

ANNUAL FINANCIAL STATEMENTS

Relating to the operations under the 2006 budget
of the European Training Foundation

The ETF is one of the EU agencies. Its mission is to assist partner countries in developing quality education and training systems and in putting them into practice.

The ETF also assists the European Commission in the implementation of the Tempus Programme.

Villa Gualino
Viale Settimio Severo 65
I - 10133 Torino - Italy

E-mail: info@etf.europa.eu
Homepage: www.etf.europa.eu
T: +39.011.630.2222
F: +39.011.630.2200

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GLOSSARY

Accounts payable	An organisation's current payables due within one (1) year. Accounts payable are current liabilities.
Accrual accounting	Accounting methodology based on the use of the generating events for recording a transaction (following the adoption of the new Financial Regulation). i.e. transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid)
Assets	Assets are items owned by an individual or an organisation, which have commercial or exchange value. Assets may consist of specific property or claims against others.
C1/Current credit appropriations	Current year approved credits or funds set aside for current year operations and activities
C8/Carry forward	Automatically carried forward credits. Carry forward of credits committed but not paid during the previous exercise, also called "Reste à liquider" (RAL) standing for "remaining credits to be paid".
Cash accounting	Accounting methodology based on cash flows, i.e. transactions are recognised when cash is received or paid.
Convention	Conventions are considered to be agreements between the European Commission and the ETF
Current asset	The group of assets considered to be liquid in that they can be turned into cash within one (1) year. Balance sheet line items include: cash, accounts receivable and inventory.
Current liability	Current liabilities are liabilities to be paid within one year of the balance sheet date.
Financial statements	Written reports which quantitatively describe the financial health of an organisation. They comprise an Economic outturn account (equivalent to a profit and loss statement), a balance sheet, a cash flow statement, a statement of changes in capital and explanatory notes.
Imprest account	Bank accounts and/or cash used for the payment of low value expenses.
Liability	A financial obligation, debt, claim or potential loss.
R0/Earmarked funds	Funds received from sources other than the European Commission for a specific purpose.

I. INTRODUCTION

Basis for preparation

The objectives of financial statements are to provide information about the financial position, performance and cash flows of the European Training Foundation (hereinafter ETF) that is useful to a wide range of users.

The ETF has moved from cash based accounting to an accrual based one, implemented as of the opening of the financial year 2005.

The financial statements, which follow, have been prepared as of 2005 according the accounting rules adopted by the EC's accountant, following the principles of accrual based accountancy where the economic outturn, balance and cash flow are concerned. For further information on accounting rules and principles refer to Section V, *Notes to the financial statements*. The budget execution is prepared on the basis of a modified cash accounting. Further information on the basis for budgetary data can be found in Section VI, *Notes on budget execution & financial management*.

The accounting policies have been applied consistently throughout the period.

Reporting entity

These financial statements are for the ETF, a public sector entity established by the European Council Regulation 1360/90 of 7 May 1990.

The ETF's principal activity is to provide services to the European Commission (hereinafter EC) and to a number of partner countries of the European Union to support the reform of vocational education and training systems.

The ETF receives an annual subsidy from the general budget of the EC and can also receive contributions from other public and private organisations as well as from Governments. ETF is entrusted with the management of other funds by the EC, for the implementation of the Tempus Programme and other vocational education and training projects under the CARDS (Western Balkans), Tacis (Eastern Europe and Central Asia) and MEDA (Mediterranean regions) programmes.

II. SUMMARY DATA

a. Economic outturn account

As of 2006, the result is comparable with the result of the previous year, since 2006 is the 2nd year that ETF applied accrual based accountancy.

b. Balance sheet

As of 2006, the result is comparable with the result of the previous year, since 2006 is the 2nd year that ETF applied accrual based accountancy.

c. Statement of cash flow

The large decrease in cash between year end 2005 and year end 2006 is due to the fact that the ETF reimbursed outstanding conventions to the EC in 2006.

d. Budget outturn

The budget outturn refers to the difference between payments credits made available and payments executed.

a. Economic outturn account - Table 1	31/12/2006	31/12/2005
Operating revenue	19,234,325.52	26,326,037.58
Administrative and operational expenses	-21,681,680.93	-26,112,398.26
Non operational activities	-546.96	-834.37
Outturn for the year	-2,447,902.37	212,804.95
b. Balance sheet - Table 3	31/12/2006	31/12/2005
Intangible fixed assets	3,052,639.22	3,213,993.87
Tangible fixed assets	310,661.61	212,532.36
Stocks	33,768.94	36,501.11
Current assets - Short term pre-financing	1,169,343.89	1,266,274.16
Current assets - Short term receivables	339,351.40	174,205.08
Cash account	12,156,961.92	23,664,596.55
	17,062,726.98	28,568,103.13
Capital	1,222,592.95	3,670,495.32
Provisions for risks and liabilities	550,000.00	205,000.00
Provisions for risks and charges	156,855.00	132,451.67
Accounts payable	15,133,279.03	24,560,156.14
	17,062,726.98	28,568,103.13
c. Statement of cash flow - Table 4	31/12/2006	31/12/2005
Cash at beginning of the year	23,664,596.55	23,169,979.81
Increase in cash	-11,507,634.63	494,616.74
Cash at end of the year	12,156,961.92	23,664,596.55
d. Budget outturn - Table 6	31/12/2006	31/12/2005
Revenues	22,452,351.62	23,251,879.84
Expenditures	-23,667,689.90	-22,807,895.32
Outturn for the year	-1,215,338.38	443,984.52
Adjustment for carry forward from previous years	4,092,037.44	0.00
Appropriations carried forward and cancelled	558,806.05	387,801.79
Changes in capital	0.00	0.00
Exchange gains/losses	-106.49	1,452.30
Balance for the financial year	3,435,398.72	833,238.61
Balance carried over from previous year	74,315.93	-758,922.68
Balance for the financial year	3,509,714.65	74,315.93

III. GOVERNING BOARD AND MANAGEMENT TEAM

The Governing Board

The ETF is governed by a Board comprising one representative for each of the EU Member States, plus observers from the candidate countries and representatives from the EC - which also chairs the meetings.

This Governing Board is responsible for adopting the draft annual Work Programme of the ETF and its budget, subject to the approval of the European Parliament in the context of the overall European Union budget.

In 2006 the Board met twice: firstly in June in Turin and secondly in November in Brussels.

- **Meeting held on 6 June 2006 (Turin)**

Governing Board members were updated by EC services on developments in EU policies and programmes which are relevant to ETF and which will influence the future role of the organisation. The Board also discussed current trends in ETF activities and organisational developments following an oral report by the ETF's Director.

The Board confirmed the main achievements of the ETF in 2005 in comparison with the objectives set in its planning perspectives for 2004-2006 and the Annual Work Programme 2005 by adopting the Annual Activity Report 2005 and its own analysis and assessment of the Report.

The Board also adopted the Implementing Rules to the Staff Regulations and the General Implementing provisions on the procedures governing the engagement and use of Contract Staff at the ETF.

The Board was also presented with the Progress report on ETF internal evaluation programme 2005 and the Progress report on Internal Control Standards action plan for information purposes.

- **Meeting held on 21 November 2006 (Brussels)**

After presentations on trends and developments in the ETF, progress on Commission policies and programmes that have an impact on the ETF and the report on relations with EU Member States, the Board examined and adopted the ETF's draft budget and Work Programme for 2007, adjusting the original proposal to take into account the comments of the members. The final adoption of the budget and work programme was depending on the decision of the budgetary authority on the overall budget of the European Union for 2007, a decision which was taken in December 2006.

The Governing board has adopted in principle the draft Mid-term Perspectives 2007-2010 subject to confirmation by written procedure once the Commission has published the Communication on the External Evaluation.

The board was also presented with the Rationale for ETF Estimate of Revenue and Expenditure 2008 and, in relation to the ETF External evaluation, the Action Plan and the Support Networks (Advisory Forum after 2006) for discussion.

ETF Structure

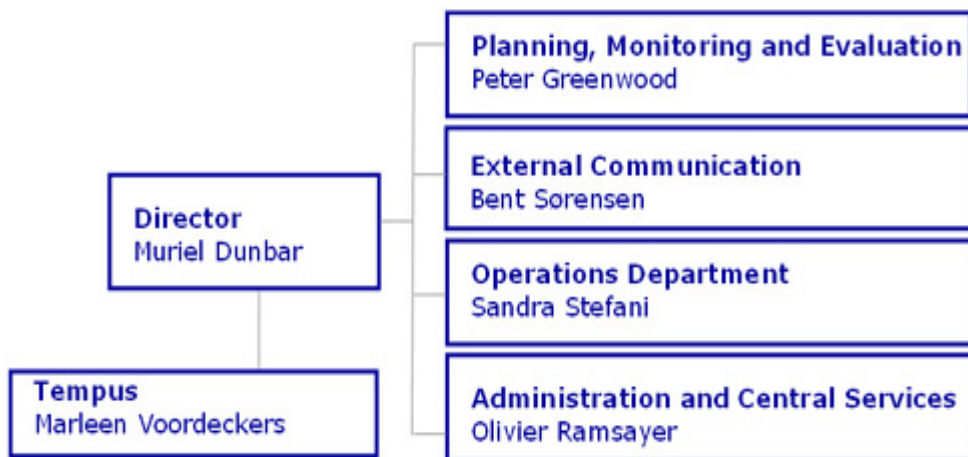
Following the 2005 internal reorganisation, the ETF merged its operational staff into a single team-based department to benefit from greater flexibility in deploying its specific expertise and to reinforce knowledge sharing. The head of department is responsible for all ETF operational activities

Contributing to all ETF operations are the Planning, Monitoring and Evaluation Unit, the Administrative and Central Services Department and the External Communications Unit that provide technical and administrative support to the whole organisation.

The respective heads of department, together with the Director form the Management Team (MT), which is the decision taking body within the ETF.

A separate department provides technical assistance to the Commission for the implementation of the Tempus programme.

The main structure is as follows:



IV. FINANCIAL STATEMENTS 2006

1. Economic Outturn Account

	2006	2005
Operational revenue	19,234,325.52	26,326,037.58
Operational revenue - EC subsidy	16,051,556.66	18,483,545.94
Operational revenue - Italian Trust Fund	314,288.33	479,231.55
Operational revenue - MEDA-ETE	0.00	5,000,000.00
Operational revenue - Tempus TA 2004/05	0.00	2,363,260.09
Operational revenue – Awaiting clearance EC	2,868,480.53	0,00
TOTAL OPERATIONAL REVENUE	19,234,325.52	26,326,037.58
Administrative expenses	14,477,420.26	13,875,890.80
Staff expenses	11,538,817.23	11,784,717.03
Fixed asset related expenses	-358,572.32	-362,039.07
Other administrative expenses	-2,580,030.71	-1,729,134.70
Operational expenses	-7,204,260.67	12,236,507.46
Operational expenses - EC subsidy	-4,021,491.81	-4,394,015.82
Operational expenses - Italian Trust Fund	-314,288.33	-479,231.55
Operational expenses - MEDA-ETE	-1,369,285.75	-5,000,000.00
Operational expenses - Tempus TA 2004/05	-1,499,194.78	-2,363,260.09
TOTAL ADMINISTRATIVE AND OPERATIONAL EXPENSES	21,681,680.93	26,112,398.26
SURPLUS FROM OPERATIONAL ACTIVITIES	-2,447,355.41	213,639.32
Financial expenses	-546.96	-834.37
DEFICIT FROM NON OPERATIONAL ACTIVITIES	-546.96	-834.37
SURPLUS FROM ORDINARY ACTIVITIES	-2,447,902.37	212,804.95
SURPLUS/(DEFICIT) FROM EXTRAORDINARY ITEMS	0.00	0.00
ECONOMIC RESULT OF THE YEAR	-2,447,902.37	212,804.95

2. Statement of Changes in Capital

Capital	Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
Balance as of 31 December 2005	3,457,690.37	212,804.95	3,670,495.32
Changes in accounting policies	0.00		0.00
Other revaluations	0.00		0.00
Reclassifications	0.00		0.00
Allocation of the economic result 2005	212,804.95	-212,804.95	0.00
Economic result of the year 2006	0.00	-2,447,902.37	-2,447,902.37
Balance as of 31 December 2006	3,670,495.32	-2,447,902.37	1,222,592.95

Note: ETF holds no reserves

3. Balance sheet at 31 December 2006 and 31 December 2005

ASSETS	31/12/2006	31/12/2005	LIABILITIES	31/12/2006	31/12/2005
A. NON CURRENT ASSETS			A. CAPITAL		
Intangible fixed assets			Accumulated surplus/deficit	3,670,495.32	3,457,690.37
Occupational right	5,000,000.00	5,000,000.00	Economic result of the year	-2,447,902.37	212,804.95
Software licenses	241,757.22	209,080.02	TOTAL CAPITAL	1,222,592.95	3,670,495.32
Depreciation	-2,189,118.00	-1,995,086.15	C. NON CURRENT LIABILITIES		
Subtotal	3,052,639.22	3,213,993.87	Provision for risks and liabilities		
Tangible fixed assets			Legal cases	550,000.00	205,000.00
Equipment and furniture	260,747.38	227,603.97	TOTAL NON CURRENT LIABILITIES	550,000.00	205,000.00
Computer equipment	1,493,151.34	1,254,831.92	D. CURRENT LIABILITIES		
Depreciation	-1,443,237.11	-1,269,903.53	Provisions for risks and charges	156,855.00	132,451.67
Subtotal	310,661.61	212,532.36	Accounts payable	15,133,279.03	24,560,156.14
TOTAL NON CURRENT ASSETS	3,363,300.83	3,426,526.23	Current payables	3,649,530.20	3,500,409.57
B. CURRENT ASSETS			Sundry payables	226,985.89	135,284.89
Stocks			Deferral and accruals	485,610.78	665,408.19
Publications	33,768.94	36,501.11	Pre-financing received from consolidated EC entities	327,244.31	5,833,547.72
Subtotal	33,768.94	36,501.11	Other accounts payable against consolidated EC entities	10,443,907.85	14,425,505.77
Short-term pre-financing			TOTAL CURRENT LIABILITIES	15,290,134.03	24,692,607.81
Short-term pre-financing	1,169,343.89	1,266,274.16			
Subtotal	1,169,343.89	1,266,274.16			
Short-term receivables					
Current receivables	19,392.95	48,364.05			
Sundry receivables	246,446.64	67,591.53			
Other	72,792.02	51,070.88			
Short-term receivables with consolidated entities	719.79	7,178.62			
Subtotal	339,351.40	174,205.08			
Cash and cash equivalents					
Bank accounts	12,156,761.92	23,664,146.55			
Imprest account	200.00	450.00			
Subtotal	12,156,961.92	23,664,596.55			
TOTAL CURRENT ASSETS	13,699,426.15	25,141,576.90			
TOTAL	17,062,726.98	28,568,103.13	TOTAL	17,062,726.98	28,568,103.13

4. Statement of cash-flow

Cash Flows from operating activities	2006	2005
Surplus from operating activities	-2,447,902.37	212,804.95
<i>Adjustments</i>		
Depreciation (intangible fixed assets)	194,031.85	195,136.67
Depreciation (tangible fixed assets)	173,333.58	166,902.40
Provisions for risks and liabilities related to staff	369,403.33	28,451.67
Decrease in value reduction for doubtful debts	28,971.10	3,415.69
Decrease in stock	2,732.17	39,336.38
Decrease in short term pre-financing	96,930.27	365,435.86
Increase in short term receivables	-200,398.53	-112,491.11
Decrease in receivables related to consolidated EC entities	6,458.83	271.58
Decrease in accounts payable	61,024.22	1,098,594.13
Increase in liabilities related to consolidated EC entities	-9,487,901.33	-1,344,928.43
Loss on sale of property, plant and equipment	0.00	451.25
Net cash Flow from operating activities	-11,203,494.60	653,381.04
Cash Flows from investing activities		
Purchase of tangible and intangible fixed assets	-304,140.03	-158,764.30
Net cash flow from investing activities	-304,140.03	-158,764.30
Net increase in cash and cash equivalents	-11,507,634.63	494,616.74
Cash and cash equivalents at the beginning of the period	23,664,596.55	23,169,979.81
Cash and cash equivalents at the end of the period	12,156,961.92	23,664,596.55

Where operating activities are concerned, the ETF holds no provision for long term liabilities, receivables, pre-financing and extraordinary items.

Where investing activities are concerned ETF had no revenue related to proceeds from fixed assets, financial activities or reclassification.

As of 2006, employee benefits are covered under provisions for risks and liabilities related to staff, while in 2005 they were reported under the heading "employee benefits".

5. Budget outturn account

	31/12/2006	31/12/2005
Revenue		
EC subsidy	19,450,000.00	18,500,000.00
CRT contribution Advisory Forum	1,900.00	0.00
Other donors - Italian Ministry of Foreign Affairs	314,288.33	479,231.55
Other donors - CE - MEDA-ETE convention	2,000,000.00	2,500,000.00
Other donors - CE - Tempus TA 2004/05 convention	624,156.05	1,739,104.04
Miscellaneous revenue	62,007.24	33,544.25
Total revenue (a)	22,452,351.62	23,251,879.84
Expenditure		
<i>Staff - Title I of the budget</i>		
Payments	-11,427,417.92	-11,309,760.87
Appropriations carried forward	-562,462.71	-477,594.00
<i>Administration - Title II of the budget</i>		
Payments	-1,157,862.03	-1,232,309.16
Appropriations carried forward	-437,130.17	-326,220.59
<i>Operating activities - Title III of the budget</i>		
Payments	-3,052,335.18	-2,818,340.84
Appropriations carried forward		-1,925,334.27
<i>Earmarked funds - Title IV</i>		
Payments	-500,163.50	-123,005.87
Appropriations received - not paid in 2006	-479,533.02	-356,225.68
<i>CE - MEDA-ETE convention - Title V</i>		
Payments	-1,233,853.15	-135,432.60
Appropriations received - not paid in 2006	-3,130,714.25	-2,364,567.40
<i>CE - Tempus TA 2004/05 convention - Title VI</i>		
Payments	-822,152.66	-677,042.12
Appropriations received - not paid in 2006	-864,065.31	-1,062,061.85
Total expenditure (b)	-23,667,689.90	-22,807,895.32
Outturn for the financial year (a-b)	-1,215,338.28	443,984.52
Appropriations carried over and cancelled	558,806.05	387,801.79
Adjustment for carry forward from the previous year of appropriations available at 31 December arising from assigned revenue	4,092,037.44	0.00
Changes in capital	0.00	0.00
Exchange rate differences	-106.49	1,452.30
Balance of the outturn account for the financial year	3,435,398.72	74,315.93
Balance carried over from the previous financial year	74,315.93	-758,922.68
Reimbursements to the EC	0.00	0.00
Result used for determining amounts in general accounting	3,509,714.65	74,315.93
Commission subsidy (accrued revenue)	16,014,601.28	
Pre-financing remaining open to be reimbursed to CE	3,435,398.72	

6. Reconciliation budget outturn versus economic outturn

	2006	2005
Budgetary outturn	-1,215,338.28	443,984.52
Impact of budgetary result	-1,215,338.28	443,984.52
<u>Impact of purchase of fixed assets and depreciation</u>	-63,225.40	-203,726.02
Purchase of intangible fixed assets	32,677.20	28,953.12
Purchase of tangible fixed assets	259,937.55	129,811.18
Disposals of tangible fixed assets	0.00	-126,807.07
Depreciation	-355,840.15	-362,039.07
Disposals on depreciation	0.00	126,355.82
<u>Impact of the activation of some items</u>	-2,732.17	-39,336.38
Stock	-2,732.17	-39,336.38
<u>Impact of accrued expenses of the year</u>	452,181.25	386,215.41
Carry forward	446,473.47	373,513.76
Accrued expenses on pre-financing	5,707.78	12,701.65
<u>Reversal of previous year accrued expenses</u>	-867,236.70	-761,572.27
Carry forward	-854,534.67	-577,582.77
Accrued expenses	-12,702.03	-183,989.50
<u>Creation of provisions</u>	-345,000.00	0.00
Provision for legal cases	-345,000.00	
<u>Negative budget result previous years</u>		
<u>Other impacts</u>	-235,799.24	331,298.38
Deferred expenses	72,792.02	51,070.88
Italian Ministry of Foreign Affairs	-485,610.78	0.00
Pre-financing received from EC entities	2,624,156.05	0.00
Sundry payables	-156,855.00	-132,451.67
Sundry receivables	19,392.95	24,877.38
Cancelled carry forward	558,806.05	387,801.79
Awaiting clearance costs EC	-2.868.480,53	
Result to be paid back to DG EAC	3,509,714.65	74,315.93
Total adjustments	1,232,564.09	231,179.57
Economic result	-2,447,902.37	212,804.95

7. Bank balances

	31.12.2006	31.12.2005
ETF		
ETF domestic Euro	574,807.74	982,701.63
ETF Euro	4,079,705.85	1,951,348.62
ETF Italian Ministry Foreign Affairs	500,843.59	701,301.30
ETF Imprest account	200.00	450.00
	5,155,557.18	3,635,801.55
VET conventions		
Royamount	0.00	18,208.75
	0.00	18,208.75
ETE MED convention		
ETE MED	3,238,309.22	2,397,266.87
	3,238,309.22	2,397,266.87
Tempus Technical Assistance conventions		
Tempus TACIS TA 2002	0.00	322,824.33
Tempus CARDS TA 2002	0.00	276,574.01
Tempus MEDA TA 2003	0.00	49,391.48
Tempus TA CARDS/MEDA/TACIS 2003-2004	0.00	669,594.76
Tempus TA CARDS/MEDA/TACIS 2004-2005	892,006.68	1,070,028.71
	892,006.68	2,388,413.29
Tempus projects		
Tempus Cards/Phare grants	1,298,946.78	7,541,524.28
Tempus Tacis grants	1,563,459.97	7,602,494.90
Tempus Meda grants	8,682.09	80,886.91
	2,871,088.84	15,224,906.09
Total	12,156,961.92	23,664,596.55

Conventions are agreements between the EC and the ETF. These funds are of a multi-annual nature and have no impact on the economic result for the ETF, since they are paid to final beneficiaries or reimbursed to the EC if they are unspent. The funds will appear in the balance under accounts payable. This also applies to gained interest. Please note that in the future, Tempus activities will decrease further, as the EC executes payments related to Tempus projects directly from Brussels.

V. NOTES TO THE FINANCIAL STATEMENTS

Accounting rules and principles

The accounting principles adopted are in line with the associated provisions of the Financial Regulation of the ETF, adopted by the Governing Board of the ETF on 7 January 2003 and supplemented by the Implementing Rules adopted on 8 September 2003.

The basis for the ETF's accounting rules are those applied by the EC. These are established in respect to international accounting standards for the public sector (IPSAS) and published by the International Federation of Accountants (IFAC).

As from 2005 the accounts are presented on an accrual basis as opposed to a cash basis. Accrual is the form of accounting under which transactions and other events are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets/equity, revenue and expenses.

Conversion into Euro

The ETF budget is drawn up and implemented in Euro and the accounts are presented in Euro. A limited number of operations are converted to national currencies using the Euro rates as published in the C series of the Official Journal of the EC and in accordance with the regulatory provisions on the issue. All budgetary and legal commitments are established in Euro.

Components of the Financial Statements

The financial statements include the following components:

1. Economic outturn account;
2. Statement of changes in capital;
3. Balance sheet;
4. Statement of cash flow.

The following statements are provided to give an additional contribution to the presentation of a true and fair view:

5. Budget outturn account;
6. Reconciliation of budget outturn versus economic outturn;
7. Bank balances

1. ECONOMIC OUTTURN ACCOUNT

The economic outturn account is equivalent to a 'Profit & Loss Statement'. It shows income, expenses, and net income/loss for the year i.e. the 'economic result'. The latter is determined by subtracting total expenses from total revenue. This difference is increased or reduced by the economic results of previous years and in particular the amounts paid back to the EC.

Operating revenue

The revenue is accounted for when established. For the EC subsidy this means the moment of the approval of the annual budget or upon contract signature for other EC funding. As regards non EC funding, the revenue is established only upon receipt of payment.

The operating revenue is composed as follows:

- The EC Annual Subsidy
The revenue associated with the EC subsidy comprises the annual subvention from the

EC for an amount of Euro 19,450,000, minus the amount to be reimbursed i.e. Euro 3,435,398.72, giving a total of Euro 16,014,601.28. To this, accrued miscellaneous revenues for a total amount of Euro 36,955.38 are added. These revenues are related for example to funds recovered from contractors and exchange rate income. The total amount of subsidy is therefore Euro 16,051,556.66.

The EC subsidy comes from lines Pre-Accession Strategy (15.03.02) and External action - Tacis, CARDS and MEDA - (15.03.03) lines of the general budget of the EC.

- Other operating revenue
Contributions from the Italian Trust Fund, the EC for the ETE MED project and the EC for the Tempus Technical Assistance 2004/05 project. This kind of funding is referred to as earmarked funds or earmarked revenue. Introduced as revenue is the adjustment for expenses already accounted for, representing the accumulated amount of expenses for the ETE MED project (Euro 1,369,285.75) and Tempus Technical Assistance 2004/05 (Euro 1,499,194.78) to be cleared with the EC.

Administrative and operational expenses

For the purposes of calculating the result for the financial year, expenditure refers to payments made using payment appropriations of the same financial year, to which are added the accrued expenses on commitments of the same financial year that are carried forward to the following financial year.

The payments recorded in the accounts are those authorised and made by the accounting officer before 31 December 2006.

Appropriations are generally only carried forward to the following financial year, except in the case of earmarked funds. Appropriations for earmarked funds can be carried forward until the end date of the related agreement.

Carry forward is automatic where there is an outstanding legally binding commitment. Should this not be the case, eventual carry forward related to the ETF subsidy is subject to the prior authorisation of the Governing Board.

Expenditure is sub-divided by typology into administrative, operational, and financial. Payments associated with the earmarked funding are included in operational expenses.

- Administrative expenses include 1) payments associated with staff including accrued expenditure associated with staff holidays not taken within the year 2) costs associated with stocks and fixed assets including depreciation, and 3) other administrative expenditure notably related to infrastructure and equipment, including exchange rate losses.
- Operational expenses are associated with the execution of ETF's work programme. They also include amounts associated with the execution of the projects that are financed outside of the ETF's annual subvention i.e. the earmarked funding.
- Financial expenses comprise bank charges and roundings.

2. Statement of Changes in Capital

The statement of changes in capital comprises only the economic result of the year.

3. Balance Sheet

The balance sheet is the financial statement listing all assets, liabilities and equity accounts, showing the financial position of a company at a specific date. For the ETF this is 31 December 2006.

Assets

Fixed assets

Fixed assets are composed of tangible and intangible assets.

- Intangible assets are occupational rights on the premises and software licenses. Depreciation for the occupational rights on the ETF premises is calculated on the basis of the 30 year duration of the rent agreement resulting from the financial contribution for reconstruction work. The annual rental cost is a symbolic amount of Euro 1.
- Tangible assets are all movable property items (computer equipment, technical installations and furniture) which have an acquisition price of Euro 420 or more and are valued at cost in national currencies, converted into Euro at the accounting exchange rate applicable on the purchase date. The correction on the balance represents the introduction of the ETF van in the assets.

The delivery date is taken as the basis for the calculation of depreciation and is calculated on a monthly basis.

The fixed assets are not charged to expenditure accounts, but are registered immediately as an asset in the balance. Depreciation is now registered as expenditure. The depreciation has an influence on the result of the financial exercise. The net book value of the fixed assets is shown in the following two tables.

Intangible assets

	Occupational rights on premises	Software licences	Total
A. Purchase price:			
Value at 1.1.2006	5,000,000.00	209,080.02	5,209,080.02
Changes during year:			
• Additions		32,677.20	32,677.20
• Withdrawals			
• Correction on balance value			0.00
End of the year:	5,000,000.00	241,757.22	5,241,757.22
B. Depreciation			
Value at 1.1.2006	1,833,333.32	161,752.83	1,995,086.15
Changes during year:			
• Additions	166,666.68	27,365.17	194,031.85
• Withdrawals			
• Correction on balance value			0.00
End of the year:	2,000,000.00	189,118.00	2,189,118.00
Net value (A + B)	3,000,000.00	52,639.22	3,052,639.22

Tangible assets

	Installations, machine and furniture	Computer equipment	Total
A. Purchase price:			
Value at 1.1.2006	227,603.97	1,254,831.92	1,482,435.89
Changes during year:			
• Additions	21,618.13	238,319.42	259,937.55
• Withdrawals			0.00
• Correction on balance value	11,525.28		11,525.28
End of the year:	260,747.38	1,493,151.34	1,753,898.72
B. Depreciation			
Value at 1.1.2006	196,944.69	1,072,958.84	1,269,903.53
Changes during year:			
• Additions	11,399.07	150,409.23	161,808.30
• Withdrawals			0.00
• Correction on balance value	11,525.28		11,525.28
End of the year:	219,869.04	1,223,368.07	1,443,237.11
Net value (A + B)	40,878.34	269,783.27	310,661.61

The yearly depreciation rates applied to fixed assets are as follows:

Computer software and hardware	25%
Telecommunication and audiovisual equipment	25%
Printing, mail, security, buildings, tools	12.5%
Movables	10%

Stocks

Publications are considered as ETF stocks as opposed to 'costs'. Although the commercial value of the publications is nil, the replacement value is estimated at Euro 33,768.94. The number of publications kept in stock is continuously decreasing since many publications are now available for downloading from the ETF's website.

Short-term pre-financing

Pre-financing is one or more payments intended to provide the beneficiary with a cash advance. It may be split into a number of payments over a period defined in the particular pre-financing agreement. At year-end outstanding pre-financing amounts are valued at the original amount(s) paid, deducting the amounts returned, eligible amounts cleared, estimated eligible amounts not yet cleared at year-end and value reductions.

Short-term receivables

Under short-term receivables amounts due from customers or other debtors, outstanding paid mission advances, deferred expenses and receivables with consolidated entities are registered.

Cash account

Cash and cash equivalents are carried in the balance sheet at cost. They include cash in hand, deposits held with banks, payments sent to bank and interest received in January related to 2006. A substantial decrease with respect to the previous year is noted because of the closure of old convention funds during this year.

Liabilities

Capital

The capital is composed of the accumulated surplus/deficit from previous years plus the economic result for the year. (See also table 2, statement of changes in capital.)

Provision for risks and liabilities

Under provisions are reported liabilities such as payables and accruals where there is uncertainty about the timing or amount of the future expenditure required for settlement of the legal obligation are reported. In 2006 a provision of this kind for pending legal cases is made.

Provisions for risks and charges

In 2006 the ETF recognized holidays not taken up during the year as provisions for risks and charges. In 2005, this section was called "Employee Benefits".

Accounts payable

Amounts owed to creditors for delivered goods or completed services (accrued expenses) and outstanding pre-financing received from the EC or other EC institutions.

The main contributing factors to this increase are detailed below:

- Current payables for an amount of Euro 3,649,530.20 mainly associated with estimated accrued expenses on credits carried forward to 2007 and the estimated accrued expenses on paid pre-financing by ETF to contractors. This amount is composed of the following:

Description	Amount
Italian Trust Fund - gained interest 2006	15,224.80
Carry forwards - estimated expenses related to 2006	2,470,669.29
Estimated accrued expenses on paid pre-financing	1,163,636.11
TOTAL	3,649,530.20

- Other accounts payable against consolidated entities, notably in the context of the conventions managed by the ETF. There is a considerable increase compared with 2005, due to the change in registration of received pre-financing. As of 2006, the total amount received as pre-financing remains outstanding, until clearance or a debit note is received from the EC. In 2006, the difference between the amounts received as pre-financing minus the amounts paid was registered as pre-financing. The total amount concerned is Euro 10,443,907.85:

Convention Description	EC DG or Service	Amount	Status/Comments
COMM (Tempus TA C-M-T 2004/05)	DG EAC	2,363,260.09	received funds
COMM (Tempus PHARE/CARDS grants)	DG EAC	1,288,159.52	unspent funds/reimbursements received/gained interest
COMM (Tempus MEDA grants)	DG EAC	8,603.28	unspent funds/reimbursements received/gained interest
COMM (Tempus TACIS grants)	DG EAC	1,548,786.25	unspent funds/reimbursements received/gained interest
COMM (ETE MED convention)	DG AIDCO	4,500,000.00	received funds
SUB-TOTAL		9,708,809.14	
Services from various EC entities		7,245.59	TRAD-PMO-OIB-OPOCE
ETF Subvention - interest to be recovered	DG EAC	160,934.93	gained interest 2006
EC subsidy	DG EAC	3,097,245.13	result 2006
EC awaiting clearance – ETE MED	DG AIDCO	1,369,285.75	accumulated expenses -> 2006
EC awaiting clearance – TEMPUS TA	DG EAC	1,499,194.78	accumulated expenses -> 2006
SUB-TOTAL		735,098.71	
TOTAL		10,443,907.85	

- Amounts that were due to the EC and were known and confirmed by certain entities are registered under “other accounts payable against consolidated entities”. The ETF was awaiting debit notes from the EC in order to proceed with payment. The total amount concerned is Euro 327,244.31 and it is mainly associated with interest gained on the ETF’s main bank accounts and the budgetary result from 2005 to be reimbursed to the EC.

A smaller amount is associated with services provided by other EC services and agencies e.g. associated with translations, Euro 62,125.98

Convention Description	EC DG or Service	Amount	Status/Comments
ETF Subvention - interest to be recovered	DG EAC	190,802.40	
ETF result 2005	DG EAC	74,315.93	
Services from various EC entities		62,125.98	TRAD-PMO-OIB-OPOCE and other EC agencies
<i>TOTAL</i>		327,244.31	

4. Statement of cash flow

The statement of cash-flow represents the treasury movements or in other words the cash receipts minus cash payments over a given period of time. There is a significant decrease in cash flow, due to reimbursements to the EC related to unspent funds and the closure of old conventions.

As of 2006, the cash flow analysis can be compared with the cash flow analysis of the previous year, i.e. 2005.

5. Budget outturn account

The budget outturn for 2006 is the difference between:

- all the cashed revenue registered in this financial year;
- the volume of payments made from the appropriations of this financial year, plus the appropriations of the same financial year carried forward to the following financial year; and,
- the cancellations of appropriations carried forward from the previous financial year.

This difference is increased or reduced by:

- the balance resulting from exchange rate gains or losses recorded during the financial year.
- results from previous years paid back to the EC.

6. Reconciliation of budget outturn versus economic outturn

The budget outturn and reconciliation against the economic outturn is presented to give a more complete picture to the reader and to demonstrate the difference between economic and budget outturn. The inclusion of this data assists the reader in linking the cash based result of 2005 against the economic result of 2006. The economic outturn is reconciled versus the budget outturn in table 6.

VI. NOTES ON BUDGET EXECUTION & FINANCIAL MANAGEMENT

1. Introduction

Budgetary Principles

The budgetary principles adopted by the ETF are in line with the associated provisions of the Financial Regulation of ETF, adopted by the Governing Board of the ETF on 7 January 2003 and supplemented by the Implementing Rules adopted on 8 September 2003. Thus the establishment and implementation of the budget of the ETF comply with the principles of unity and budget accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency.

Budget Structure

The statement of expenditure of the ETF budget is set out on the basis of a nomenclature with a classification by purpose. It is thereby divided into 6 titles and each of the titles is broken down into chapters, articles and items.

ETF applies the nomenclature and structure used by the EC for Titles 1, 2 and 3. Titles 1 and 2 relate to 'Administrative Expenditure' while Title 3 is reserved for operational expenditure.

- Title 1 covers expenditure on staff authorised in the ETF establishment plan and expenditure on external staff (including auxiliary staff) and other management expenditure (including representation expenses);
- Title 2 covers administrative expenditure like buildings, cleaning and maintenance, rental, telecommunications, water, gas and electricity and support expenditure (including meeting costs).
- Title 3 covers expenditure for the execution of its work programme and related ETF operations.

Titles 4, 5 and 6 are related to the earmarked funds or revenue associated with specific contracts or conventions with the EC and other donors. They are defined as follows:

- Title 4 represents the contribution from the Italian Ministry of Foreign Affairs.
- Title 5 represents the ETE-MED convention from the EC.
- Title 6 represents the Tempus Technical Assistance conventions from the EC.

Due to the late approval of the 2nd extension of the convention 2004/05 in 2005, the additional funds of Euro 1,040,260.09 were introduced in the revised budget 2006, where the credits were made available in 2005.

Budget execution is prepared on the basis of a "modified cash accounting". The term 'modified' refers to the fact that the annual carry forward amounts are included in the budget.

- Amounts "carried forward" are associated with legal commitments entered into in the year. The carry forward amounts are related to payments due on such commitments at the year end.
- A "legal commitment" refers to legally binding actions undertaken by the ETF, for example contracts or other signed agreements and orders placed.
- When referring to budgetary execution, the term "expenditure" refers to consumed commitment appropriations. Consumed commitment appropriations are made up of commitments paid in 2006 and commitments (partly) carried forward to 2007.

A summary of the budgetary execution for 2006 and 2005 is provided subsequently. More information on the most relevant aspects of budgetary execution by Title, Chapter and Item and full budgetary execution details for 2006 are provided later in this section and summarised in part 5 "Utilisation of appropriations".

2. Budgetary execution 2006 and 2005

2006								
	Authorised budget for commitment 2006	Committed	Commitments paid in 2006	Commitments automatic carried forward	Commitments carried forward from previous years	Non committed credits carried forward to 2007	Total expenses	Committed on credits
Title 1	12,238,501.87	11,989,880.63	11,427,417.92	562,462.71	0.00	0.00	11,989,880.63	97.97%
Title 2	1,718,500.00	1,594,992.20	1,157,862.03	437,130.17	0.00	0.00	1,594,992.20	92.81%
Title 3	5,494,898.13	4,969,885.06	3,052,335.18	1,917,549.88	9,764.48	0.00	4,969,885.06	90.45%
Total annual subsidy	19,451,900.00	18,554,757.89	15,637,615.13	2,917,142.76	9,764.48	0.00	18,554,757.89	95.39%
Title 4	314,288.33	0.00	0.00	0.00	0.00	314,288.33	0.00	0.00%
Total Italian Trust Fund	314,288.33	0.00	0.00	0.00	0.00	314,288.33	0.00	0.00%
Title 5	0.00	3,113,928.88	1,233,853.15	1,880,075.73	0.00	1,886,071.12	3,113,928.88	0.00%
Total MEDA-ETE	0.00	3,113,928.88	1,233,853.15	1,880,075.73	0.00	1,886,071.12	3,113,928.88	0.00%
Title 6	1,323,000.00	1,615,723.63	822,152.66	793,570.97	0.00	0.00	1,615,723.63	122.13%
Total Tempus TA 2004/05	1,323,000.00	1,615,723.63	822,152.66	793,570.97	0.00	0.00	1,615,723.63	122.13%
Total	21,089,188.33	23,284,410.40	17,693,620.94	5,590,789.46	9,764.48	2,200,359.45	23,284,410.40	110.41%
<i>for detailed explanation on title 4,5 and 6 concerning commitment level and available credits see later in the notes.</i>								
2005								
	Authorised budget 2005	Committed	Commitments paid in 2005	Commitments automatic carried forward	Commitments carried forward from previous years	Non committed credits carried forward to 2006	Total expenses	Committed on credits
Title 1	11,942,000.00	11,787,354.87	11,309,760.87	477,594.00	0.00	0.00	11,787,354.87	98.71%
Title 2	1,563,150.00	1,558,529.75	1,232,309.16	326,220.59	0.00	0.00	1,558,529.75	99.70%
Title 3	4,994,850.00	4,743,675.11	2,818,340.84	1,925,334.27	0.00	0.00	4,743,675.11	94.97%
Total annual subsidy	18,500,000.00	18,089,559.73	15,360,410.87	2,729,148.86	0.00	0.00	18,089,559.73	97.78%
Title 4	479,231.55	357,075.90	123,005.87	234,070.03	0.00	122,155.65	479,231.55	74.51%
Total Italian Trust Fund	479,231.55	357,075.90	123,005.87	234,070.03	0.00	122,155.65	479,231.55	74.51%
Title 5	5,000,000.00	2,603,773.24	135,432.60	2,468,340.64	0.00	2,396,226.76	2,603,773.24	52.08%
Total MEDA-ETE	5,000,000.00	2,603,773.24	135,432.60	2,468,340.64	0.00	2,396,226.76	2,603,773.24	52.08%
Title 6	1,323,000.00	1,327,018.46	677,042.12	649,976.34	0.00	1,036,241.63	1,327,018.46	100.30%
Total Tempus TA 2004/05	1,323,000.00	1,327,018.46	677,042.12	649,976.34	0.00	1,036,241.63	1,327,018.46	100.30%
Total	25,302,231.55	22,377,427.33	16,295,891.46	6,081,535.87	0.00	3,554,624.04	22,499,582.98	88.44%

3. Payment credits execution 2006

	Available payment credits 2006	Paid/ reimbursed in 2006	Payment credits carried forward to 2007	Cancelled payment credits 2006	Paid on credits 2006
Title 1 (C1 + C8)	12,716,095.87	11,836,785.42	0.00	879,310.45	93.09%
Title 2 (C1 + C8)	2,044,720.59	1,444,958.42	0.00	599,762.17	70.67%
Title 3 (C1 + C8)	4,691,083.54	4,526,214.10	0.00	164,869.44	96.49%
Total annual subsidy	19,451,900.00	17,807,957.94	0.00	1,643,942.06	91.55%
Title 4 - 2005	314,288.33	0.00	314,288.33	0.00	0.00%
Title 4 - previous years	665,408.19	500,163.50	165,244.69	0.00	75.17%
Total Italian Trust Fund	979,696.52	500,163.50	479,533.02	0.00	51.05%
Title 5	4,864,567.40	1,233,853.15	3,630,714.25	0.00	25.36%
Total MEDA-ETE	4,864,567.40	1,233,853.15	3,630,714.25	0.00	25.36%
Title 6	1,686,217.97	822,152.66	864,065.31	0.00	48.76%
Total Tempus TA 2004/05	1,686,217.97	822,152.66	864,065.31	0.00	48.76%
Royaumont Project	8,744.64	8,744.64	0.00	0.00	100.00%
Tempus TA Cards 2002	258,739.44	258,739.44	0.00	0.00	100.00%
Tempus TA Tacis 2002	302,267.70	302,267.70	0.00	0.00	100.00%
Tempus TA Cards-Meda-Tacis 2003-04	646,818.15	646,818.15	0.00	0.00	100.00%
Tempus TA Meda 2003	46,315.78	46,315.78	0.00	0.00	100.00%
Tempus II Cards - grants	6,151,756.24	5,395,318.22	756,438.02	0.00	87.70%
Tempus II Meda - grants	46,644.24	38,827.24	7,817.00	0.00	83.24%
Tempus II Tacis - grants	6,251,287.95	4,958,115.83	1,293,172.12	0.00	79.31%
Total conventions previous years	13,712,574.14	11,655,147.00	2,057,427.14	0.00	85.00%
Total all payment credits	40,694,956.03	32,019,274.25	7,031,739.72	1,643,942.06	78.68%

At the beginning of 2006, outstanding payment appropriations related to eight conventions had a total value of Euro 13,712,574.14. The available payment credits although significant, are generally related to inactive conventions or to commitments for which the ETF was awaiting debit notes from the EC in order to definitively close them. The situation as regards these conventions is as follows:

- The outstanding payment credits associated with Royaumont, Tempus TA 2002 (CARDS & TACIS), Tempus TA 2003 (MEDA) and Tempus TA 2003-04 were fully reimbursed to the EC in 2006.
- For the three Tempus grants conventions an amount of Euro 10,088,524.98 was mainly reimbursed by ETF to the EC as unspent funds, while a minor part served to pay outstanding grants.

4. Comments on Budgetary Execution 2006

TITLE 1 “EXPENDITURE RELATING TO PERSONS WORKING WITH THE ETF”

CHAPTER 11 “STAFF IN ACTIVE EMPLOYMENT”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
11,511,800	11,067,636	10,832,205	97.87%

This chapter relates in the main to salaries and associated allowances, pensions and insurance costs as well as costs associated with the purchase of interim and consultancy services. The budget associated with Chapter 11 is based on the occupation of 105 (establishment plan approved for 2006) temporary agent posts. However, staff turnover in the ETF generated the creation of provisionally empty posts and thus the actual occupation of temporary agent posts in 2006 was lower than planned. In addition, due to the end of Tempus Technical Assistance related activities planned for 2007, since 2005 already the turnover has increased and all vacant Temporary Agent positions related to Tempus activities have compensated by other types of contracts (such as contract agents and interims). Therefore, taking into account the above mentioned factors, 94% of the planned budget (occupation of 94.2 full time equivalent posts) was used.

Specification of Budgetary Transfers within Chapter 11

- Budgetary reallocation of funds from Article 110 (Agents included in the workforce) to Article 111 (Other staff) took place in order to finance costs of contract agents that were recruited to cover for: temporary agents' absence (see above), additional tasks and duties of an extraordinary nature.
- Budgetary reallocation of funds from Article 110 (Agents included in the workforce) to Article 117 (Supplementary services) was due to an increased need to use interim staff (see above) and the use of external consultants notably in the area of HR Management;
- Budgetary reallocation of funds from Article 110 (Agents included in the workforce) and Article 118 (Recruitment and transformation costs) took place in order to fund the launching of 12 recruitment procedures including creation of reserve lists of suitable candidates.
- Budgetary reallocation of funds from Article 110 (Agents included in the workforce) and Article 119 (Weightings – Correction coefficient) took place in order to compensate for the continuous yearly increase of the Italian weighting factor.

CHAPTER 13 “MISSIONS AND TRAVEL”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
800,000	787,351	787,351	100%

A total of 647 missions with an average mission length of **2.60** days, costing on average **1,413 Euro**, were undertaken by ETF staff in 2006¹. The original appropriation of €800,000 in Chapter 13 “Missions and travel” was increased to €843,351 due to early indications from the EC during the autumn related to needs for more intense on site monitoring activities as part of

¹ Missions charged against Title IV, which are related to cooperation with Italian Institutions, and Title V, related to the ETE-MED Project, are not included

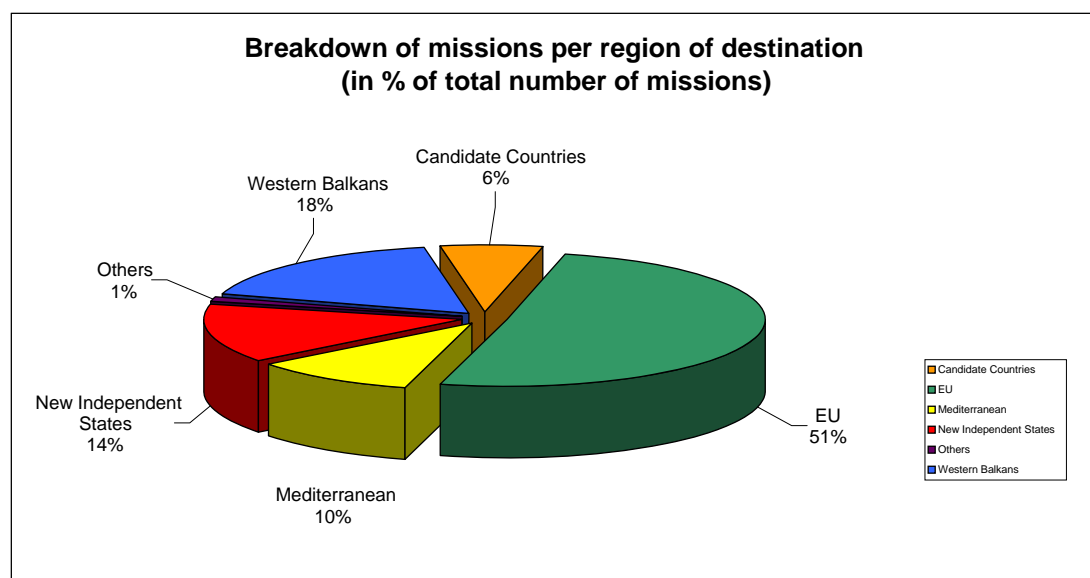
TEMPUS Technical Assistance. Regrettably the Commission's final decision on this issue came later than anticipated and delayed the execution of planned missions until 2007. The corresponding extra appropriation has been decommitted.

The distribution of 2006 mission expenses within departments for this budget line is as follows:

DEPARTMENTS/UNITS	% TOTAL	Breakdown of "Operations" Mission Expenditure by destinations/scheme	
Operations (including TEMPUS program)	69.6%	South East Europe	20.7%
		European Union	17.3%
		TEMPUS program	10.8%
		Eastern Europe & Central Asia	11.2%
		Mediterranean area	8.8%
Directorate & Planning Monitoring and Evaluation Unit	11.4%		
Administration & Staff Committee	7.4%		
Missions with Training purposes	6.5 %		
External Communication	5.1%		
TOTAL Missions and travel expenses	100.00%		

Almost half of the missions were to destinations within the EU (51%) and in particular to Brussels (148 missions = 22.8% of the number of missions for this budget line).

The breakdown of the 2006 missions by region is as follows:

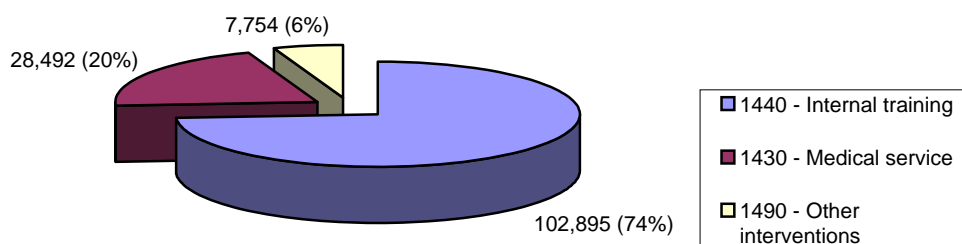


CHAPTER 14 "SOCIO-MEDICAL INFRASTRUCTURE"

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
140,000	145,000	139,141	95.96%

Chapter 14 covers expenditure on staff training and medical services, with the majority of the budget dedicated to training.

Composition of expenses Chapter 14



The expenditure related to training (item 1440) includes:

- training activities aiming to develop ETF technical expertise in areas of relevance to the ETF mandate;
- training activities aiming to increase the ETF potential to comply with the regulatory environment (including training on Health and Safety to meet Italian legislative requirements);
- training activities aiming to develop ETF efficiency such as time management, development of skills related to recruitment techniques, language training, development of HR skills (team building, individual coaching, etc), IT training, security for staff going on missions.

In 2006 the ETF decided to diversify the range of skills development activities (some of them in an experimental manner) to exploit formal, informal and non-formal learning approaches and give more attention to personal initiatives in professional development.

The number of recorded training days attended by ETF staff was 715, which corresponds to an average of 5.2 days per staff member taking into account that 138 staff members received training at least once. However, it should be noted that not all training occurrences may have been recorded, in particular with regard to informal and non-formal activities, as these are very difficult to record (self-declared).

Towards the end of 2006 the ETF signed a Service Level Agreement with DG ADMIN aiming to ensure the availability of a wide range of courses of a compulsory nature for some functions (e.g.: authorising officers, members of selection panels, etc.).

Most of the expenses for medical services (item 1430) are mainly consumed by the fees for the ETF medical officer and expenditure linked to preventive healthcare schemes.

The organisation by the ETF of the Finnish event, celebrating the Finnish presidency of the EU, was financed under item 1490.

CHAPTER 15 “STAFF EXCHANGES OF CIVIL SERVANTS AND EXPERTS”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
290,000	226,515	222,164	98.08%

This appropriation covers costs of national and international officials (ENDs) as well as private sector employees temporarily seconded to ETF. In supporting such exchanges ETF stands to benefit from expertise acquired by national authorities in its fields of activity. Secondments also enhance the ETF’s networking potential with relevant stakeholders and provide opportunities

for professional development. The ETF policy on the use of ENDs was implemented in 2005, with a view to opening up opportunities to qualified experts from partner countries and facilitating the transfer of knowledge acquired by reducing the average duration of such secondments from 3-4 years to around 2 years. The associated costs consist of daily allowances, travel costs and exceptionally a partial reimbursement of salary costs to home or sponsoring Ministries or organisations.

A total of 5 national experts (END) were hosted by the ETF during 2006 (4.63 ENDs full time equivalent) where initially 6 or 7 was planned. This led to a decrease in the appropriation. The experts worked within the ETF's Operations department.

CHAPTER 17 "ENTERTAINMENT AND REPRESENTATION EXPENSES"

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
15,000	12,000	9,020	75.17%

This chapter covers expenses linked to hospitality costs (e.g. lunches, dinners, etc.) for guests invited by the ETF to meetings. A reduction in related activities in this area resulted in a relatively low expenditure rate in this chapter.

TITLE 2 "BUILDING, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE"

CHAPTER 20 "INVESTMENT IN REAL ESTATE, RENTALS AND ACCESSORY CHARGES"

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
660,300	655,800	654,690	99.83%

This Chapter covers administrative costs related to the ETF premises and site management. It includes utilities, cleaning and maintenance, rentals, insurance, furnishing, and security and surveillance.

The approved budget was consumed in line with the planned activities:

As the ETF premises get older (some areas are now over 14 years old) the need for associated repairs and maintenance risk to increase at a higher rate. In 2006, scheduled repairs and painting works were performed on the internal façade of the internal courtyard of the ETF building and the exterior tower areas.

- Several incidents of rain infiltration required extra-ordinary repair and re-decoration.
- There is a continuous increase in demand for minor electrical works, including repairs and/or replacement of heaters due to electrical problems which suggest the plant is reaching or has reached the end of its useful life cycle and is now obsolescent.
- Replacement of all the fire detectors in the building due to obsolescence, works on the emergency lighting, installation of improved optical/acoustical emergency signs and some further works on the elevators had to be performed for security reasons and upon advice from our safety contractor (RSPP).
- Needs in terms of cleaning, maintenance and furnishing of premises were slightly increased in 2006 (extraordinary cleaning, disinfestations, internal decoration, plants etc.).
- Extraordinary disinfestation of the Tempus offices and archives was required due to health issues reported by staff including biting and irritation caused by paper fleas.
- As of September 2006, the ETF has concluded a SLA with the Commission for the rental of an office in Brussels. Further costs are expected here as services are requested from staff.

CHAPTER 21 “DATA PROCESSING”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
500,000	495,000	452,572	91.43%

Chapter 21 covers expenses related to data processing, notably the costs of purchasing standard software applications, and their associated maintenance, support, subscriptions and development costs related to software systems. Costs for the purchase and maintenance of hardware and accessories are also included in this budgetary chapter.

The budgetary requirements for this chapter were slightly reduced due to the failure of a tender for the purchase of a back up appliance (part of the ETF business continuity actions) (this activity has therefore been postponed into 2007).

CHAPTER 22 “MOVABLE PROPERTY AND ASSOCIATED COSTS”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
76,100	70,125	53,139	75.78%

This appropriation covers the costs pertaining to technical installations, office equipment, furniture, means of transport and the ETF library. A high percentage of the budget is used for the rental and maintenance of photocopiers and acquisition of new equipment, i.e. video projectors, and fax machines.

The expenses were in line with the estimates although the budget was reduced slightly to allow for transfers to priority areas. Thus there was less furniture renewal than anticipated and the focus was mainly on ergonomic accessories, as requested by the ETF doctor.

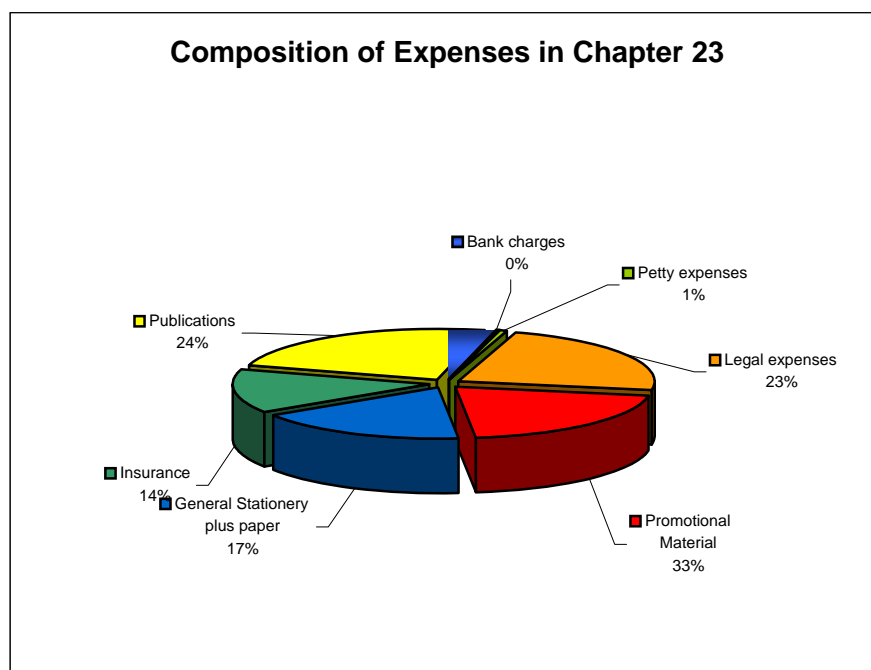
CHAPTER 23 “CURRENT ADMINISTRATIVE EXPENDITURE”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
95,800	164,975	152,819	92.63%

This Chapter includes the costs related principally to stationery and office supplies. Other expenditures covered are associated with bank charges, legal expenses, insurance and publications (mainly in the Official Journal).

The budget was supplemented to respond in particular to increased demands for packing material (stationery) for the Tempus project archive which had to be repatriated to Brussels and an increase in stationery needs.

The full publication of the budget required additional funds under publications.



CHAPTER 24 “POST AND TELECOMMUNICATIONS”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
165,800	175,800	174,208	99.09%

This appropriation covers expenses related to postal and telecommunications services.

Correspondence and courier expenses were in line with the planned budget, and comprised the costs of repatriation of Tempus administrative documentation to the Central Archives of the Commission.

Moreover, mobile telephone costs were slightly higher than projected in 2005 mainly due to the increased use of these facilities during missions and external events and the introduction of a policy to make staff more easily reachable. The devices now being made available to staff on mission include mobile telephone, email, SMS and web browsing services. However, this increase was partially compensated by a decrease in costs registered for fixed phones during the same year.

CHAPTER 25 “MEETING EXPENSES IN GENERAL”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
190,000	156,800	107,565	68.60%

Funds under this Chapter primarily cover expenses related to the statutory meetings of the Governing Board, which were held in June and November 2006. This Chapter was also used to cover regular “all staff” meetings on the ETF premises. The associated expenses were lower than foreseen.

TITLE 3 “EXPENDITURE RELATING TO PERFORMANCE OF THE ETF MISSION”

Title 3 is made up of two Chapters, 30 (operational expenditure) and 31 (work programme activities).

CHAPTER 30 “OPERATIONAL EXPENDITURE”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
1,196,900	1,602,287	1,457,968	90.99%

Chapter 30 covers expenses for documentation, general publications, translation and meetings of the Advisory Forum.

The most significant items of this chapter are:

Item 3000 “Documentation”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
62,000	32,000	26,492	82.79%

This appropriation covers the establishment and maintenance of the documentation centre, subscriptions to specialised journals and periodicals, and the purchase of relevant books and electronic media.

The ETF has strengthened its quality controls on proposals for acquisition of documents and subscriptions, which has led to a reduction in acquisitions.

Item 3010 “General publications and external communication”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
378,200	570,942	505,187	88.48%

This appropriation covers all expenditure related to general ETF publications and promotion of the ETF’s work, including internal communication.

More specifically, it covers the expenditure related to writing, editing, printing and distributing corporate publications, including the newsletter, magazine, highlights document, etc. It also covers expenditure related to the upgrading of the website, the organisation of communication related events (i.e. Editorial Board meetings, media seminar) and multimedia-type productions. Media activities, such as support and photography, are also covered from this appropriation.

The appropriation was amended by transferring available funds from operational departments in order to cover additional media activities and the development of new ETF promotional products.

Item 3040 “Translation costs”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
299,200	586,421	513,366	87.54%

The appropriation covers expenditure related to translations.

The appropriation was increased to face the additional requests for translations made during the year (i.e. the plenary Advisory Forum 2006). This is in response to a recommendation of the external evaluation of the ETF in 2005, advising the ETF to make more of its products available in other languages.

Items 3050 “Meetings of the Advisory Forum and related costs”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
451,900	406,763	406,763	100%

The ETF Advisory Forum is a statutory body of around 120 vocational training specialists from the member states of the European Union, the partner countries and territories, the EC, social partners and other international organisations.

Whilst the main role of the Forum is to provide advice to the ETF and its Governing Board on the preparation of the ETF's Annual Work Programme, it also serves as an exchange network enabling good practice in vocational training policies and reform to be shared between and with countries in transition.

The term of office of members of the Advisory Forum is three years. The mandate of the current members runs for the period 2004-2006. Members of the Forum meet in regional groups during the first two years. The third (final) year of their mandate includes a plenary meeting for knowledge sharing across the entire network.

The 2006 Advisory Forum plenary meeting was held in Turin, Italy, 7-9 June 2006. An additional contribution of Euro 1.900 from the CRT bank was received for this event.

CHAPTER 31 “PRIORITY ACTIONS – WORK PROGRAMME ACTIVITIES”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
3,810,200	3,892,612	3,511,917	90.22%

This Chapter covers the operational activities of the ETF carried out under the yearly subsidy of the EC. The activities are outlined in the Work Programme (WP) 2006, approved by the Governing Board in 2005.

ETF operational activities include support to the EC's services (article 310), provision of information and analysis (article 311), and expertise development initiatives to test new reform approaches in the partner countries (article 312). Also included in Chapter 31 is article 313, which covers “Various costs linked to Work programme activities” such as insurance (3130) and representation costs (item 3131).

2006 was a transitional year, the Work Programme has been drafted in 2005 while in 2006 the restructuring of the Operational Department led to a project based organisation, as opposed to a regional based one. As a consequence, the ETF had the three strands (corresponding to the

three budget lines 3100, 3110, 3120) spread across the new projects (as opposed to regions in 2005).

The 2006 projects are the reflection of the new instruments (ENPI, IPA and DCI), and have absorbed the activities previously run under the geographic organisation (MEDA, ESEE, EECA). Additionally, there are several projects corresponding to the Development Activities strand (CVET, EXPDF, LLL, MIG and TRANS)

Internal transfers between the projects have been applied in order to accommodate the administrative needs of the activities and to fulfil the objectives defined in the WP.

Towards the end of the year, due to a lack of Payment Appropriations in Title 3, and in order to respect the contractual obligations and terms, an amount of 345,649 Euro was transferred from Title 1, out of which 210,599 for the operational department's budget lines. While only payment appropriations were needed, due to the non-differentiated nature of the administrative credits that were transferred, commitment appropriations (CA) have also been transferred as well. As this CAs have not been used, the real consumption of the operational credits is in fact 96,74%.

Item 3100 “Support to the Commission (EC)”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
1,479,777	1,608,751	1,397,379	86.86%

The ETF's principal activity in 2006 was the provision of programming and project cycle support to the EC services to ensure that EU interventions in vocational education and training (VET) reform contribute fully to the overall objectives of the EU external relations policy.

Item 3110 “Information provision & analysis through the National Observatory Network”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
1,153,050	1,261,665	1,182,044	93.69%

This appropriation is intended to cover the costs associated with the provision and analysis of information and data in support of the EC and partner countries using the ETF's pre-established National Observatory Network.

The ETF continued to provide its stakeholders with policy information and advisory services on education and training reform in the partner regions via the Network. The ETF also used the Observatory network to disseminate information about EU and member state approaches and best practice in the field of vocational training.

Item 3120 “Development activities – Thematic areas”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
776,173	632,495	604,913	95.64%

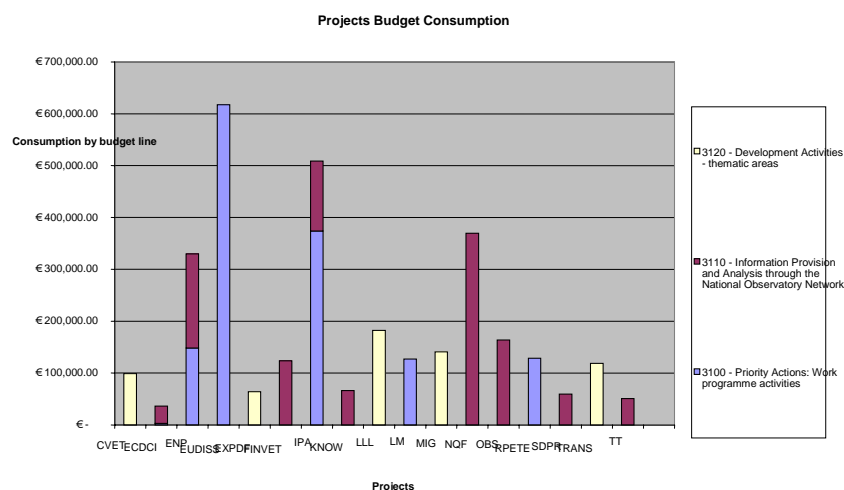
Investment in this area is associated with the objective of developing the capacities of national actors to design and implement HRD strategies and policies within the framework of EU

policies and develop innovative approaches on key issues of relevance to support the definition of future EU and partner country policies and interventions in the field of HRD.

Project	2006 Budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
CVET	136,173	108,692	98,900	91%
ECDCI	38,000	39,661	35,985	91%
ENP	347,677	334,782	329,639	98%
EUDISS	636,400	654,576	617,187	94%
EXPDF	120,000	65,204	63,957	98%
FINVET	90,000	125,009	123,498	99%
IPA	536,700	519,781	508,860	98%
KNOW	50,000	68,680	66,272	96%
LLL	200,000	187,965	182,465	97%
LM	120,000	127,000	126,879	100%
MIG	200,000	142,002	140,684	99%
NQF	349,000	374,218	369,595	99%
OBS	150,000	169,318	163,550	97%
RPETE	155,000	129,925	128,281	99%
SDPR	100,000	65,641	59,439	91%
TRANS	120,000	120,000	118,906	99%
TT	60,050	59,858	50,734	85%
	-	210,600		
Total OPS	3,409,000	3,502,912	3,184,830	91%

Project	Description project
CVET	Impact measurement in CVT in Meda region and Russia
ECDCI	Input to Tacis project cycle, Expertise provision to the EU Commission , policy advice in support to VET reform processes
ENP	European Neighbourhood policy
EUDISS	Education and Training for Employment
EXPDF	Dissemination of EU policies on vocational education, training and employment
FINVET	Expertise Development Framework
IPA	Financing of VET systems project
KNOW	PreAccession instrument
LLL	In-depth analysis: Dissemination of study on skills development for the knowledge economy
LM	Improving teaching of key competencies, including entrepreneurship learning in a lifelong learning context, for young people and adults
MIG	Labour market studies: Cross-country analysis
NQF	Implications of migration on VET
OBS	National Qualification Frameworks (cont.)
RPETE	Observatory function development: Capacity building at national level
SDPR	Implementation of MEDA regional project "Education and Training for Employment
TRANS	Skills development for poverty reduction (cont.)
TT	Serbia skills project

In total the operational expenses (Items 3100, 3110, and 3120) are divided among projects as shown in the graph below:



Item 3130 “Insurance costs related to Work Programme activities”

2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
24,200	7,700	2,478	32.18%

This appropriation covers expenses such as insurance costs related to missions for participants, conferences, workshops and other ETF events.

The expenditure was significantly lower than expected for the following reasons:

ETF received a 15,000 Euro reimbursement of insurance fees resulting from a correction to insurance fees paid in 2005 and 2006. Furthermore the ETF managed to replace its mission insurance policy with an economically more advantageous policy.

Item 3140 “Impact evaluation”

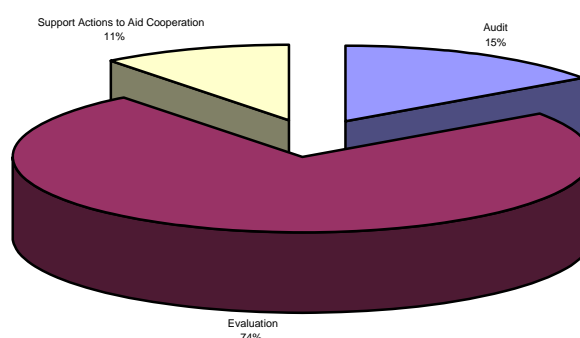
2006 budget	2006 budget (After transfers)	2006 Expenditure	Percentage (Expenditure / budget after transfers)
377,000	382,000	324,609	84.98%

This appropriation refers to the quality control of ETF activities through evaluation and audit, grouping corporate initiatives in the areas of evaluation, audit and activities to foster exchange of information among donors.

The funds were partly transferred to donor activities - to fund the preparation of guidelines for sector based approaches – and to evaluation. However, the order for an evaluation activity in December 2006 failed due to changes in the evaluation team right at the end of the procurement process. The activity was transferred to 2007.

In October 2006, the MT agreed to suspend further external audit activities for the year.

Composition of expenses in Article 314



TITLE 4 “ITALIAN TRUST FUND”

2006 -	2006 Credits	2006	2006 overall	2006 paid	2006	2006
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Credits available from previous years	Recuperated credits	committed	automatic carry forward from 2006 -> 2007	available for commitment for 2007		
a	b	c	d	e	f = d - e	g = a + b + c - d
665,408	314,288	6,079	543,624	500,164	43,461	442,150

This Title covered one project during 2006 in which the ETF received financing.

Euro 300,000 was received and the re-use of Euro 14,288 gained interest was approved. An additional amount of Euro 6,079 reimbursed by a contractor was introduced as initial credits. For technical reasons, this amount could not be introduced properly against the commitment in the financial system.

It was agreed that initiatives for the development of human resources should be financed. Priority was given to:

- New funds:
 - Labour market studies: Cross country analysis in Western Balkans
- Previous funds:
 - Meda Observatory function development in Morocco, Syria and Jordan;
 - Human resource development in South Eastern Europe through the development of local innovative policies;
 - Distance education by means of E-learning;
 - Impact assessment of management training for company development in the Russian Federation

TITLE 5 “MEDA-ETE CONVENTION”

2006 - Credits available from previous years	Credits still to be received.	2006 committed	2006 paid	2006 automatic carry forward from 2006 -> 2007	2006 available for commitment for 2007
a	b	c	d	e = c - d	f = a + b - c
4,364,567	500,000	3,113,929	1,233,853	1,880,076	1,750,639

This Title covers the activities carried out within the framework of the ETE-MED convention signed between DG Aidco and the ETF (implementing body) in 2004.

The project overall progress concerns the implementation of activities according to the project's annual operation plan (OPA) and in line with the project objectives: Enhancing regional dialogue and contribution to policy making through regional approach.

In terms of operational achievements, 2006 was characterised by:

- The consolidation of the established Euro-MED networks (Euro-MED Observatory and the Teacher and Trainer Training);
- The set-up of two new networks. The first, on Career guidance involving representatives from ministries of Education/Training and Employment and the second on National Qualification Frameworks and Recognition of Qualifications involving representatives from ministries of education/training and employment as well as members from social partners;
- The set-up of the virtual platforms for the different networks;
- The start-up of important activities both in component 3 (Stocktaking) and component 4 (requirement analysis).

While an advance of 50% of the available credits for the convention amounting to Euro 2,500,000 was received in 2005, an additional 2,000,000 Euro was received in 2006. The credits are available for the entire duration of the project, which is foreseen until the end of 2010.

TITLE 6 “Tempus technical assistance”

2006 - Credits available from previous years	2006 credits	2006 committed	2006 paid	2006 automatic carry forward from 2006 -> 2007	2006 unused funds to be returned to DG EAC
a	b	c	d	e = c - d	f = a + b - c
1.686.218		1,615,724	822,153	793,571	47,875

This Title covers the activities carried out by the ETF Tempus department for the provision of technical assistance to the EC in the implementation of the Tempus programme, as stipulated in the Convention signed between the Director for the ETF and the Director General of DG Education and Culture for the EC.

Activities covered by this title are divided into the following categories:

- Selection
- Monitoring
- Publications and Information
- Tempus implementation and administrative expenditure

The Tempus TA 2004/05 convention was signed in December 2004. In June 2005, a first extension of this convention was signed.

A second extension of the Tempus TA 2004/05 convention was signed in December 2005. Due to the late acceptance of this extension, the associated budget was not registered as 2005 budget and has been included in the revised budget for 2006.

The total amount received in 2006 amounts to Euro 624,156.06 (the remaining 60% of second extension).

Finally, in order to use up the remaining funds, and to ease the planning of the JEP 2006 selection activities, the Convention was prolonged for another two months until end 2006.

OVERVIEW FOLLOW-UP OF EARMARKED FUNDS 2006 Title 4,5 and 6

	BALANCE: carry forward and available for commitment at 31/12/05	Accumulated amount commitments 2006	Payments 2006	Automatic carry forward 2006	Available for commitment	Recuperated credits 2006	Outstanding carry forward and available for commitment 31/12/06	New credits 2006	Commitments 2006	Payments 2006	Automatic carry forward 2006	Available for commitment	BALANCE: carry forward and available for commitment at 31/12/06
	a	b	c	d	e=a-c-d	f	g=d+e	h	i	j	k=i-j	l=h-i	m=k+l
TITLE 4 - Italian Ministry for Foreign Affairs 2006								314,288.33	0.00	0.00	0.00	314,288.33	314,288.33
TOTAL TITLE 4								314,288.33	0.00	0.00	0.00	314,288.33	314,288.33
Total projects 2006								314,288.33	0.00	0.00	0.00	314,288.33	314,288.33
TITLE 5 - ETE MED	4,864,567.40	3,113,928.88	1,233,853.15	1,880,075.73	1,750,638.52		3,630,714.25						3,630,714.25
TOTAL TITLE 5	4,864,567.40	3,113,928.88	1,233,853.15	1,880,075.73	1,750,638.52	0.00	3,630,714.25						3,630,714.25
TITLE 6 - Tempus TA 2004/05													
TITLE 6 - Extension 6/2005	1,686,217.97	1,615,723.63	822,152.66	793,570.97	0.00	0.00	793,570.97						793,570.97
TITLE 6 - Extension 12/2005													
TOTAL TITLE 6	1,686,217.97	1,615,723.63	822,152.66	793,570.97	0.00	0.00	793,570.97						793,570.97
TITLE 4 - Italian Ministry for Foreign Affairs 2005	356,225.68	308,716.41	302,426.41	6,290.00	47,509.27	0.00	53,799.27						53,799.27
TOTAL TITLE 4	356,225.68	308,716.41	302,426.41	6,290.00	47,509.27	0.00	53,799.27						53,799.27
Total projects 2005	6,907,011.05	5,038,368.92	2,358,432.22	2,679,936.70	1,798,147.79	0.00	4,478,084.49						4,478,084.49
TITLE 4 - Italian Ministry for Foreign Affairs 2004	254,769.58	197,085.64	172,258.40	24,827.24	57,683.94	6,077.79	88,588.97						88,588.97
Total projects 2004	254,769.58	197,085.64	172,258.40	24,827.24	57,683.94	6,077.79	88,588.97						88,588.97
TITLE 4 - Italian Ministry for Foreign Affairs 2003	54,412.93	37,822.01	25,478.69	12,343.32	16,590.92	0.00	28,934.24						28,934.24
Total projects 2003	54,412.93	37,822.01	25,478.69	12,343.32	16,590.92	0.00	28,934.24						28,934.24
TOTAL	7,216,193.56	5,273,276.57	2,556,169.31	2,717,107.26	1,872,422.65	6,077.79	4,595,607.70	314,288.33	0.00	0.00	0.00	314,288.33	4,909,896.03

An additional amount of Euro 6.077,76 was introduced as initial credits, being a reimbursement of a contractor. Due to technical reasons, this amount could not be introduced properly against the commitment in the financial system.

APPROPRIATIONS CARRIED FORWARD AUTOMATICALLY FROM 2005 TO 2006 (TITLES 1, 2 AND 3)

These are appropriations covering the commitments legally contracted at 31 December 2005 but not yet paid at that date.

Taking all items together, these appropriations were utilised as follows:

Appropriations carried forward	Payments	Percentage (Payments / appropriations carried forward)
2,729,149	2,170,313	79.52%

The payment rate on carried forward appropriations is less than the average of past years (ranging from 87% to 92% for the period 1996-2004), but higher than in 2005 (74.78%).

Carried forward amounts which are not paid are distributed as follows:

- Euro 61,877 (paid 86.87%) in Title 1
- Euro 39,124 (paid 88.01%) in Title 2
- Euro 435,035 (paid 77.21%) in Title 3

In general there are a variety of reasons for under spending:

- Actual expenditure was less than estimated for a number of Work Programme activities. In particular calculations for reimbursable costs like air travel tickets and hotel are based on averages that are subject to high variance;
- Invoices for payment at year end, which do not reach the ETF in time;
- Refusal to pay the full amount requested due to underperformance of the contractor;
- Projects launched late during the year, and for which (often at the EC's request) the execution had to be altered to fit with changing realities;
- Limited feedback during the year on effective level of expenditure incurred by contractor.

APPROPRIATIONS CARRIED FORWARD ON EARMARKED FUNDS FROM 2005 TO 2006 (TITLE 4 – REVENUE FROM OTHER SOURCES)

Appropriations carried forward	Payments	Percentage (Payments / appropriations carried forward)
665,408	500,164	75.17% ²

These funds are associated with the Italian Trust Fund and are not subject to annuality. As a result the remaining commitments are automatically carried forward from 2006 to 2007.

The commitments in the appropriations carried forward were related to funds received in 2003, 2004 and 2005 from the Italian Ministry for Foreign Affairs:

- Meda Observatory function development in Morocco, Syria and Jordan;
- Human resources development in South Eastern Europe through the development of distance education by means of E-learning;
- Professional and management training.

² See table page 38

APPROPRIATIONS CARRIED FORWARD ON EARMARKED FUNDS FROM 2005 TO 2006 (TITLE 5 – MEDA ETE)

Appropriations carried forward	Payments	Percentage (Payments / appropriations carried forward)
4,864,567	1,233,853	25.36%

These funds are associated with the MEDA ETE convention and are not subject to annuality. As a result the remaining commitments are automatically carried forward from 2006 to 2007.

The commitments in the appropriations carried forward were related to funds received in 2005 for the MEDA ETE activity, covering activities until the end of 2010.

APPROPRIATIONS CARRIED FORWARD ON EARMARKED FUNDS FROM 2005 TO 2006 (TITLE 6 – TEMPUS – TECHNICAL ASSISTANCE)

Appropriations carried forward	Payments	Percentage (Payments / appropriations carried forward)
1,686,218	822,153	48.76%

These funds are associated with Tempus Technical Assistance and are not subject to annuality. As a result the remaining commitments are automatically carried forward from 2006 to 2007.

The commitments in the appropriations carried forward were related to funds received in 2004 and 2005 for the TEMPUS 2004-05 convention activities, which had two extensions, covering activities until end of 2006.

5. UTILISATION OF APPROPRIATIONS

5 i. Appropriations of the current year

Chapter	Description	Initial Budget 2006	Supplementary Budget plus Transfers 2006	Final Budget available 2006	Commitments 2006	%	Payments 2006	Automatic carry forward to 2007	Carry forwards from 2005 to 2007	Available credits to be carried forward to 2007	Total carry forward to 2007
11	Staff in active employment	11,511,800.00	-444,164.05	11,067,635.95	10,832,205.05	97.87%	10,675,872.54	156,332.51		-	156,332.51
13	Mission and travel expenses	800,000.00	-12,649.00	787,351.00	787,351.00	100.00%	466,726.63	320,624.37		-	320,624.37
14	Socio-medical infrastructure	140,000.00	5,000.00	145,000.00	139,140.53	95.96%	60,853.68	78,286.85		-	78,286.85
15	National experts seconded	290,000.00	-63,485.08	226,514.92	222,164.05	98.08%	222,164.05	-		-	-
17	Entertainment and representation expenses	15,000.00	-3,000.00	12,000.00	9,020.00	75.17%	1,801.02	7,218.98		-	7,218.98
Sub-Total		12,756,800.00	-518,298.13	12,238,501.87	11,989,880.63		11,427,417.92	562,462.71		-	562,462.71
20	Investments in immovable property, rental of buildings and associated costs	660,300.00	-4,500.00	655,800.00	654,689.71	99.83%	552,075.89	102,613.82		-	102,613.82
21	Data processing	500,000.00	-5,000.00	495,000.00	452,571.87	91.43%	306,264.33	146,307.54		-	146,307.54
22	Movable property and accessory costs	76,100.00	-5,975.11	70,124.89	53,138.62	75.78%	47,305.98	5,832.64		-	5,832.64
23	Current administrative expenditure	95,800.00	69,175.11	164,975.11	152,818.88	92.63%	70,624.63	82,194.25		-	82,194.25
24	Post and telecommunication	165,800.00	10,000.00	175,800.00	174,207.90	99.09%	112,338.63	61,869.27		-	61,869.27
25	Meetings and associated costs	190,000.00	-33,200.00	156,800.00	107,565.22	68.60%	69,252.57	38,312.65		-	38,312.65
Sub-Total		1,688,000.00	30,500.00	1,718,500.00	1,594,992.20		1,157,862.03	437,130.17		-	437,130.17
30	Operational expenses	1,195,000.00	407,286.62	1,602,286.62	1,457,968.02	90.99%	1,163,455.23	294,512.79	5,113.78	-	299,626.57
31	Priority actions: Work programme activities	3,810,200.00	82,411.51	3,892,611.51	3,511,917.04	90.22%	1,888,879.95	1,623,037.09	4,650.70	-	1,627,687.79
Sub-Total		5,005,200.00	489,698.13	5,494,898.13	4,969,885.06		3,052,335.18	1,917,549.88	9,764.48		1,927,314.36
	Total CE subvention:	19,450,000.00	1,900.00	19,451,900.00	18,554,757.89		15,637,615.13	2,917,142.76	9,764.48	0.00	2,926,907.24
43	Co-operation with national institutions	-	314,288.33	314,288.33	-		-	-		314,288.33	314,288.33
	Total other donors:	0.00	314,288.33	314,288.33	0.00		0.00	0.00	0.00	314,288.33	314,288.33
Total	Total budget available:	19,450,000.00	316,188.33	19,766,188.33	18,554,757.89		15,637,615.13	2,917,142.76	9,764.48	314,288.33	3,241,195.57

5 ii. Appropriations carried forward from 2005 to 2006

Chapter	Description	Commitments carried forward from 2005	Funds carried forward available for commitment from 2005	Funds available for payment 2005	Payments 2006	Amount cancelled 2006	Funds carried forward to 2007
11	Staff in active employment	309,791.51	-	309,791.51	274,821.52	34,969.99	-
13	Mission and travel expenses	107,344.65	-	107,344.65	91,728.75	15,615.90	-
14	Socio-medical infrastructure	56,201.37	-	56,201.37	40,529.85	15,671.52	-
15	National experts seconded	-	-	-	-	-	-
17	Entertainment and representation expenses	4,256.47	-	4,256.47	2,287.38	1,969.09	-
Sub-Total		477,594.00	-	477,594.00	409,367.50	68,226.50	-
20	Investments in immovable property, rental of buildings and associated costs	63,429.17	-	63,429.17	63,309.97	119.20	-
21	Data processing	136,848.92	-	136,848.92	122,452.83	14,396.09	-
22	Movable property and accessory costs	6,233.25	-	6,233.25	6,209.62	23.63	-
23	Current administrative expenditure	11,536.13	-	11,536.13	8,203.01	3,333.12	-
24	Post and telecommunication	56,769.98	-	56,769.98	44,432.33	12,337.65	-
25	Meetings and associated costs	51,403.14	-	51,403.14	42,488.63	8,914.51	-
Sub-Total		326,220.59	-	326,220.59	287,096.39	39,124.20	-
30	Operational expenses	455,469.72	-	455,469.72	347,313.06	103,042.88	5,113.78
31	Priority actions: Work programme activities	1,469,864.55	-	1,469,864.55	1,126,565.86	338,647.99	4,650.70
Sub-Total		1,925,334.27	-	1,925,334.27	1,473,878.92	441,690.87	9,764.48
	Total carry forward CE subvention cancelled:	2,729,148.86	0.00	2,729,148.86	2,170,342.81	549,041.57	9,764.48
43	Co-operation with national institutions - Funds 2003	38,479.11	15,933.82	54,412.93	25,478.69	-	28,934.24
43	Co-operation with national institutions - Funds 2004	214,892.08	39,877.50	254,769.58	172,258.40	-	82,511.18
43	Co-operation with national institutions - Funds 2005	234,070.03	122,155.65	356,225.68	302,426.41	-	53,799.27
	Total carry forward other donors available for payment:	487,441.22	177,966.97	665,408.19	500,163.50	0.00	165,244.69
51	Human resources - funds available previous years	73,210.08	679,478.40	752,688.48	227,939.86	-	524,748.62
52	Travel and per diems - funds available previous years	169,138.02	886,523.10	1,055,661.12	251,960.63	-	803,700.49
53	Other costs (visibility and conferences/seminars)	136,984.54	560,580.26	697,564.80	209,966.66	-	487,598.14
54	Procurement activity for component 3	1,240,618.00	9,382.00	1,250,000.00	315,746.00	-	934,254.00
55	Procurement activity for component 4	848,390.00	151,610.00	1,000,000.00	228,240.00	-	771,760.00
56	Financial auditing	-	20,850.00	20,850.00	-	-	20,850.00
57	Contingencies	-	87,803.00	87,803.00	-	-	87,803.00
	Total CE - MEDA-ETE convention:	2,468,340.64	2,396,226.76	4,864,567.40	1,233,853.15	0.00	3,630,714.25
61	Selection	441,305.35	336,789.11	778,094.46	463,085.92	19,338.90	295,669.64
62	Contract Management	76,930.30	181,886.00	258,816.30	147,859.17	22,661.20	88,295.93
63	Publication & Information	36,170.00	132,460.00	168,630.00	60,003.18	-	108,626.82
64	Administrative expenses	95,570.69	314,851.80	410,422.49	151,204.39	5,875.12	253,342.98
65	Reserve	-	70,254.72	70,254.72	-	-	70,254.72
69	TEMPUS - financing earlier years	-	-	-	-	-	-
	TEMPUS - financing 2006*	-	-	-	-	-	-
Sub-Total	Total CE - Tempus TA 2004/05 convention:	649,976.34	1,036,241.63	1,686,217.97	822,152.66	47,875.22	816,190.09
Total	Total execution carry forward:	6,334,907.06	3,610,435.36	9,945,342.42	4,726,512.12	596,916.79	4,621,913.51

VII. ETF STAFF ESTABLISHMENT PLAN 2006

Grade		2006 establishment plan		Situation posts used on 31 December 2006	
From 01/05/2006	Until 30/04/2006	Permanent	Temp.	Permanent	Temp.
AD 16	A*16				
AD 15	A*15		1		
AD 14	A*14		2		1
AD 13	A*13		1		
AD 12	A*12		7		7
AD 11	A*11		15		15
AD 10	A*10		11		2
AD 9	A*9		4		7
AD 8	A*8		11		10
AD 7	A*7		2		4
AD 6	A*6				2
AD 5	A*5				1
Sub total AD	Sub total A	—	54	—	49
AST 11	B*11				
AST 10	B*10		1		
AST 9	B*9		2		3
AST 8	B*8		6		4
AST 7	B*7 + C*7		10 + 1		7
AST 6	B*6 + C*6		10 + 2		11
AST 5	B*5 + C*5		8 + 2		5
AST 4	B*4 + C*4		0 + 4		3
AST 3	B*3 + C*3		0 + 3		6
AST 2	C*2		2		2
AST 1	C*1				4
Sub total AST	Sub total B* and C*	—	51 (37+14)	—	45
Total		—	105	—	94

ANNEX I: LIST OF GOVERNING BOARD MEMBERS DURING 2006

European Commission Chairman	Ms Odile QUINTIN Director General DG Education and Culture
European Commission Member	Mr Dirk MEGANCK Director DG Enlargement
European Commission Member	Mr David LIPMAN Resource Director DG External Relations
Austria Member	Mr Karl WIECZOREK Federal Ministry for Economic Affairs and Labour
Austria Alternate	Mr Reinhard NÖBAUER Federal Ministry for Education, Science and Culture
Belgium Member	Ms Micheline SCHEYS Head of Policy Planning Unit Department of Education Ministry of the Flemish Community
Cyprus Member	Mr Charalambos CONSTANTINOU Chief Educational Officer Directorate of Secondary Technical and Vocational Education Ministry of Education and Culture
Cyprus Alternate	Mr Elias MARGADJIS Inspector Directorate of Secondary Technical and Vocational Education Ministry of Education and Culture
Czech Republic Member	Ms Helena ÚLOVCOVÁ Deputy Director National Institute of Technical and Vocational Education (NÚOV)
Czech Republic Alternate	Mr Igor KRUPKA Ministry of Education, Youth and Sport
Czech Republic Alternate (Nov. meeting)	Ms Jana KASALOVA Education, Youth, Culture, Audiovisual and Sport Permanent Representation of the Czech Republic in the EU
Denmark Member	Mr Roland Svarrer ØSTERLUND Director National Education Authority Ministry of Education
Denmark Alternate	Ms Merete PEDERSEN Chief Advisor National Education Authority Ministry of Education
Estonia Member	Ms Külli ALL Advisor Department of Vocational and Adult Education Ministry of Education and Research

Finland Member	Mr Timo LANKINEN Government Counsellor Director for Vocational Education and Training Ministry of Education
Finland Alternate	Mr Ossi V. LINDQVIST Chair of the Finnish Higher Education Evaluation Council University of Kuopio
France Member	Ms Agnès LECLERC Délégué DAEI Ministère chargé des affaires sociales Ministère de la Santé et des solidarités
France Alternate	Mr Jacques MAZERAN CIEP – International Centre of Educational Studies Ministère de l'Éducation Nationale, de l'Enseignement Supérieur et de la Recherche
Germany Member	Mr Stefan SCHNEIDER Leiter des Referats 112 Übergreifende Fragen EU Bildungpolitische Zusammenarbeit Bundesministerium für Bildung und Forschung
Germany Alternate	Mr Klaus ILLERHAUS Secretariat Standing Conference of the Ministers of Education and Cultural Affairs of the Länder in the Federal Republic of Germany
Germany Alternate <i>(Nov. meeting)</i>	Ms Esther SENG Regierungsrätin Bundesministerium für Bildung und Forschung
Greece Member	Mr Kostantinos MARGARITIS Vice President Organisation for Vocational Education and Training
Greece Alternate <i>(Nov. meeting)</i>	Ms Vasiliki KANELLOPOULOU Organisation for Vocational Education and Training Department of European and International Relations
Greece Alternate <i>(June Meeting)</i>	Mr Loukas ZAHILAS European & International Relations Organisation for Vocational Education and Training
Hungary Member	Mr György SZENT-LÉLEKY Ministry of Social Affairs and Labour Adult Training and VET Department Senior Counsellor
Hungary Member <i>(June Meeting)</i>	Mr János JAKAB Deputy State Secretary for VET Ministry of Education
Ireland Member	Mr Pdraig CULLINANE Principal Officer Labour Market Policy Section Department of Enterprise, Trade and Employment
Ireland Alternate	Mr Niall MONKS Labour Market Policy Unit Department of Enterprise, Trade and Employment

Italy Member	Mr Andrea PERUGINI Minister Plenipotentiary Directorate General for European Integration Ministero degli Affari Esteri
Italy Alternate	Mr Luigi GUIDOBONO CAVALCHINI President UniCredit Private Banking
Latvia Member	Ms Lauma SIKA Deputy State Secretary Structural Funds and European Affairs Ministry of Education and Science
Latvia Alternate	Ms Dita TRAIIDAS Director Agency for Vocational Education Development programmes
Lithuania Member	Mr Romualdas PUSVASKIS Director Specialist Training Department Ministry of Education and Science
Lithuania Alternate	Ms Giedre BELECKIENE Head of National Observatory (VET) Methodical Centre for Vocational Education and Training
Luxembourg Member	Mr Gilbert ENGEL Professeur-attaché Ministry of Education and Vocational Training
Luxembourg Alternate	Ms Edith STEIN Chamber of Commerce of the Grand Duchy of Luxembourg
Malta Member	Ms Cecilia BORG Director General Education Education Division Ministry of Education
Malta Alternate	Mr Anthony DEGIOVANNI Director Further Studies and Adult Education Education Division Ministry of Education
Netherlands Member (Nov. meeting)	Mr Peter VAN IJSSELMUIDEN Co-ordinator Cluster International Affairs, Adult Education and VET-Projects Dept for innovation and information Ministry of Education, Culture ad Science
Netherlands Member (June Meeting)	Dr Marcel J.W.T. NOLLEN Head of the Department for Vocational and Adult Education Ministry of Education, Culture and Science
Poland Member (June Meeting)	Mr Jerzy WISNIEWSKI Director Department for Strategy and Structural Funds Ministry of National Education and Sport
Poland Member	Ms Danuta CZARNECKA Deputy Director Department for International Cooperation Ministry of Science and Higher Education
Poland Alternate (Nov. meeting)	Ms Ewa RUDOMINO Chief Specialist European Programs Division Department for Vocational and Continuous Education Ministry of Science and Higher Education

Portugal Member	Ms Candida MEDEIROS SOARES Director General Department of Studies Prospective and Planning - DEEP Ministry of Social Security and Labour
Portugal Alternate	Ms Maria Teresa PEREIRA PAIXÃO President of the Management Committee Institute for Quality in Training
Slovak Republic Member	Mr Juraj VANTUCH Faculty of Education Comenius University
Slovenia Member	Mr Elido BANDELJ State secretary Secondary and Adult Education Ministry of Education, Science and Sport
Slovenia Alternate	Ms Jelka ARH Under-secretary EU affairs and Structural Funds Ministry of Education, Science and Sports
Spain Member <i>(Nov. meeting)</i>	Ms. Rosario ESTEBAN BLASCO Consejera Tecnica de la Secretaria General de la Formacion Profesional Ministerio de Educacion y Ciencia
Spain Member <i>(June Meeting)</i>	Ms María José MUNIOZGUREN LAZCANO Technical Advisor Subdirección General de Formación Profesional Ministry of Education and Science
Spain Alternate <i>(June Meeting)</i>	Ms Rita OSORIO GUIJARRO Jefa del Servicio de Documentación y Proyectos Internacionales Subdirección General de Gestión de la Formación Ocupacional Ministerio de Trabajo y Asuntos Sociales
Sweden Member	Mr Erik HENRIKS Special Adviser Ministry of Education and Science
Sweden Alternate	Ms Hans-Åke ÖSTRÖM Deputy Director Ministry of Education, Research and Culture Secretariat for International Affairs
United Kingdom Member <i>(Nov. meeting)</i>	Ms Rosalind LESTER Policy A 1 European Union Division Department for Education and Skills
United Kingdom Member <i>(June Meeting)</i>	Mr Soumitra MUKERJI European Union Division Department for Education and Skills