB allocation to all ETF activities	Planned Staff – TA + CA + LA + Aux + ENDS	ETF Budget	%	Actual Staff - TA + CA + LA + Aux + ENDS ³⁹	Executed ETF budget ⁴⁰	%	Total Executed Budget ⁴¹	%
	132	19,883,245		130	18,181,145		22,115,670	
P1. Support to education and training reform	69	12,191,108	61.3	74.75	11,534,478	63.4	15,469,003	69.9
Act 1. Contributing to the enlargement process by supporting the modernisation and reform of education, labour market and training systems in the candidate and potential candidate countries	19.3	3,611,366	18.2	17.39	3,072,805	16.9	3,253,799	14.7
Act 2. Contributing to prosperity and development in the European Neighbourhood through cooperation and partnership in human resource policy development and implementation	18.9	3,476,498	17.5	17.39	2,976,210	16.4	5,762,666	26.1
Act 3. Contributing to economic and development cooperation in human resource development in Central Asia	5.9	1,165,524	5.9	5.35	969,529	5.3	969,529	4.4
Act 4. Supporting the European Commission and partner country policy development through innovation and learning	12.9	2,402,796	12.1	13.37	2,159,461	11.9	2,159,461	9.8
Act 5. Tempus Technical Assistance	12	1,534,924	7.7	21.25	2,356,473	13.0	3,323,548	15.0
P2. External Communication	9	2,156,014	10.8	9.25	1,996,447	11.0	1,996,447	9.0
P3. Organisation Learning: Strengthening knowledge and systems	54	5,536,134	27.8	46	4,650,220	25.6	4,650,220	21.0

³⁹ TA (Temporary Agents) and CA/LA/AUX (Contract/Local Agents/Auxiliaries) refer to the average post occupation during 2007

⁴⁰ Represents the committed amounts in 2007 across Titles I, II and III

⁴¹ In addition to ETF committed amounts, includes data related to committed amounts in 2007 against other funds managed by ETF: ITF – Italian Trust Fund, MEDA-EET and TEMPUS conventions (Titles IV, V and VI)

2007 Budget Execution

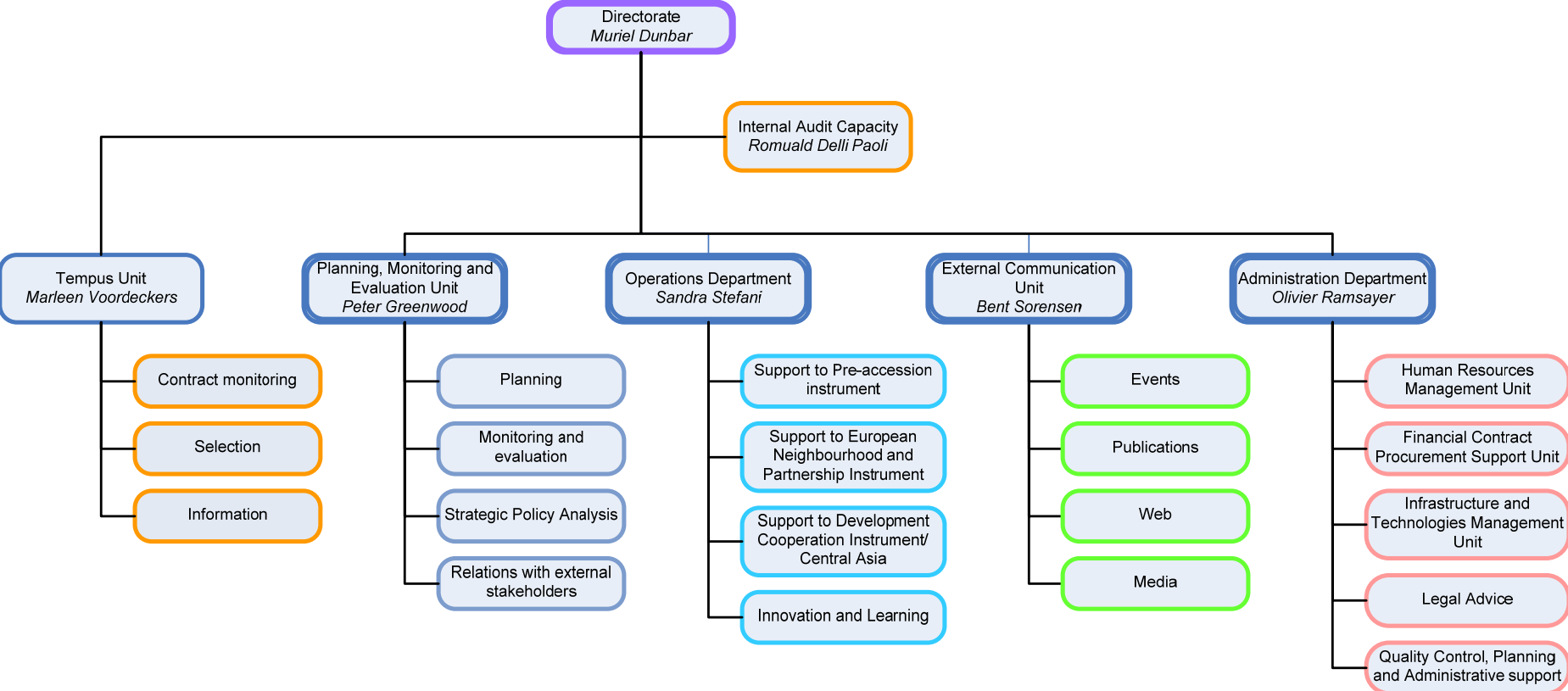
		Budget available 2007	Executed budget 2007	%
Title I		13,819,000	12,794,883	92.6
Title II		1,745,000	1,591,927	91.2
Title III		4,319,256	3,794,336	87.8
ETF Subvention		19,883,256	18,181,145	91.4
Title IV (ITF)	Current year	300,000	361,988	46.1
	Previous year	485,611		
Title V - (MEDA ETE)	Current year	0	2,605,462	71.8
	Previous year	3,630,714		
Title VI (Tempus)	Current year	870,000	967,075	58.1
	Previous year	793,571		
ETF earmarked funds		6,079,896	3,934,525	64.7
Total		25,963,152	22,115,671	85.2

Structure and staffing of the ETF

The ETF's Governing Board is chaired by the Director General of DG Education and Culture and is made up of representatives from Member States, the European Commission and 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 strategic direction and management. The Director of the ETF reports to the Governing Board. In 2007, the ETF had an establishment plan of 100 Temporary Agents and a budget of €23.246 million including a subsidy from the Commission of €19.7 million.

In 2007, the new organisational structure for ETF's Operation's Department introduced during 2006 was consolidated. The new structure integrated the previously separate geographic departments into a single unit. This enables a more optimal and flexible use of human resources and deployment of expertise an organisational chart was defined largely according to the different external relations instruments it serves. In the course of 2007, a similar re-organisation of ETF's administrative department was also consolidated. The administrative department structure provides for improved clarity and complementarity between the administrative functions and improved monitoring of their outcomes. The Management Chart at the end of the year was as follows:

ETF Organigramme 2007



Staffing Structure

Function group	Grade	Establishment Plan 2007	TAs in post on 31/12/2007
AD	16		
	15	1	
	14	2	1
	13	1	
	12	7	8
	11	15	13
	10	11	2
	9	4	11
	8	11	5
	7	2	8
	6	0	1
5	0	1	
Sub-total		54	50
AST	11		
	10	1	
	9	2	5
	8	6	3
	7	11	8
	6	12	9
	5	10	3
	4	4	3
	3		4
	2		5
1		1	
Sub-total		46	41
TOTAL TA posts		100	91

Nationality TA	AD	AST	Grand Total	%
A	3		3	3.30
B	1	6	7	7.69
BG	2		2	2.20
CZ	1		1	1.10
D	5	1	6	6.59
DK	5		5	5.49
E	3		3	3.30
EE		1	1	1.10
EL	1		1	1.10
F	3	4	7	7.69
FIN	2	1	3	3.30
FYROM	1		1	1.10
GB	6	5	11	12.09
I	8	17	25	27.47
IRL	1	2	3	3.30
L		1	1	1.10
NL	4	1	5	5.49
P	1		1	1.10
RO		2	2	2.20
TUN	2		2	2.20
TUR	1		1	1.10
Total	50	41	91	100

Contract Agents	
II	14
III	15
IV	4
Grand Total	33

Nationality CA	II	III	IV	Grand Total	%
A			1	1	3.03
B	1	1		2	6.06
D	1			1	3.03
DK	1			1	3.03
E	1	1	1	3	9.09
F			1	1	3.03
FIN		1		1	3.03
I	10	8	1	19	57.58
IRL		1		1	3.03
LV		1		1	
PL		1		1	3.03
RO		1		1	3.03
Total	14	15	4	33	

ETF Staffing Chart 2: Old and new classifications compared

TA+CA associated levels				
Nationality	AD	AST	Grand Total	%
A	3	1	4	3.42
B	2	8	10	8.55
BG	1		1	0.85
CZ	1		1	0.85
D	5	3	8	6.84
DK	5		5	4.27
E	3		3	2.56
EE		1	1	0.85
EL	1		1	0.85
F	6	4	10	8.55
FIN	1	2	3	2.56
GB	7	5	12	10.26
H		1	1	0.85
I	7	34	41	35.04
IRL	1	2	3	2.56
L		1	1	0.85
LV		1	1	0.85
NL	5	1	6	5.13
P	1		1	0.85
RO		2	2	1.71
S	1		1	0.85
TUN	1		1	0.85
Grand Total	51	66	117	100.00

2007 Register of Exceptions

The overall value of the transactions affected by the exception procedures during 2007 amounts to €223,661. A considerable decrease in exceptions can be noted compared to 2006 (total of 11 in 2007 against 50 in 2006); this trend confirms the actions taken in 2006 to improve the quality of information provided in order to comply with the Director's Decision ETF/06DEC/018. Of the total number of 11 exceptions, 9 were linked to the financial regulation.

Exceptions per department/unit

Dept-Unit	Qtr1	Qtr2	Qtr3	Qtr4	Grand Total
ACS					
ACS-CMT	2	0	1	1	4
ACS-CTS	0	0	1	1	2
ACS-FIN					
ACS-LS					
ACS-PERS	1	0	0	0	1
ECU	0	0	2	0	2
OPS	0	0	1	1	2
PMU					
TEMPUS					
Grand Total	3	0	5	3	11

Exceptions per materiality criterion

Materiality criterion	Qtr1	Qtr2	Qtr3	Qtr4	Grand Total
1. Significant or repeated deviation	2	0	0	0	2
3.a Financial risk 1,000-10,000	1	0	3	2	6
3.b Financial risk 10,000-50,000	0	0	2	1	3
3.c Financial risk >= 50,000	N/A	N/A	N/A	N/A	N/A
Grand Total	3	0	5	3	11

Exception type (deviation to)	Qtr1	Qtr2	Qtr3	Qtr4	Grand Total
1. Financial Regulation	2	0	4	3	9
2. Staff Regulation					
3. Data Protection Regulation					
4. Others	1	0	1	0	2
Grand Total	3	0	5	3	11

Key decisions of ETF statutory bodies

Governing Board

The Governing Board and observers, met on 11 June and 20 November 2007. The meeting was chaired by Odile Quintin, Director General for Education and Culture of the European Commission, on 11 June and by Mr David White, Director Directorate A, DG EAC, on 20 November.

At the meeting of 11 June 2007, the Governing Board:

- Adopted the Annual Activity Report 2006 and its own analysis and assessment of it;
- Adopted the ETF Monitoring and Evaluation policy 2007-2010.

The ETF Governing Board met on 20 November 2007 to:

- Adopt the ETF Work Programme 2008;
- Adopt the ETF budget 2008;
- Adopt the general implementing provisions on the procedure governing the engagement and the use of temporary agents at the ETF;
- Adopt the implementing rules concerning part time work;
- Adopt the technical modifications related to the amending 2007 budget.

Breakdown of activities by country in the ENPI region

Further to the Governing Board (GB) consultation on the Annual Activity Report 2007 and Analysis and Assessment, this annex addresses the issues raised by the Italian GB member on 24 April 2008.

He asked the ETF to provide information concerning the share of activities in 2007 provided to ENPI partner countries, and in particular:

A) Breakdown by country, with particular regard to the proportion of activities devoted under this instrument to Mediterranean countries as opposed to non Mediterranean countries.

B) Breakdown of the increase of EC requests per country within the ENPI region in 2006 and 2007.

A) Breakdown by country, with particular regard to the proportion of activities devoted under ENPI to Mediterranean countries as opposed to non Mediterranean countries.

Important notes

The percentages per country have been calculated on the basis of the following costs:

- Direct costs in/for individual countries such as events, studies, publications, study visits, external experts
- Mission costs of ETF staff

Concerning the ENPI MED region, since 2005 the ETF has been managing the MEDA ETE project on behalf of the European Commission, covering all the MEDA partner countries. This fact is reflected both at individual country and regional levels in the breakdown.

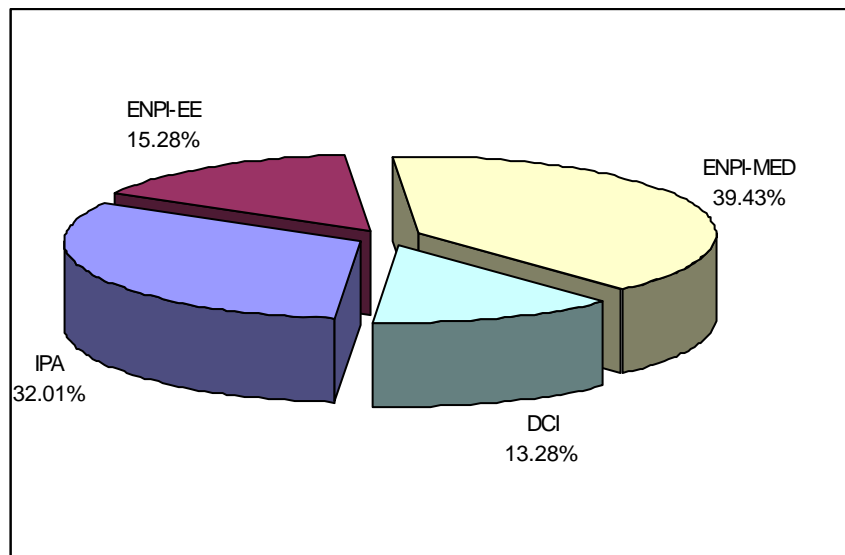
Region	Country	%
IPA	Albania	6.01%
	Bosnia and Herzegovina	1.42%
	Croatia	3.74%
	IPA Regional	4.38%
	Kosovo (under UNSCR 1244)	4.74%
	Montenegro	1.84%
	Former Yugoslav Republic of Macedonia	2.33%
	Serbia	2.54%
	Turkey	4.85%
IPA		32.01%

ENPI-EE	Armenia	3.23%
	Azerbaijan	1.44%
	Georgia	1.63%
	Moldova	1.11%
	Russian Federation	2.49%
	Ukraine	5.38%
ENPI-EE		15.28%

ENPI-MED	Algeria	0.72%
	Egypt	8.84%
	ENPI-MED Regional	15.67%
	Jordan	4.90%
	Lebanon	1.15%
	Morocco	3.92%
	Palestinian Occupied Territories	0.12%
	Syria	1.72%
	Tunisia	2.40%
ENPI-MED		39.43%

DCI	DCI Regional	0.47%
	Kyrgyzstan	6.50%
	Kazakhstan	3.13%
	Tajikistan	2.41%
	Uzbekistan	0.59%
	Turkmenistan	0.16%
DCI		13.28%

Total		100.00%
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B) Breakdown of the increase of EC requests by country in the ENPI region in 2006 and 2007

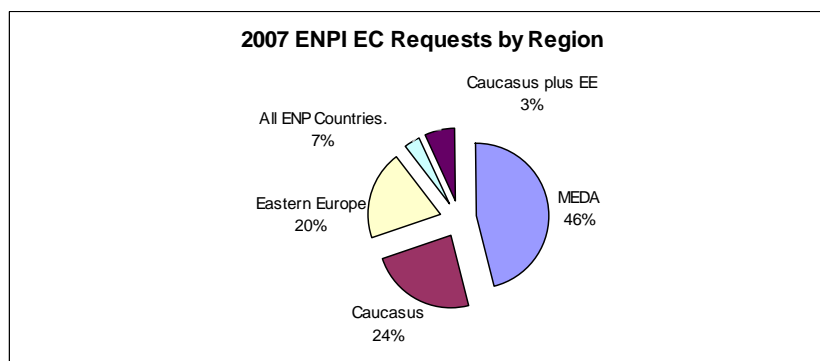
Please note that due to the introduction of the IPA, ENPI and DCI instruments in 2007 the regional aggregation of ETF partner countries is slightly different compared to 2006.

Therefore in order to have comparable data for both years, the 2006 data have been aggregated against the newly introduced regions.

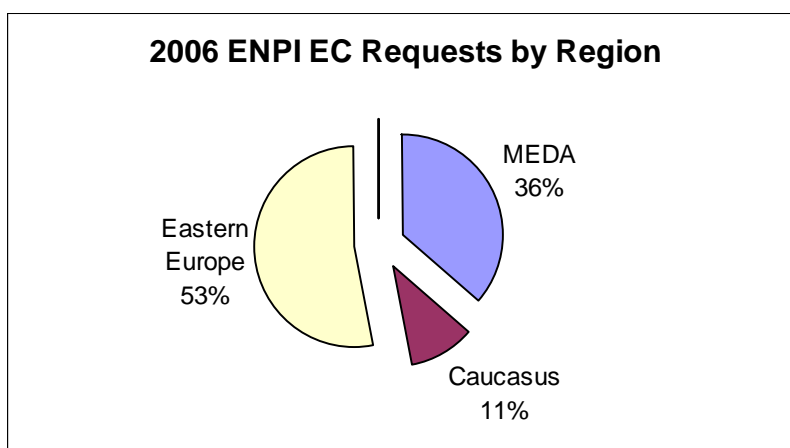
Individual requests are not homogeneous in terms of the human and financial resources necessary to fulfil them.

In fact, EC requests entered into the ETF database do not include the time devoted to carrying out the activities (expressed in full time equivalent (FTE)). As a consequence, each request has a different “weight” depending on the amount of resources used.

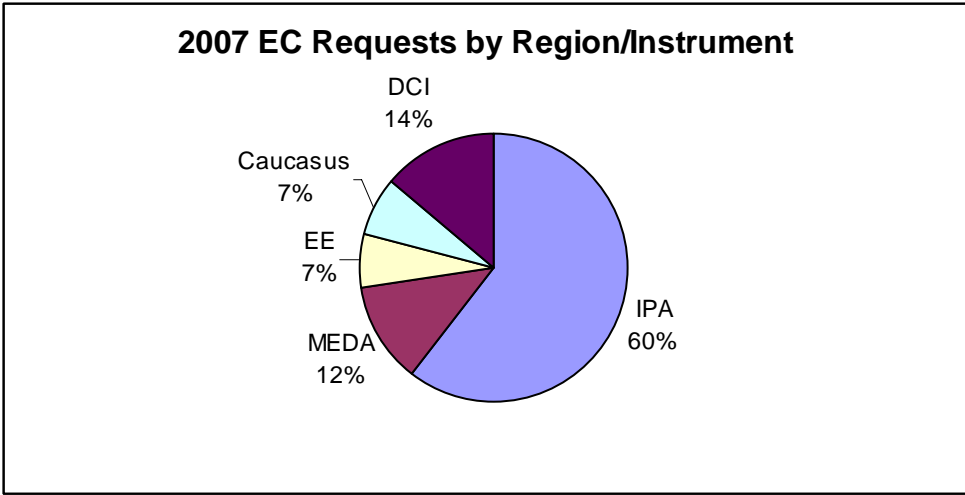
In analytical terms this means that the subdivision of the number of requests per region can illustrate trends, but no conclusions can be drawn from these figures in terms of the “importance” of one region as opposed to the others.



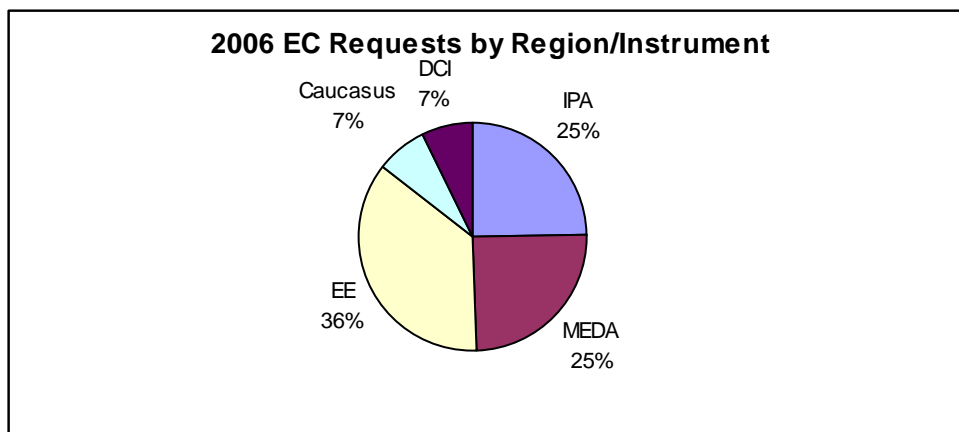
2007 ENPI EC Requests by Region	
MEDA	13.5
Caucasus	7
Eastern Europe (EE)	6
Caucasus plus EE	1
All ENP Countries (regional projects)	2
Total	29,5



2006 ENPI EC Requests by Region	
MEDA	24
Caucasus	7
Eastern Europe (EE)	35
Caucasus plus EE	0
All ENP Countries. (Regional Projects)	0
Total	66



2007	IPA	ENPI MEDA	ENPI East	ENPI Caucasus	DCI	Total
Programming	32			1	4	37
Identification	3.5	0.5		1	5	10
Formulation	7.5	1.5		2	5	16
Financing				1	1	1
Implementation	5	2				8
Monitoring	7		2			9
Evaluation	2	0.5	0.5			3
Content Review	1	1				2
Policy Advice	11.5	8.5	5	3	1	29
Total	69.5	14	7.5	8	16	115
	IPA	MEDA	EE	Caucasus	DCI	Total



2006	IPA	ENPI MEDA	ENPI East	ENPI Caucasus	DCI	Total
Programming	4	14	14	6	2	40
Identification	4	1	2	1	2	10
Appraisal/Formulation	1	2	1			4
Financing	-	-	-	-		-
Implementation	1	1	2			4
Monitoring	3	2	2	-	3	10
Evaluation	2			0		2
Other	8	4	9			21
Policy Advice	1		5			6
Total	24	24	35	7	7	97
	IPA	MEDA	EE	Caucasus	DCI	Total

Specific actions in providing support to the Commission in Education and Training

Activity 1: INSTRUMENT FOR PRE-ACCESSION

Contributing to the enlargement process by supporting the modernisation and reform of education, labour market and training systems in candidate and potential countries

IPA 07-01 Facility to respond to Commission requests

Objective: IPA assistance makes the European perspective more concrete for partner countries in the area of HRD and in contributing to socio-economic development

Expected Results

1. Candidate country progress towards accession through an improved contribution of HRD policies to socio-economic development including cooperation with Cedefop by the Candidate countries

2. Improved contribution of HRD policies to socioeconomic development in pre-accession countries

Overall achievement(s) 2007 compared to project objective and expected results

The main project results achieved 2007:

Bosnia & Herzegovina

1. Links with the national IPA office – Directorate for EU integration – established and the CP 2007 agreed.

2. EU funded interventions in HRD monitored: EU CARDS VET III project, ICBE project.

3. Programming analysis and advice provided to EC Delegation.

4. Priorities for BiH in education for IPA discussed

5. Contacts established with the main donors in BiH

Croatia

1. Increased awareness of QA as a concept and awareness of the way quality assurance is currently being developed and organised as part of the E&T 2010 process.

2. Participants in the Sector Council exercise initiated under CARDS 2003 have increased awareness of Sector Council approaches in EU member states.

3. Increased capacity of staff of Agency for Adult Learning to:

- Understand and contextualise adult learning issues at the policy level and as practiced in a number of new and old EU member states.
- Carry out its function as PIU for the CARDS 2004 Adult education project in accordance with EC regulations and standards.
- Understand and apply IPA instruments to project identification and implementation.

4. Increased capacity of the ESF unit in the MoLSP to set up effective administrative procedures for ESF implementation.

Kosovo

1. ETF extended and strengthened the dialogue with the Kosovo stakeholders and provided all the requested policy advice on education and employment;

2. Increased Kosovo Government awareness on the importance of the HRD issues and Kosovo HRD Working Group of Education and Employment (so called HRD Task Force) has been established and accepted by EC and all other donors as the consultative body on education and employment issues;

3. ETF is recognised and nominated by ELARG, EC/ EAR as the responsible EU institution in charge of facilitating with Kosovo authorities the education and employment IPA 2008 Programme for Kosovo;

4. ETF, in close coordination with EC, World Bank and other donors facilitated the start up and institutional awareness on potential SWAP in education);

5. ETF is nominated by Kosovo Government to be the member of the Steering Committee (Government and donors) for the review and final approval of the findings of the feasibility study on SWAP in Kosovo education- a review and detailed needs assessment of the education sector to inform the targeting of any future EC and other donor assistance in the HRD sector.

Macedonia

1. ETF undertook in-depth analyses in the fields of education, social partnership and employment.
2. Contributions to capacity-building were delivered in particular in the area of IPA planning (project design), the design, monitoring and evaluation of suitable employment policies, as well as good social inclusion practices.
3. Macedonian actors were continuously involved in regional exchanges of experience and the provision of expertise.

IPA07-02 Education and training 2010

Objective: Policymakers and stakeholders in the region have ongoing access to systematic information on the developments and purposes of the European Union's Education and Training 2010 agenda and advice on its possible application to strategies for modernisation

Expected Results

1. Advice on the implications of the EU's Education and Training 2010 Agenda for modernisation strategies within the framework of pre-accession is developed with all countries participating in the instrument
2. Dissemination strategies are prepared with policy makers and stakeholders from all IPA countries to provide information on Education and Training 2010 targeted at national development priorities

The main project results achieved 2007:

1. ETF NQF inventory finalised together with local stakeholders.
2. Helsinki Communique into Albanian language and disseminated to different stakeholders at workshops and meetings during the year.

See also IPA COM.

IPA07-03 Social Inclusion

Objective: Analysis and advice on social inclusion issues including urban/rural disparities and, where appropriate, the access of vulnerable minorities and Internally Displaced Persons to education and training and employment and socioeconomic development to support preparation and implementation of National Action Plans to Inclusion

Expected Results

1. Analysis and advice on social inclusion policy issues and the facilitation of planning of strategies to be supported by assistance are prepared for all countries covered by the IPA instrument

The main project results achieved 2007:

1. An international expert group with an advisory role to the project established and functional.
2. Study on elements of good practice for the inclusion of ethnic minorities through education and training policy measures in EU Member States (in particular the new ones) and in the Western Balkan countries conducted.
3. Dissemination of the elements of good practice to feed in the IPA programming cycle at regional level launched.
4. Networking undertaken with international organisations (UNDP, CoE, REF, OSI).

IPA07-04 Entrepreneurship Learning

Objective: Policy makers and stakeholders in all countries covered by the IPA have access to information on developments and purposes European Charter for SMEs and produce data for reporting progress on Chapters 1 and 4 of the Charter

Expected Results

Data on progress and status in line with the objectives of the SME Charter prepared by each country to enable comparisons between countries and against EU progress and assessments of developments in entrepreneurship learning.

The main project results achieved 2007:

See report on project ENPI07- Entrepreneurship learning and skills development as the IPA and ENP projects were implemented jointly.

IPA07-05 Policy Learning to Support VET Reform Processes

Objective: Policy-dialogue and reviews and regional cooperation are undertaken with policy makers in Kosovo, Albania and Turkey on selected policy priorities identified by the countries in line with their framework of relations with the EU.

Expected Results

1. Strategies and actions based on analysis of policy challenges and international practices are identified with Kosovo, Albania, and Turkey's policy makers for inclusion in assistance plans to address HRD sector priorities
2. Information and experiences from international developments are shared with policy makers in each country

The main project results achieved 2007:

1. During three national seminars, findings of peer learning disseminated to over 100 national stakeholders. It has led to an additional EU funded in-depth study on Education finance in Albania, a project proposal in Kosovo and a stronger awareness of the importance of finance for policy discussions.
2. 15 peers have learned about policy impact on school and school management by interviewing over 100 stakeholders in Albania, Kosovo and Turkey, by having intensive debates about observations and findings and by comparing the situations in Albania, Kosovo and Turkey.
3. A cross-country report and three self-studies have given a better understanding of policy implementation processes and success factors for effective policies.
4. During a final conference in Istanbul peers shared their learning with almost 100 stakeholders in South eastern Europe
5. A well elaborated ETF peer learning methodology developed during 2006 and 2007.
6. Draft publication on VET financing in SEE (under completion).

IPA07-06 Governance and administrative capacity in employment

Objective: Capacity building measures are undertaken with stakeholders and policy makers in candidate and potential candidate countries covered by the IPA instrument to improve administrative capacities and governance in employment policies

Expected Results

1. Candidate country stakeholder and policy maker capacities to prepare for the programming, implementation and management of European Social Funds, in the framework of the European Employment Strategy, are strengthened with respect to the objectives of the Community in the fields of social inclusion, education and training and equality between men and women.
2. Increased administrative capacity in potential candidate countries to develop active labour market policies

The main project results achieved 2007:

Instrument which allows the partner countries and the EC services to assess the administrative capacity developed and implemented. This resulting in identified areas for strengthening capacity for policy development, planning, implementation and monitoring in all relevant administration, public bodies and agencies involved at central, regional and local levels.

IPA07-07 Learning and teaching

Objective: Capacity building activities and networking are undertaken in Albania, Bosnia-Herzegovina, Croatia, FYR Macedonia, Montenegro, Serbia and Kosovo to strengthen professional expertise in policy formulation in teacher training and the organisation of learning processes

Expected Results

Turkey, Albania, Bosnia and Herzegovina, Croatia, FYROM, Montenegro and Serbia and Kosovo strengthen their capacities to identify the problems to be addressed, the respective roles country stakeholders can play, specific actions to be taken and timetables for their achievement in the area of teacher training and the organisation of learning processes

The main project results achieved 2007:

The project really took off in the last quarter after a prolonged preparatory phase with delays first in Ministers' appointment of national steering committee members, and secondly the approval by these members of the selection of VET Centre staff to take part in the project.

1. The first activity, a study visit to DK, was carried out in the last week of August 2007 and achieved all its goals both in terms of learning outcomes and in terms of inspiration for own projects. All national participants were able to present preliminary project ideas after the visit.
2. A Portuguese Presidency event in Lisbon which provided an in-depth overview of the VET situation in Portugal, highly relevant for South East Europe, gave an important push forward for the project.

In a separate workshop for ministerial Steering Committee members, participants gave their full commitment to the project and agreed to ensure the policy interface within national structures in order to avoid fragmentation. Members articulated an interest in meeting again as a group and also to have their own discussion forum on the website. During the successful Lisbon conference all national groups (consisting of 4 representatives per country) worked hard to initiate or take forward project proposals, and there was agreement on proposals from all delegations.

IPA07-08 Networking

Objective: Stakeholders and policy makers in HRD in all IPA countries are engaged in policy formulation and implementation through the creation of networks

Expected Results

1. Networks maximise the flow of advice to the Commission, the ETF and between countries on priorities, problems and developments in HRD within the IPA regions.
2. A network of main contact points for ETF work in the country is established through national authority appointments
3. Cross fertilisation of ideas among partner countries policies and approaches is facilitated through periodic regional meetings.

The main project results achieved 2007:

Parliamentarians (MPs)' network

ETF provided substantial support to the organisation of two seminars in FYROM (for accession countries) and Montenegro (for pre-accession countries) to raise awareness on the role of Parliamentarians into VET system reforms. A joint official declaration in this respect has been signed at the end of the first seminar.

Social partners (SPs)' network

- Five reports on Social partners' role in HRD reforms in Albania, Croatia, Kosovo, Montenegro and Serbia together with recommendations on how to reinforce their inputs will be ready by the end of February in English and in the local languages.
- A cross-country analysis report (also including Bosnia Herzegovina, FYROM and Turkey) in English will be also ready at the end of February.
- All these reports will serve as basis for future IPA programming in the various countries and in the region.
- Preparation of the reports has resulted in Social partners being more aware of their current and potential role in the reform of the HRD systems.

Activity 2: EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT

Contributing to prosperity and development in the Neighbourhood region through co-operation and partnership in human resource policy development and implementation

ENPI07-Facility to respond to Commission requests

Objective: To support the delivery of Community assistance to partner countries in the HRD field

Expected Results

Relevant assistance opportunities for education and training are identified and designed in the context of ENPI and national sector policy strategy needs
 Contribution of assistance programming to overall reform assessed and recommendations provided to support future Community Assistance
 Analysis and relevant information provided as input to EU programming and in contribution to definition and monitoring of EU external policies

The main project results achieved 2007:

Although two of the expected activities were cancelled by the Commission:

Jordan (Pre sector phase: support to national stakeholders) : Support provided to national policy makers and middle level management to develop an action plan and MTEF. Advice provided to Ministry of Labour on strategic governance issues to be addressed for successful implementation.

Egypt: Impact of Meda VET reform project enhanced by the provision of a stock taking exercise on the contribution of the project to the overall sector reform.

Lebanon (ENPI project cycle supported by ETF): Implementation of the Meda VET project in the agro-food sector facilitated by the provision of technical assistance to the EC Delegation and local stakeholders during launching phase.

Ukraine: Impact of Tacis VET reform project on regional management by the provision of a stock taking exercise on the contribution of the project to overall sector reform

Armenia (Tacis/ENPI project cycle supported by ETF)

Support provided to the EC Delegation for the successful launching of the TACIS AP 06 Sector Policy

Support provided to Poverty Reduction Strategy in Education (VET) and Social Affairs (Child Care).

Support to EC Delegation for the preparation of an SPSP in VET financed under the ENPI AP 2007.

Morocco and Ukraine (Information provision for policy design – Migration profiles): Provision of analysis on the link between migration and human resources development as input for the

development of EC country migration profiles – still on-going for Ukraine (cancelled during 2007 for Morocco).

Transversal (Provision of information): Information provided to relevant EC services on state of implementation of ENP Action Plans and country developments in the area of HRD for new Action plans preparation.

ENPI07- Entrepreneurship learning and skills development

Objective: To support the European Commission in the implementation of the Euro-Med Charter for SME

Expected Results

- Data on progress and status in line with the objectives of Charter prepared by each country to enable comparisons between countries of the MEDA region
- Synergies created between developments in the Euro-Med charter MEDA regional project on education and training
- Dissemination and exchange of experiences between EuroMed Charter and MEDA regional projects participants on entrepreneurship and skills development

The main project results achieved 2007, covering both the ENP and IPA entrepreneurship projects:

- First generation EL indicators upgraded and endorsed by the Charter Coordinators.
- Three first generation indicators (policy, ISCED 2, 3) disaggregated, resulting in 10 sub-indicators.
- Two additional indicators drafted and agreed by Charter coordinators (start-ups and enterprise growth).
- 2 chapters drafted and published in DG ENTR published
- Community of experts established EL stock-taking exercise completed resulting in 7 national reports.
- 7 national dissemination events undertaken involving results of 2006 indicators process.
- MEDA workshop involving EL experts and policy makers carried out resulting in 10 MEDA EL indicators

ENPI07-MEDA-ETE

Objective: To support MEDA partners in the design of relevant technical and vocational education and training policies that can contribute to promote employment through a regional approach.

Expected Results

1. National capacities on specific issues linked to E&T reform enhanced
2. A permanent Observatory network consolidated
3. Relevant information and analysis provided on issues relevant to education and training reform in particular apprenticeship and quality
4. Dissemination and exchange of experiences on issues related to education and training reform enhanced between EU Member States, partner countries and other donors.

The main project results achieved 2007:

(i) the consolidation of the established Euro-MED Observatory network and the organisation of the first data collection; (ii) The set-up of two new networks. The first network, on Apprenticeship and enterprise-based learning involving representatives from ministries of Education/Training and social partners and the second one on quality assurance in TVET equally involving members from Education sector ministries and social partners; (iii) The Set-up of the virtual platforms for the different networks; (iv) The selection of best practices and the preparation of the transfer phase in component 3; (v) and the start-up of the e-learning course in component 4.

ENPI07- Policy learning to support VET reform processes

Objective: Specific support packages are developed in cooperation with policy makers and stakeholders to accompany national reform efforts in the field of decentralisation in Ukraine, the development of the capacities to assess reform in Morocco, and the development of capacities in Armenia, Egypt, Jordan for overall policy design in the HRD sector

Expected Results

1. Policy formulation and implementation capacities of partner country stakeholders in overall or specific reform issues strengthened
2. Dissemination and networking activities carried out to expose partner countries to EU policies and Member State and other partner country good practice

The main project results achieved 2007:

The overall objective to build national capacities for development and/or implement national reform has been reached. In addition the cross country and in-depth national reports in the Caucasus have provided relevant information not only to support policy makers but also EC and other donors in the design of their interventions.

Caucasus cross country study

- Information provided to inform policymakers and donors on key issues for regional VET development and possible areas for regional cooperation.
- Three national reports on VET and LM reform have been produced and the Azeri one has been presented and disseminated in a national workshop upon request of national authorities.

Armenia: Support provided to the new VET Development Council for its establishment as a true tripartite body in terms of representation, responsibilities, roles and modus operandi.

Russia

- A pilot model for VET financing has been developed and can be presented to national authorities following the independent assessment currently underway.
- The VET management modules have been widely disseminated to several regions.
- In addition to the above, during the course of the year, support to Egyptian taskforce for career guidance was added as a spin off of the Meda-ETE project. The taskforce was set up and animated and a first concept paper produced in 2007.

ENPI07 - National qualifications framework

Objective: Specific country tailor-made initiatives are designed in the Russian Federation, Ukraine, Georgia, Armenia, Azerbaijan, Morocco, Egypt, Jordan and Tunisia through working groups of policy stakeholders

Expected Results

1. National strategies on National Qualification Frameworks development designed for participating countries in the context of their modernisation process
2. Policy and implementation capacities of participating countries are improved through peer learning activities and use of pilot experiences on sector frameworks carried out in selected countries
3. Dissemination and networking activities carried out to expose partner countries to EU policies, Member State and other partner country good practice, including the impact of financing in qualifications development and the role of European Qualifications Framework

The main project results achieved 2007:

EECA region

- Pilot tourism sector qualification framework in each country completed consisting of agreed learning outcomes-based qualification profiles, level descriptors, assessment approaches (formal, informal, non-formal learning).
- National qualification framework policy paper drafted by each national work group, (in different state of readiness depending on progress in country). The final versions to be completed in 2008 will review the pilot experience, identify policy issues, report on national consultations and make proposals for further steps.

MEDA region

- National dimension: national task forces including the main concerned stakeholders have been formed, and met regularly throughout the year on specific national agendas. This crucial (and still on-going phase) phase aimed at building a common vision, and a common language on what a qualification framework might look like and whenever possible an action plan.
- Regional dimension: two peer reviews have been carried out in Jordan and Tunisia. It was the first time that peer reviews had been organised in the region in the TVET field, and the exercise proved to be very fruitful in term of exchanges between participants. The regional dimension raises a high interest in the context of this project.
- Euro-Mediterranean dimension: EU experts have brought specific advice to the countries, based on experience in implementing qualification frameworks.

ENPI07 – HRD observatory function

Objective: To reinforce national institutional capacities in selected Mediterranean countries to collect, process and analyse relevant information on E&T and employment issues for informed decision making

Expected Results

1. Capacity building activities of observatory function networks participants carried out
2. Strategy for observatory function validated and implemented
3. Regional exchange of experience increased
4. Pilot analysis carried out

Overall achievement(s) 2007 compared to project objective and expected results

The main project results achieved 2007:

Syria

Out of the four main results (web site, database and the HR information system as well as the analytical report), only two (HR information system, and analytical report) have been presented at the final dissemination seminar and in both cases they will have to be finalised in 2008.

Concerning the web site and of the database the definition of their structure is far from what planned at the beginning of the year.

Egypt

All the main deliverables have been produced and accepted by ETF and local stakeholders/authorities:

- Consulting guide containing the most important labour market data and their sources prepared and available;
- Descriptive report of the available data on the employment level in Greater Cairo and selected locations in the Delta region including details on manpower, population and unemployment;
- Database of the labour market in the Greater Cairo/ Delta region available; (Check with ECP)
- Handbook on indicators of the labour market for Greater Cairo/ Delta available and disseminated (check with ECP);
- Report on the outcomes of the study visit in Jordan drafted and disseminated;

Jordan

Both deliverables expected by the international expert have approved:

- The final version of a branch profile on tourism.
- The final version of a methodological handbook for transferability of the branch profile to other economic sectors.

The E-TVET publication ("Quality and Continuing Vocational Education and Training indicators") has been provided as a draft but it has not been approved by ETF. A final version will be provided in 2008.

Morocco

Work in Morocco September due to initial lack of interest from local authorities. The work has been carried out effectively for the three months but the final deliverables and seminar have been postponed to 2008.

ENPI07 - Networking

Objective: To reinforce regional exchange of experience of sector policy development and implementation

Expected Results Countries exposed to peer experiences on education and training sector reform in the region

Nothing to report

Activity 3: DEVELOPMENT COOPERATION INSTRUMENT

Contributing to economic and development cooperation through the DCI

DCI07- Support to Tacis and DCI project cycles

Objective: The relevance of HRD components in EU funded interventions in Central Asia is improved through support to the definition, preparation and impact assessment of EU funded interventions

Expected Results

1. DCI and Tacis interventions identified and designed
2. Policy impact of reform interventions reviewed and lessons learned

The main project results achieved 2007:

- DCI and Tacis interventions were identified and designed and policy impact of reform interventions reviewed and lessons shared.
- ETF country specific HR intelligence up-dated and policy maker/shaper contact networks expanded.
- ETF country plans monitored and interventions carried out in line with ETF strategic aims for the country.
- All-inclusive (lump-sum) contract for Tajikistan managed and positive feedback provided on this new model.

DCI07 – National qualifications framework in Central Asia

Objective: The development of a common policy understanding of concepts of NQF in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, of the relation between framework design and

overall characteristics of national systems of E&T achieved through the development of initial technical and professional capacities for national qualification framework design

Expected Results

1. Common understanding of concepts of NQF and of relation between framework design and overall characteristics of national systems of E&T achieved
2. Pilot NQF framework designed for tourism sector
3. Regional cooperation and exchange of experience enhanced.

The main project results achieved 2007:

- Pilot tourism sector qualification framework in each country completed consisting of agreed learning outcomes-based qualification profiles, level descriptors, assessment approaches (formal, informal, non-formal learning).
- National qualification framework policy paper drafted by each national work group, (in different state of readiness depending on progress in country). The final versions to be completed in 2008 will review the pilot experience, identify policy issues, report on national consultations and make proposals for further steps.

DCI07 – Skills development for poverty reduction

Objective: The responsiveness of vocational schools to local learner and enterprise skill development needs are increased in Kazakhstan, Kyrgyzstan and Tajikistan, including the review and implementation of pilot partnerships for skills development

Expected Results

Advice, including national policy guidelines, developed provided to Kazakhstan, Kyrgyzstan and Tajikistan on the integration of skills development in poverty reduction and rural development schemes with VET system reform

Overall achievement(s) 2007 compared to project objective and expected results

The main project results achieved 2007:

- Instead of the foreseen publication on “VET Reform and Poverty Reduction in Transition Countries: Debates and Developments” the approach was changed and four working papers were published on the ETF web site.
- Experience-based policy guidelines for VET systemic reform for increasing the responsiveness of vocational schools to local learner and enterprise skill development needs and for increasing the role of VET in socio-economic development programmes/PRSPs (March 2008). This result is close to being fully achieved - it was to a large extent completed during the national seminars in December and will be completed in 2008.
- Policy learning enhanced through the facilitation of dialogue and exchange among policy developers (Ministries) and policy implementers (VET schools) and connected with mainstream education and training policy development in the countries.
- Principles agreed for inclusion of skills development in PRSP and EC assistance programming and project definition (2007). This result will be further refined during 2008 and shared at the regional conference and in the project publications.

Activity 4: INNOVATION AND LEARNING PROJECTS

Supporting the European Commission and partner country policy development through innovation and learning

ILP07 – Improving teaching of key competences

Objective To provide evidence based policy advice to partner countries on the implementation of key competencies in curriculum

Expected Results: Policy advice to partner countries and the EU on incorporation of ‘entrepreneurship and learning to learn competencies in the context of curricula reform’

Overall achievement(s) 2007 compared to project objective and expected results

The main project results achieved 2007:

1. Participants are aware about how key competences, in particular LtL competence and a spirit of entrepreneurship & initiative, could be developed and what needed to be changed in the current system;
2. Key policy lessons for education and training reforms with a view to help promote the development of key competences have been synthesised, covering the following aspects:
 - Legislative and governance framework/ Autonomy of schools
 - School management and school culture (incl. support provided to schools and within schools)

- Curriculum framework
- Teachers' competences and training
- Teaching methods
- Standards, tests & examinations (incl the giving of marks)

3. Policy lessons have been shared and discussed with a wider audience with a view to integrate them in future education and training reform designs in partner countries.

ILP07 - Implications of migration for VET development

Objective: To provide advice to the European Commission on the use of VET policy to support migration

Expected Results Policy advice to partner countries and the EU on the acquisition of skills by migrants contribution of vocational skills recognition to supporting development of skills of migrants in EU member states and partner countries

The main project results achieved 2007:

Egypt: The final draft migration profile was concluded. A project proposal and internal discussions were finalised for a next year follow-up project on migration and skill needs analysis in Egypt, to be financed by the Italian Cooperation and possibly the World Bank. There was a mission to Cairo for a joint meeting with the Italian cooperation, the Egyptian Ministry of Labour and the World Bank to determine the modalities of the cooperation. The World Bank has not confirmed yet their financing.

Moldova: The final draft migration profile was concluded.

Albania: The migration profile was finalised and the local validation seminar took place on 21 November.

Tunisia: The migration profile is at the final draft stage and the dissemination event took place on 22 October under the auspices of the Ministry of Social Solidarity and Tunisians Abroad.

Ukraine: The data on potential and returning migrants were collected and delivered to ETF. The first draft of the migration report should be ready by the end of January, 2008. The final event for the ETF migration project has been set for 25 January 2008.

Dissemination: The main findings of the project were presented to CEDEFOP on 23 November.

Cooperation with the World Bank

- The hypotheses for the joint synthesis report were finalised.
- The international expert delivered two chapters on the cross-country analysis and one on policy conclusions. This input will be used for the synthesis report with the World Bank.

ILP07- Transition from vocational education and training to work

Objective: To provide advice to policy makers in partner countries and the European Commission on the process of how young people develop their skills and how they integrate into the labour market.

Expected Results

1. A policy framework for partner countries with recommendations for programmes to facilitate the transition from school to work and possible inclusion in programming
2. Recommendations to the European Commission on strategies to address school to work transition in partner countries

The main project results achieved 2007:

- The data collection of the school-leaver survey in Ukraine was completed in May 2007 and the dataset, along with the Serbian data cleaned and analysed.
- The final publication: The first two chapters are the methodological notes prepared in 2006. A third chapter assesses the use and relevance of the conceptual framework for EU neighbouring countries based on the country reports from Egypt, Serbia, and Ukraine. A fourth chapter analyses labour market entry in Serbia and Ukraine using results from the school-leaver. The analysis focuses on the main features of the school-to-work transition, the characteristics of the first jobs after leaving education, the extent of skills mismatch and what typical early labour market careers look like.
- A final expert meeting was held in Turin 18-19 June with the participation of about 15 experts from partner countries and international organisations such as the World Bank and ILO. The meeting served to present, discuss and validate main findings from the project and to share the ETF approach with international and national experts.

ILP07- Policy Learning in partner countries

Objective: To offer advice on integration of strategic and technical elements to support HRD policy development in partner countries in the context of external assistance.

Expected Results

1. Technical contributions to processes of policy facilitation undertaken by the ETF in partner countries.

2. Policy tools for development and implementation strategies tested in pilot partner countries

The main project results achieved:

Strand I – Internal component: The objective of the internal component was the review of the policy learning facilitation role of the ETF, its dissemination in house and the increase of ETF visibility in international debate on policy learning. Although activities implemented have been a clear success, we still have to create tangible deliverables and further increase the level of involvement of ETF colleagues in the discussion on policy learning.

Strand 2, 3, 4 – external component: In the three remaining countries where the project has been implemented all key objectives for this year have been reached. However in all countries the following results have been fully achieved.

- A reform community, including various kinds of stakeholders at different levels of and with different roles within the system, has been established
- The policy Learning approach has been discussed and taken in charge by the key stakeholders targeted by the project
- The key issues to be objective of the policy learning activities have been identified and agreed in all the three countries

ILP07 – Knowledge management in policy strategy development

Objective: To implement a framework for ETF's support to sector policy development

Expected Results

1. Integration of policy strategies and tools in the deployment of ETF's expertise
2. Establishment of International Advisory Board

The main project results achieved 2007:

- Business and related competence development needs have begun to be identified at corporate level. Knowledge and development needs have been explored at the level of various categories of OPS staff.
- Internal knowledge sharing, knowledge creation, reflection and learning processes reflect the guidance and technical contributions provided through external networks.
- ETF country websites are up-to-date and reflect ETF country intelligence and activities.
- Country and project plans for 2008 are designed in a way that they specify areas of problem-solving around which knowledge sharing, knowledge creation, reflection and learning will be encouraged.
- Colleagues have been made aware of innovative, interactive forms and methods of knowledge sharing & knowledge creation.
- Strategic and technical contributions to the ETF Training & Development Guide 2008 have been delivered and the Guide has been published.

Activity 5: TEMPUS

Objective: Assistance provided for the implementation of the Tempus programme in full compliance with the Commission priorities and standards within the ETF's regulatory framework

Expected Results:

- Co-ordinated management of more than 800 running/open projects
- Finalisation of activities linked to the December 2006 call for JEPs
- Content and finance related contract management to more than 750 running Tempus projects
- 2007 audit campaign carried out
- Impact Studies finalised, edited, translated and published

Overall achievements 2007:

The overall objective to provide assistance for the implementation of the Tempus Programme in full compliance with the Commission priorities and standards within the ETF's regulatory framework has been achieved.