

PROVISIONAL DRAFT ESTIMATE OF REVENUE AND EXPENDITURE AND UNDERLYING GENERAL GUIDELINES 2014

Background

This provisional draft estimate of revenue and expenditure sets out the financial framework for ETF activities in 2014. It has been drawn up with reference to the human and financial resources proposed by the ETF and the Commission for the Multiannual Financial Framework 2014-20 (MFF) which is still under discussion at the level of the budget authority.

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 2013. It will then be used by the Commission services as a starting point for the 2014 budgetary procedure. The final draft estimate will be forwarded to the Commission by 31 March 2013 in accordance with Article 16.1 of the ETF's founding Regulation¹.

Underlying guidelines for the provisional draft estimate of revenue and expenditure 2014

In 2014, the ETF will start implementing the objectives foreseen in the Mid Term Perspective (MTP) for the 2014-17 period, which will be developed within the framework of the ETF 2014-20 Strategy.

The ETF has four strategic goals for the period 2014-20:

- To support partner country intelligence and capacities in all stages of the VET policy cycle bringing innovation and sustainable development;
- To support the external dimension of EU policies in human capital development;
- To strengthen co-operation and communication with key stakeholders playing an active role in human capital development;
- To be a reliable and efficient EU organisation, maximising results and increasing efficiency.

These goals will be achieved over the next seven years by implementing multi-annual strategic objectives. These objectives will be further detailed in four-year multi-annual work programmes as well as annual work programmes, which will detail the specific projects, the distribution of resources and the results expected in the form of corporate outputs and outcomes and the indicators to measure the level of achievement². The ETF defines different levels in the value chain of results: outputs (products or deliverables stemming from projects), outcomes (the effects of the outputs on their intended beneficiaries, assessed either by use or satisfaction level) and impact (the long-term effect, measured in terms of the contribution to human capital development).

¹ Regulation (EC) No 1339/2008 of the European Parliament and of the Council of 16 December 2008 establishing a European Training Foundation (recast) (OJ L354 of 31/12/2008, p. 82)

² The ETF will use indicators and targets used in EU policy processes or agreed with other International organisations and donors as much as possible.

Implications for the 2014 estimate of provisional draft estimate of revenue and expenditure

The provisional draft estimate of revenue and expenditure for 2014 builds on the experience of budgetary execution in 2012 and on the 2013 budget assumptions and follows the ETF's and Commission's proposals for 2014 in the context of the proposals for MTP for the period 2014-2020

According to Commission's proposal for the Financial Perspective 2014-2020³, the overall request for commitment appropriations under the EU subvention in 2014 could amount up to €21 million.

This provisional draft estimate is based on the following:

- The amount for 2014 is estimated assuming a stability in the ETF's budget in real terms compared to 2013, adjusted with an inflation rate of 2%
- The indicative amount of €20 547 000 represents an increase of 2% compared to 2013 and is the amount necessary to allow the ETF to accomplish its sixth full year of activity within the broader human capital development mandate and more challenging functions 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 in the Pre-accession and Neighbourhood regions (South and East), as well as in Central Asia. In particular, the ETF plans to increase its investment in supporting evidence-informed policy making in the partner countries and to support the external dimension of EU policies in human capital development, as agreed in the ETF mid-term perspective for the period 2014-17.
- In terms of human resources, in 2012 the budget authority has called in all regulatory agencies at cruising speed for a gradual reduction of 5% in staff in the next five years. The ETF intends to reduce its statutory staffing by 5% in the period to 2017 by not replacing non-core administrative and support staff leaving the agency during this period, regardless of contract status. Therefore for 2014 the ETF is targeting a maximum of 132 statutory staff (TA, CA, LA) funded through the subvention, compared to an estimated 133 statutory staff in 2013 (96 TAs, 35 CAs, 2 LA). The ETF will also deploy two seconded national experts.

Contract type	2012 Posts	2013 Posts (target occupancy)	2014 target occupancy
Temporary agents	96	96	96
Contract agents	36	35	34
Local agents	2	2	2
Total Statutory staff	134	133	132
<i>Seconded National Experts</i>	2	2	2
Total human resources	136	135	134

- Up to four ancillary staff (CA) could be financed from earmarked revenue corresponding to the new activities undertaken by the ETF (the GEMM and FRAME projects).
- As regards the direct support to operational activities under Title 3, Chapter 31, the ETF will follow the trend that will be outlined in the multi-annual work programme 2014-17. This means an

³ Multi-annual Financial Framework 2014-20 - Fiche no. 6 – September 2011

investment of some 30% for the Enlargement region (candidate countries and potential candidates), a slight increase in Neighbourhood regions (20% Neighbourhood-South and 18% for Neighbourhood-East, totalling 38% compared to 32.5% in the previous mid-term perspective), and 12% for activities in Central Asia. As in previous years, 16% of Chapter 31 will be invested in Thematic Expertise Development and 6% in evidence-based policy making.

- The ETF will also continue to develop and deploy its performance-based management framework through evaluation, monitoring, audit and process development to the level of 10% of Chapter 31 as established above. The framework will be functional both for accountability and continuous efficiency improvement purposes.
- As a centre of expertise, the ETF's most valuable asset is its staff so capacity development will be addressed through a consolidation of the human resources strategy, reinforced in 2011-13. The ETF will also develop partnership and communication strategies with different stakeholders and partners, as defined in the ETF Framework for action on stakeholder cooperation and its communication strategy for the 2014-20 period.
- 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, any 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 could implement in the name of the Commission or Member States).

ANNEX

Financial resources

ETF subvention	Appropriations		
	Budget 2012 CA (PA)	Draft Budget 2013 CA (PA)	Planned Budget 2014 CA (PA)
Title 1	13 244 903	13 585 500	13 700 000
Title 2	1 526 950	1 496 000	1 500 000
Title 3	5 372 676	5 063 000	5 347 000
TOTAL EXPENDITURE	20 144 530	20 144 500	20 547 000

Staffing

(a) Temporary Agents posts:

Function group	Grade	Establishment plan 2012	Establishment plan 2013	Establishment plan 2014
AD	16			
	15			
	14	1	1	
	13	4	4	
	12	8	10	
	11	10	8	
	10	3	3	
	9	11	12	
	8	9	6	
	7	12	15	
	6		3	
	5	3	0	
Sub-total Function Group AD		61	62	Up to 62
AST	11			
	10	5	7	
	9	4	3	
	8	5	5	
	7	6	7	
	6	2	1	
	5	4	6	
	4	3	1	
	3	4	4	
	2	2		
	1			
Sub-total Function Group AST		35	34	Up to 34
TOTAL TA posts		96	96	96