



PROVISIONAL DRAFT ESTIMATE OF REVENUE AND EXPENDITURE AND UNDERLYING GENERAL GUIDELINES 2011

Background

The European Training Foundation (ETF) is a specialised agency of the European Union that helps transition and developing countries to harness the potential of their human capital through the reform of education, training and labour markets in the context of the EU's external relations policy. It supports a range of stakeholders with shared interests in the contribution that EU external assistance can make to human capital development. It also supports the external dimension of internal EU policies.

This provisional draft estimate of revenue and expenditure sets out the financial framework for the ETF's activities in 2011. It has been drawn up with reference to the human and financial resources foreseen for 2011 in the Legislative Financial Statement that accompanied the 2008 recast of the ETF's founding regulation¹. It is tailored to achievement of the objectives set out in the ETF's Medium-Term Perspective 2010-13 presented to the Governing Board at its November 2009 meeting, namely:

1. to improve labour market analysis and forecasting about the partner countries and support them in reviewing vocational education and training systems in this light (New skills for new jobs);
2. to support the EU external policy instrument programming cycle;
3. to disseminate relevant information and encourage exchange of experience and good practice between the EU and the partner countries and among the partner countries in human capital development;
4. to contribute to the analysis of the overall effectiveness of external assistance to the partner countries in the field of human capital development;
5. to support relevant stakeholders, particularly the social partners, in the partner countries to increase their involvement in vocational training reforms and develop their capacity for becoming key actors in those reforms;
6. to build partner country capacity to analyse and interpret trends and challenges and design, implement, evaluate and review evidence based policies in human capital development;

Once approved by the Governing Board, this provisional draft estimate of revenue and expenditure will be sent to the European Commission with no additional written procedure by 10 February 2010. It will be used by the Commission services as a starting point for the 2011 budgetary procedure.

A written procedure to be presented to the Board by the end of February 2010 will include the initial draft Work Programme for 2011 along with four other documents in accordance with article 27.4 of the ETF's current Financial Regulation. These documents must be sent to the Commission by 31 March 2010.

¹ Regulation (EC) No 1339/2008

Underlying guidelines for the provisional draft estimate of revenue and expenditure 2011

In 2011, the ETF will continue to translate its objectives for 2010-13 into content related activities by grouping them into three core themes where support has been identified as a priority for further sustainable development of partner country vocational education and training systems:

- A. Vocational education and training system development and provision in a lifelong learning perspective
- B. Labour market needs and employability
- C. Enterprises and human capital development: education and business partnerships

The delivery of outputs relating to these core themes will follow four main functions²:

1. Input to Commission sector programming and project cycle;
2. Support to partner country capacity building;
3. Policy analysis;
4. Dissemination and networking.

The ETF will also further adapt its organisational processes and ways of working to the environment created by the new external assistance instruments. This will include aligning the ETF's management and internal control systems and its core business of working with transition and developing countries to apply human resource development strategies to socio-economic development. Notably, the ETF will:

- fine-tune its allocation of resources, and especially human resources, to further improve efficiency in all operations;
- reinforce its capacity as a learning organisation through knowledge management and development;
- continue to strengthen its management information systems, financial and risk management and accounting tools in line with its changing mission as well as the changing regulatory and technological environment of European public administration;
- reinforce its monitoring and evaluation process to draw lessons from its activities as well as to measure its effectiveness, added value and impact in achieving its mid-term objectives and functions.

Implications for the 2011 estimate of provisional draft estimate of revenue and expenditure

The 2011 provisional draft estimate of revenue and expenditure is based on the experience of the budgetary execution in 2009, and builds on the assumptions of the budget presented for 2010 in line with the mid-term perspective 2010-13.

In line with the Financial Perspective 2007-13, the overall commitment and payment appropriations expected from the EU subvention in 2011 amounts to €19.528 million. This provisional draft estimate is based on the following:

- The indicative amount of €19.528 million represents a minor increase of 0.35% compared to 2010 and is expected to allow the ETF to accomplish its third full year of activity with the broader human capital development mandate and more challenging functions as foreseen in the recast regulation.
- The ETF will focus its operational resources above all on achieving its expected mission and fulfilling its requirements in the countries eligible for the Pre-accession and Neighbourhood Instruments. In particular, the ETF plans to increase its investment in the provision of policy support and capacity building actions to

² Defined by clustering the eight main functions in the ETF's mandate, regulation (EC) No 1339/2008 article 2a-h.

partner countries and the delivery of programming and project cycle support in response to the increased scope of the new generation of EU external relations policies and instruments and related requests by Commission services for support, as agreed in the ETF mid-term perspective 2010-13.

- In terms of human resources, for 2011 the ETF intends to maintain the overall 2010 staffing levels defined as adequate to support the implementation of its new mandate while striving to reduce the time posts remain vacant and therefore increase occupancy in terms of full-time equivalents. The ETF will therefore aim to deploy 134 temporary, contract and local agents and seconded national experts with an estimated full-time equivalence of 132³. These are expected to be distributed as follows:

Contract type	Jobs (target occupancy)	Planned FTE
Temporary Agents	96	92
Contract Agents	31	33 ⁴
Seconded National Experts	4	4
Local Agents	3	3
Total	134	132

- As regards the direct support for operational activities under Title 3, Chapter 31, the ETF would follow the trend outlined in the mid-term perspective 2010-13. This means an investment of some 32.5% for the IPA (candidate and potential candidate countries) and Neighbourhood regions, and 15% for activities in the Central Asian republics covered by the Development Cooperation Instrument. 20% of Chapter 31 will be invested in innovation and learning projects and activities.
- The ETF would also continue to invest in evaluation, monitoring and audit to the level of 10% of Chapter 31.
- By reallocating operational missions to Title 3, the ETF will more appropriately reflect the division between administrative and operational expenditure
- The broadening of the ETF's mandate set out in the recast regulation will also require investment in capacity development, both in terms of knowledge management and human resource systems. This will be addressed through a combination of the consolidation of the human resources strategy reinforced in 2010, the implementation of lessons learned from the innovation and learning project cycle, and the use of evaluations and feedback from Commission services and ETF stakeholder networks.
- The ETF will continue to develop a comprehensive and structured risk management process to support management decision making, including proportional and cost effective choices, and provide relevant information for establishing appropriate and proportionate risk control measures.
- The proposed distribution of expenditure across the three main budget titles (staff, infrastructure and direct project costs) can be found in annex. In addition, earmarked expenditure will be added to the budget at a later stage to integrate other funds managed by the ETF (such as the Italian Trust Fund, and other projects that the ETF implements in the name of the Commission or Member States).

³ The difference between FTE and the number of staff members under contract is explained by part-time working, parental leave, unpaid leave and vacancies resulting from unplanned staff departures.

⁴ The increase in the FTE compared to the number of planned jobs is due to the additional hiring of short term Contract Agents to compensate for maternity or parental leave..

Revenue	2009	2010			2011	
		Amended Budget	Estimated revenues of the agency	Of which		% Request 2011 / Budget 2010
				Community contribution (Budget 2009)	Community Contribution (Assigned revenue)	
1 Revenue from fees and charges						0%
2. European Community subsidy	19,872,000	19,460,000	18,282,000	1,178,000	19,528,000	0.35%
3 Contribution from third countries - Italian trust fund	225,856					0%
4 Other contributions	85,791					0%
5 Administrative operations - MEDA-ETE						0%
6 Revenue from services rendered against payment						0%
7 Correction of budgetary imbalances						
Total revenue	20,183,647	19,460,000	18,282,000	1,178,000	19,528,000	0.35%

Expenditure - Commitment Appropriation		Amending budget 2009	Draft 2010 Budget	Orientations for 2011 subvention
TITLE 1	EXPENDITURE RELATING TO PERSONS WORKING WITH THE ETF			
Chap. 1 1	Staff in active employment	11,756,057	12,342,630	12,440,000
Chap. 1 3	Missions and travel	997,000	1,035,000	120,000
Chap. 1 4	Socio-medical infrastructure	222,000	232,370	213,000
Chap. 1 5	Staff exchanges between the ETF and the public sector	125,000	300,000	240,000
Chap. 1 7	Entertainment and representation expenses	12,000	12,000	10,000
Chap. 1 9	Pensions and pension subsidies	pm	pm	pm
TITLE 1		13,112,057	13,922,000	13,023,000
TITLE 2	BUILDING, EQUIPMENT AND MISCELLANEOUS OPERATING EXPENDITURE			
Chap. 2 0	Investments in immovable property, rental of buildings and associated costs	649,864	666,309	660,000
Chap. 2 1	Information and communication technology	447,200	498,109	340,000
Chap. 2 2	Movable property and associated costs	33,180	23,732	25,000
Chap. 2 3	Current administrative expenditure	110,104	117,450	110,000
Chap. 2 4	Post and telecommunications	50,000	45,400	50,000
Chap. 2 5	Meetings and associated costs	185,000	130,000	120,000
TITLE 2		1,475,348	1,481,000	1,305,000
TITLE 3	EXPENSES RELATING TO PERFORMANCE OF SPECIFIC MISSIONS			
Chap. 3 0	Operational expenses	1,555,191	707,000	1,700,000
Chap. 3 1	Priority actions : Work programme activities	3,815,195	3,350,000	3,500,000
TITLE 3		5,370,386	4,057,000	5,200,000
	TOTAL EXPENDITURE ETF SUBVENTION	19,957,791	19,460,000	19,528,000
TITLE 4	REVENUE FROM OTHER SOURCES (Earmarked revenue)			
Chap. 4 3	Cooperation with Italian institutions	225,856	pm.	pm.
TITLE 4		225,856		
TITLE 5	MEDA - ETE (Earmarked revenue)			
Chap. 5 0	MEDA-ETE	pm	pm	pm
TITLE 5				
	TOTAL EXPENDITURE ETF	20,183,647	19,460,000	19,528,000

Staffing of the agency:

a) Permanent and temporary posts

Category	2009		2010		2011	
	Filled as of 1/11/2009		Request for 2010 Community budget.		Request of the agency	
	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts
AD 16						
AD 15						
AD 14		1		1		1
AD 13				3		4
AD 12		6		5		5
AD 11		11		13		12
AD 10		3		4		4
AD 9		11		18		19
AD 8		6		4		2
AD 7		9		10		12
AD 6		1		1		
AD 5						
Total AD category	0	51	0	59	0	59
AST 11						
AST 10				3		3
AST 9		5		6		8
AST 8		3		2		4
AST 7		7		7		5
AST 6		7		10		10
AST 5		3		4		4
AST 4		3		5		3
AST 3		3				
AST 2		5				
AST 1						
Total AST category	0	36	0	37	0	37
TOTAL	0	87	0	96	0	96

b) Contract and local agent posts

	2009 Number as of 1/11/2009	2010 estimate	2011 PDB
Function Group IV	3	3	3
Function Group III	18	16	16
Function Group II/ALN2	15	15	15
Function Group I			
Total	36	34	34