

ETF GOVERNING BOARD MEETING

14 JUNE 2010

MINUTES

1. Introduction

The June 2010 meeting of the ETF Governing Board was held in Turin on 14 June and chaired by **Jan Truszczyński**, director general of DG Education and Culture in the European Commission.

New members of the Board for Greece (Angelos Angelidis, president of the Organisation for Vocational Education and Training), Poland (Jerzy Wisniewski, deputy director, Ministry of National Education), Sweden (Shawn Mendes, Ministry of Education and Research), UK (Nick Preston, DFE/BIS Joint International Unit) and European Commission (Gerhard Schuman-Hitzler, director, DG Enlargement and John O'Rourke, head of unit, DG External Relations) were welcomed. Furthermore, the independent experts nominated by the European Parliament, Jean François Mezières, Stamatis Paleocrassas and Sara Parkin were also present. Commission officials: Christophe Masson from EuropeAid, Bo Caperman from DG Enlargement, as well as Belén Bernaldo De Quirós and Elena Pascual Jiménez from DG Education and Culture were also present. The ETF's staff committee was represented by Mircea Copot.

Ireland, Latvia, Lithuania and Malta were not represented at the meeting. Furthermore no observers from the partner countries were present.

2. Adoption of the agenda

The agenda was adopted by the Board.

3. Follow-up to previous meeting

i. Minutes of previous meeting

The minutes of the previous meeting held in November 2009 were adopted.

ii. Follow up on action points and written procedures

Xavier Matheu de Cortada presented the actions that were carried out as a follow up to the November 2009 meeting.

- The new Governing Board website restricted area was presented under the point eight of the agenda of this meeting.

- A Governing Board working group on monitoring and evaluation on the Annual Activity Report and the Quarterly Progress Report was established and the meeting took place in Turin on the 18th of May 2010
- Flexicurity aspects were presented as part of the ETF activity on employability in the Eastern Partnership, during the thematic event organised on the 15 June 2010. Other regions will be presented in the next meetings.
- The independent experts nominated by the European Parliament explained their role on the ETF Governing Board under the point nine of the agenda of this meeting.
- Questionnaires on the involvement of Governing Board members in ETF activities were sent out electronically, on the 15 November 2009.

The written procedures were carried out on the IAS Strategic Audit Plan for 2010-2012, ETF policy on protecting the dignity of the person and preventing psychological and sexual harassment, implementing Rules to the Staff Regulations-Guide to missions, rules for implementing art 44§2 of the Staff regulations as regards middle and senior managers and rules for implementing article 7 (2) of the Staff regulations as regards temporary management posts.

4. Oral reports

i. Progress on Commission policies and programmes that have an impact on the ETF

Mr. Jan Truszczyński presented the latest developments at EU level in the field of education and training.

EU 2020 strategy

The European Commission recently presented the **Europe 2020 Strategy**, to help Europe emerge from the crisis and prepare its economy for the next decade. The European Council on its June Meeting will approve the strategy as well as the tools for implementing. The Europe 2020 Strategy will focus on a trio of priorities which are linked and will reinforce each other: smart, sustainable and inclusive growth.

Education, training and lifelong learning play a key role to achieve these strategic priorities. One of the five targets the EU is setting itself for 2020 addresses important education issues: reducing the number of school drop-outs to less than 10% and increasing the share of young people with a tertiary education or equivalent to 40%.

In order to meet the set priorities and targets, the Commission proposes a Europe 2020 agenda consisting of a series of flagship initiatives. Implementing these initiatives is a shared priority, and action will be required at all levels: EU-level organisations, Member States, local and regional authorities, and civil society. Two of these flagship initiatives will be particularly linked to education and training: *Youth on the move* and *an agenda for new skills and jobs*.

Youth on the move: intends to address the mobility of young people in a broader sense, expanding mobility not only for the university students but also for other categories of young people in a lifelong learning context, ensuring a balance between equity and excellence of the higher education systems, providing young people with additional opportunities for employment and offering them more possibilities for an active role in the society. The programme is foreseen to be adopted by the College of commissioners in December 2010.

An agenda for new skills and jobs has the objective of creating the right conditions to modernise labour markets and to allow people to acquire new skills in order to raise employment levels and to ensure the sustainability of our social models. The concrete actions to be taken include the implementation of the strategic framework for European cooperation in education and training, the acquisition and recognition of learning throughout general, vocational, higher and adult learning, and

the implementation of the European Qualifications Framework. The report on the new skills for new jobs was presented in a conference on February 2010 and the main outcome was the need to better anticipate the skills needed in the future. It is foreseen that the programme will be adopted by the college of commissioners in November 2010.

Cooperation between education and business

Work has continued in the field of cooperation between education and business, namely universities and business. This first semester two events took place the EU thematic forum on School business cooperation in March and 2010 European University business Forum in May. The chairman also thanked ETF for the work carried out on behalf of DG Education and Culture on the cooperation between education and business in partner countries.

Communication of the Commission "A new impetus for European cooperation in Vocational Education and Training to support the Europe 2020 strategy"

A communication on VET has just been adopted on 9 June. This Communication responds to the call of the Europe 2020 Strategy to reinforce the attractiveness of vocational education and training (VET). The work will continue under the Belgium Presidency and a political communiqué will be adopted in December 2010 in Bruges during the informal meeting of the ministers.

Mr. Gerhard Schuman Hitzler presented the latest developments with regard to the Enlargement policies.

As the Treaty of Lisbon entered into force, the obstacles to the enlargement process were lifted; there is a new institutional arrangement in place, respectively a more important role of the European Parliament in the enlargement process and the set-up of the European External Action Service. The commissioner is responsible for both enlargement and neighbouring policy which increases the coordination between the two areas.

In this context, EU continues to be committed to the European perspectives of the candidate countries and potential candidates and in Sarajevo, at the high-level meeting at the beginning of June, the commissioner Stefan Füle reaffirmed the EU commitment to the European perspective of the Western Balkans. There is another positive element: Serbia's application for EU membership.

In the context of implementing the EU 2020 strategy, the candidate countries will also play a role, contributing to the achievements of the established targets, similar to the member states but less ambitious.

The monitoring of the progress registered by the candidate countries and the potential candidates will continue and Progress Reports will be published in November 2010. For the two of potential candidates, Albania and Montenegro, the progress report might be replaced with a document indicating the opinion of the Commission on the status of readiness of the two countries to become candidate countries, which does not mean the opening of the negotiation process.

There is an application from Iceland to become a candidate country and the European Commission already issued a favourable opinion on March 2010 and the European Council is expected to discuss this issue by the end of the year. As regards FYRoM, it is waiting for the formal decision at the highest political level on the name of the country, expected this year.

In the monitoring process are included the EU standards the candidate countries and potential candidates should achieve as well as the benchmarks. It has been proved that the comprehensive reforms are taking place in the period of pre-accession. This process is supported by the established benchmarks and conditions to be fulfilled by the candidate countries and the potential candidates. As regards the vocational education and training, being a soft *acquis* there is not much included but there is a relation with the political criteria, e.g.: the minority rights.

In the same time there is a role ETF is playing as regards the programming of the EU assistance amounting to 1.2 billions euro per year. When planning the financial assistance, the Commission is focusing on three elements: a) capacity building to enable the candidate countries and the potential candidates to adopt and implement the *acquis*; b) to support the preparation for increasing efficiency and to face the competitive pressures of the market; c) to make sure that the beneficiary countries can prepare for the implementation of the structural funds-increasing ownership of the countries. And the ETF has an important role to play in all these areas.

John O'Rourke reported on the developments in the European Neighbourhood and Partnership Instrument and the Development Cooperation Instrument.

ENPI Progress Report

The annual ENPI Progress Reports were issued on 12 May 2010. Commission used this opportunity to present the progress of the countries and to take stock of what has been achieved, which are the areas where limited progress or even regression was registered (political reform, human rights and democratic governance) and to draw some conclusions. There is an ongoing steady integration in the world of economy with the EU neighbours and there is a need for further liberalisation of trade as well as a regulatory alignment for further economic integration. Commission considers that more should be done for promoting friendly business environment and economic investments.

Commissioner Stefan Füle indicated that next year, a new Communication of the Commission will define how the European Neighbourhood Policy will evolve on a medium term.

Mobility, an issue tackled in the Progress Reports is also related to the issue of visa liberalisation and in this context the labour migration comes as a very sensitive issue with the EU member states. It is also an issue that will come into the future. In this context, continuous work will be carried for concluding additional Mobility Partnerships, to the existing ones with Republic of Moldova and Georgia. There is an intention to extend them, making them more ambitious, to try to match the needs of European labour markets with the supply of the partner countries.

In the report is also made an assessment of the human capital development in the countries, where vocational education and training is mentioned, noting that in the partner countries the national strategies are focusing on the gradual introduction of competence based standards and quality assurance mechanism, greater attention paid to the lifelong learning as well as the launch of the Torino process.

Eastern Partnership

There is a progress in the bilateral and multilateral discussions, negotiations for association agreements being under preparation for three countries from the Caucasus area. Five out of six countries are upgrading the contractual relationships with the European Union, with the aim of a closer political integration and supporting a comprehensive institutional building process.

Four platforms are active within the Eastern Partnership, out of which Platform 2 is dealing with the economic integration and convergence and Platform 4 - People to People - dealing with issues related to human capital development, employability and mobility issues, being chaired by DGEAC. On the 27 May 2010, ETF presented during the meeting of Platform 4 the reviews on employment policies in the Black Sea Region.

Developments in the Southern region

The European Commission is ready to sign an Association Agreement with Syria and is waiting for the reaction from the Syrian authorities. In March 2010 negotiations on a new framework agreement started also with Libya including on areas related to education, training and culture.

Mid term Review of the financial instruments

At the end of the last year was performed the Mid term review of the ENPI financial instruments and the Commission presented in December 2009 the indicative allocations for 2011-2013 for ENPI countries. In the same time there was a revision of the regional programmes that also concern the regional programmes for education. At the moment the development cooperation instrument is under way.

Christophe Masson from DG Aidco indicated that the ETF expertise is essential for DG Aidco because the technical support offered by ETF complements the existing expertise in DG Aidco and EU Delegations, being necessary at the operational level. According to the rules, DG Relex is defining the programming and planning and EuropeAid is putting in practice the projects in cooperation with the EU Delegations. When a policy dialogue with the partner countries is started there is a need for expertise, which is provided by the ETF in the field of human capital development. DG Aidco intends to improve the partnership with the ETF.

Maurice Mezel (France) made reference to the impact of the financial crisis on education and training and the fact that in the same time there is a need to reform the vocational education and training. He introduced the latest developments as regards the Union for Mediterranean, which benefits from a

permanent Secretariat in Barcelona which provides a better organisation to the exchanges with the countries that are part of this process. With the support of European Commission a meeting in Barcelona has been organised, with the social partners from the Mediterranean area and they agree on the important role of vocational education and training for the preparation of young people for the labour market. Another important issue that need to be approached in the partner countries is related to the governance in vocational education and training.

Micheline Scheys (Belgium) – asked two questions: one is a proposal for a joint activity between ETF and CEDEFOP on exploring the issue of sustainable relationship between the education and the labour market. The other questions referred to the envisaged work for the ETF in the dialogue with the countries from Eastern Partnership. **Mr. O'Rourke** answered that in the discussions with the countries from the Eastern Partnership are approached also the issues of education, lifelong learning, and labour market and here the ETF has a role. **Mr. Truszczyński** referred to the work done at the level of the Commission for improving the relationship between education and business. He thanked for the idea of exploring more in this field in the next period of time.

ii. Trends and developments at the ETF

Madlen Serban referred in her intervention to the activities carried out since the last Governing Board meeting who were focused on increasing effectiveness and external efficiency and improving internal efficiency of the ETF.

Cooperation with the European Parliament

The European Parliament is one of the key institutions, the ETF is cooperating with. In this context, the ETF organised in the premises of the European Parliament, the conference on the *Education and Business Cooperation*, on 3-4 December 2009 and will continue by organising the conference on *Social Inclusion*, on 2-3 December 2010. Also, ETF made a presentation of the ETF activities in 2009 and Work programme 2010 to the Employment Committee (January 2010) and will introduce the *Eastern Partnership Employment Reviews: the cross-country findings on Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine* to the Parliamentary Delegations (29 September 2010) and Parliamentary Cooperation Committee (December 2010).

As regards the Employment Committee, the ETF provided written contribution to the discussions on poverty reduction in Central Asia (May 2010), on the external dimension of the EU social policies (May 2010), VET policies to social cohesion and poverty reduction (1-2 June 2010) as well as a technical contribution to the opinion on Communication « *Youth on the Move* » on the theme related to the transition from education to work. Contributions were made also for other specialised committees (e.g. Education and Culture) or political groups. Several European Parliamentarians visited ETF or attended events organised by the ETF.

Cooperation with the institutions from the EU Member States

The ETF had a very good cooperation with the Spanish Presidency, the staff was attending several meetings that have been organised in this period of time and supported the participation for the first time in an EU event of policy makers and employers from the Southern Mediterranean countries (Egypt, Jordan, Lebanon, Morocco, Occupied Palestinian Territories and Syria) to the VET conference organised by the Presidency on: *Valuing VET competences*, 4-6 May 2010, Zaragoza.

The ETF is supporting closer relationship with the institutions from the EU member states and prepares its activities exchanging information through a questionnaire on the themes and partner countries of interest and by organising discussions with the representatives of the EU member states, such as Austria, Belgium, France, Germany, Italy, Poland, Portugal, Romania, Spain, UK, and Lithuania. In 2010 ETF organised or is planning, study visits in institutions from UK, Spain, Estonia, France, Netherlands, Slovenia and Austria.

The Italian Government is strongly supporting the activity of the ETF. A revised Site Agreement in view of aligning it to the most recent practices in Italy on site agreements has been agreed between the ETF and Italy and was signed on 22/01/2010, and it will enter into force once the Italian Parliament's ratification process has been finalized (expected to be in 2012).

Cooperation with the international organisations

The ETF is participating in the inter-agency working group on vocational education and training, initiated by UNESCO, together with the representatives of Organisation for Economic Cooperation and Development (OECD), International Labour Organisation (ILO), World Bank and Asian Development Bank, European Commission-Directorate General for Development and EuropeAid Co-operation Office for understanding and clarify the VET terminology. It is also active in the inter-agency group on entrepreneurship education and is fostering its relationship with the World Bank, ILO, OECD and the World Economic Forum.

Cooperation with the European Bodies- European Economic and Social Committee and Committee of Regions

The ETF shared its expertise with representatives of the social partners during the *Western Balkan Civil Society Forum. Future cooperation on the establishment of VET Councils in the Western Balkans* (18-19 May 2010) organised by the Economic and Social Committee and will make a presentation to the CIVEX Committee of Committee of Regions on the *Future contributions to the Committee of Regions opinion on the ENP East countries* (July 2010).

Cooperation agreements

At present, the ETF concluded Memoranda of Understanding with the Ministry of Foreign Affairs in Italy for promoting national qualifications development and entrepreneurial learning in Lebanon and it is in the process of negotiation with Portugal, for a joint project in Algeria. Moreover, the ETF is updating cooperation with Eurofound, and is looking for increasing cooperation with Kazakhstan and Syria.

ETF corporate events in 2010

Women at work

On 8 March 2010, the ETF organised an important conference focusing on the topic of "Women at work" where 120 participants from some 40 countries worldwide gathered in Turin, underlining that despite significant progress on gender equality many challenges still lay ahead.

Torino process

The Torino process is a participatory exercise in each country aiming at supporting evidence based policy making planned each two years. This is an important exercise undertaken by the ETF which involves guided policy formulation or policy analysis (self-assessment) based on policy learning promoted by ETF and the involvement of the key stakeholders (policy makers, social partners, practitioners, researchers).

The preliminary results indicate a good acceptance of the process by partner countries: 17 positive replies, 5 under discussion and from 2 not yet reply (Algeria and Turkmenistan); several countries undertaking it as self assessment exercise: Russia, Ukraine, Belarus, Israel, Tunisia, Morocco, and Occupied Palestinian Territories. The findings show that at the top as priorities are the following areas: social partnership, governance, teacher training, quality improvement and assurance, promoting access and equity. All these aspects are in line with the 4 strategic objectives of the Education and Training 2020 and the Communication on VET.

Education and business cooperation study

The study is carried out at the request of the DG Education and Culture and aims to map and analyze the situation and to provide recommendations for promoting and/or enhancing the efficiency and effectiveness of co-operation. The preliminary results indicate that there are a lot of examples, but no systematic co-operation, the need for involvement of all stakeholders, laws, strategies and incentives. Transition from VET to higher education needs to be addressed and is very important to have comparable qualifications

Improving internal efficiency of the ETF

The ETF is following the results and recommendations from the European Court of Auditors Report in 2009 on the ETF, IAS report in 2009 on the ETF, Report on Discharge in respect of the implementation of the budget of the ETF for the financial year 2008, External evaluation of EU decentralised agencies in 2009, Quarterly monitoring reports of the ETF, Annual Activity Report 2009

of the ETF and the rules of ABAC, since security conventions have been validated by the Commission services.

The Report of Court of Auditors

The report of the Court of Auditors submitted to the ETF indicates the following aspects: large number of budget transfers, high volume of transfers from Title 1 to Title 3, two transfers that should have been authorised by the Governing Board and failure to publish payments schedule inside the Budget. Based on these findings, ETF decided to tighten planning of 2011 budget, a closer monitoring of budget transfers and review of budget structure to eliminate less used budget lines, the strict application of rules on authorisation of transfers and publication of payments schedule as from 2010 amending budget.

Performance based management

The ETF is looking for an institutional commitment to quality and continuous improvement of performance in view of achievement of strategic objectives and accomplishment of planned required activities, as approved by the Governing Board. The intention is to have few, relevant and measurable corporate performance indicators, correlated with the four functions of ETF and corresponding to homogenous subcategories specific to each function. Performance improvement requires increased ETF internal efficiency: institutional and functional analysis were needed by reviewing the ETF organizational chart, and formulating recommendations aimed to improve its functioning and to ensure an optimal functional distribution of tasks in each department/unit and at corporate level.

In response to comments from IAS and to the horizontal evaluation of Agencies, a functional analysis was carried out by PricewaterhouseCoopers on December 2009-March 2010 as regards the administrative department. An action plan has been prepared and will result in a reduction of staff from 40 to 28.

The Planning, Monitoring and Evaluation Unit (PMEU) incorporated the process management and software development as a support in matching functional requirements of the processes and looked into enhancing effectiveness of risk management by integrating the legal service. In this manner, five posts from administrative department were allocated to PMEU.

The ETF Communication Unit is looking at improving efficiency based on the Communication strategy recommendations to be developed by the end of 2010.

As regards the Operational Department, the institutional and functional analysis is needed by reviewing the current department organizational chart and formulating recommendations aimed to improve its functioning and to ensure an optimal functional distribution of tasks in each administrative unit of the department and at corporate level. It is expected to improve coherence and consistency of the corporate dimension of the core business of the ETF, effective and efficient institutional back-up to *the Torino process*, effective and efficient expertise development and knowledge management, relevant to the ETF partner countries, effective and efficient operations/projects designed and implemented in the ETF partner countries.

Alberto Cutillo (Italy) welcomed on behalf of the Italian authorities the new chairman of the Governing Board and the new colleagues and thanked the director of ETF for supporting the enhanced cooperation between ETF and Italy. The Italian minister of foreign affairs, Mr. Franco Frattini visited ETF on January 2010, occasion for signing agreements for cooperation and the site agreement. In accordance with the Italian legislation, the site agreement should be ratified by the Parliament to enter into force and expressed his hope that the new stipulations will contribute to an increased efficiency and effectiveness of ETF. The Italian authorities are hoping that by the end of the year will sign with ETF another cooperation agreement for working together in a partner country and the Ministry of Foreign Affairs will host in Rome at the end of the year an ETF event, a high-level round table with the representatives from the Meda region.

iii. 18 month programme of the Spanish, Belgian and Hungarian EU Presidencies

Rosario Esteban Blasco (Spain) presented the main events of the Spanish Presidency where the ETF staff attended and supported the Spanish Presidency through an active participation .The events were:

- Jean Monnet conference- “*The role of education and training in new European Economy*”, 25-26 January
- Conference « *New skills for the future employment* », 8-9 April
- European Lifelong Guidance Policy Network, 3-4 May
- Meeting of the directors general of VET, 3-4 May
- Conference on *Valuing VET competences*, 4-6 May – thanked ETF for supporting the participation of the representatives of the Meda countries. They also benefited of a study visit in Spain, on career guidance;
- Conference « *Public Employment Services in Europe* », 27-28 May

Micheline Scheyns (Belgium) indicated that they are following the stipulations of the Lisbon Treaty and working together with the Spanish and Hungarian Presidency. In the same time the responsibilities are shared among the three Belgium communities. The Flemish ministry of education is responsible for coordinating the sector of education and training and chairs the education committee. The priorities of the Belgium Presidency are vocational education and training and the review of the Copenhagen process, schools for the 21st century and sustainable development.

As regards Copenhagen process, a stocktaking exercise has been developed by CEDEFOP through a questionnaire and report (2002-2009) supported by the ETF for the candidate countries and ETF Torino process report. These two documents will be the basis for drafting the Council Conclusions and the Bruges Communiqué on the *Future of the European cooperation in VET*. The Belgium Presidency will also organise a conference in Bruges in December on *Quality and transparency as interface between VET, schools & Higher Education to enhance mobility and to support easier pathways to lifelong learning*.

Also for the Copenhagen process, the Belgium priorities for the future are the following:

- Quality assurance: common criteria for all education and training levels and recognition of Prior Learning;
- Permeability between VET, higher education and general education – synergy with Bologna process;
- To enhance the relevance of VET towards (changing) labour market needs
- Partnerships with social partners, stakeholders, civil society
- Improve the communication to a wider public

Under the objective *schools for the 21st century*, will be supported the European cooperation at the level of school education building further on the results of the French and Swedish Presidencies.

For the third priority, sustainable development, the Belgium Presidency will work towards linking the EU 2020 strategy with the Education and Training 2020 framework, by: raising awareness for sustainable development in education and training, encouraging research related to low carbon economy and promoting green skills.

Other topics of the Presidency: higher education –focusing on modernisation agenda and mobility-focus will be on the *Youth on the Move* programme.

The calendar of the Belgium Presidency was also presented. The conference on social inclusion organised by the Belgium Presidency (28-29 September) is important for the cooperation with the ETF because the recommendations of this meeting will be brought up into the meeting the ETF is planning to organise in December, in Brussels on social inclusion.

Gyorgy Szent-Leleky (Hungary) presented the proposed priorities of the Hungarian Presidency, with the reservation that should be finalised and approved by the new Government. The Hungarian Presidency intends to approach the following themes: Lifelong learning and mobility, under which a conference on EQF stocktaking will be organised and it was discussed with the ETF to have a seminar on the EQF developments in the Western Balkan region; quality which will tackle all levels of education: general education, higher education with the modernisation agenda, vocational education where the issue of adult learning will be discussed; equity has been defined based on an OECD study on early childhood education and innovation (especially on higher education).

5. Annual activity report 2009 and analysis and assessment of the annual activity report 2009

Xavier Matheu de Cortada presented the Draft Annual Report 2009. The document was produced in the first month of 2010 and has been sent out to the Governing Board members in March 2010. ETF received comments were received from DG Relex, DG Enterprise, DG Employment, Stamatis Paleocrassas and Sara Parkin. It has also been discussed during the structural dialogue between ETF and the Commission services in April and during the Governing Board meeting working group meeting in May. Mr Matheu de Cortada presented the analysis on budget and the staff distribution according to the main functions of the ETF. As regards the outputs, these are directly linked with the budget allocation and the ETF functions. There is a slight deviation from what has been calculated in 2008, with an increase in policy reviews and analysis as well as support offered to the Commission and a lower number of capacity buildings actions.

Rosario Esteban Blasco (Spain) on behalf of the Spanish Presidency presented the Analysis and Assessment of the Annual Activity Report 2009. The document was discussed among the Governing Board members and the independent experts nominated by the European Parliament and the general idea is that the work of the ETF is very well appreciated. There was a debate on outputs or outcomes, quality, impact and the possibility to measure the impact of the ETF activities in the partner countries. The Governing Board members appreciated the clarity and consistency of the document. The recommendation for the future is to have an executive summary, including the general issues making more facile to understand the information provided and the document to be public, making available to the public at large.

Bo Caperman (DG Enlargement) proposed to make a correction in the document, at the page 8, in the table, in order to make the correct reference as "candidate countries and potential candidates". The correction proposed was accepted.

Maurice Mezel (France) indicated that there was a need for a less technical document that translates the activity of the ETF and ensures a better communication. There is also a need for an impact evaluation of the activities of the ETF and is looking forward to see the results of the Torino Process.

Xavier Matheu de Cortada (ETF) thanked the Governing Board members for their appreciations and welcomed the suggestions on the executive summary of the report. As regards the references made to the outputs, until the end of the year, the ETF will revise the system of evaluation, trying to focus on more qualitative outputs than quantitative outputs in order to improve the quality of the ETF work.

The Governing Board adopted the Annual Activity Report 2009 and the Analysis and Assessment of the Annual Activity Report 2009.

6. ETF annual financial accounts 2009

Martine Smit (ETF), nominated as accounting officer by the Governing Board in 1999 presented a series of information related to the financial accounts in 2009, in support of the Governing Board Opinion on the Financial Statement. The annual financial accounts that have been prepared and presented in accordance with Title VII of the Financial Regulation have been audited by the Court of Auditors; are certified by the accounting officer and the Director gave a declaration of assurance on the Annual Activity Report 2009.

The opinion of the Board is essential for the discharge of the budget.

The principles applied are accrual accounting, based on transactions and other events when they are recognized and occur (and not only when cash or its equivalent is received or paid) and cash accounting, which is based on cash flows, i.e. transactions are recognised when cash is received or paid.

The main changes that occurred since 2008 are the following:

- **Economic outturn:** As income only the funds paid are registered not the total amount received. Compared with 2008, the ETF paid almost the same amount out of the available payment credits

- The fact that the economic outturn indicates a loss is merely a paper result, including all possible upcoming events and is not the amount to be paid back to the EC;
- **Statement of changes in capital:** In ETF the only element of the changes in capital is the economic result. This result leads to a change in the capital in the balance sheet;
- **Balance:** There are no remarkable differences compared to 2008. The total value of the balance shows a decrease of 2 mln. This is mainly due to the decrease in cash equivalents, due to very tight treasury forecast;
- **Cash flow:** There are remarkable differences compared to 2008. A decrease of 2 mln. Also mainly due to very tight treasury forecast.

In Title 3 are included the funds received from the CDT for an amount of Euro 85.791. The earmarked funds consist of: Italian Trust Fund – Italian Ministry of Foreign Affairs and the ETE MED convention – DG AIDCO. For the ETF subvention, the level of commitment compared with 2008 is higher. The level of commitment for earmarked funds is calculated on the calendar year as for the ETF subvention, but it is to be reminded that earmarked funds are of a multi-annual nature and as a result the level of commitment is not an indicator on the efficiency.

The budget outturn is based on the execution of payment credits. The budget is composed of commitment and payment credits. The commitment credits correspond with the planned activities and the work programme and the payment credits with the actual amount available for payment on the commitments. The adjustments represent the payment credits carried over related to earmarked funds from 2008 to 2009. The final result represents the amount to be reimbursed by the EC and relates to the ETF subvention. The percentage paid out of the available credits is 90.50%. The loss is due to the fact that ETF did not ask the full amount of the available payment credits to the EC.

According to the regulation, the gained interest related to the ETF subvention is to be paid back to the EC. For all other earmarked funds, it depends on the individual convention.

Alastair Macphail (ETF) presented the Draft Opinion of the Governing Board on the ETF Annual Financial Accounts 2009.

The document was tabled and is in accordance with the mandate received by the ETF. The Governing Board, based on the Annual Activity Report 2009, the director's statutory declaration of assurance and her expression of confidence in the checks and operations of the European Training Foundation included in the Annual Activity Report 2009, the certification of the annual accounts by the ETF accounting officer, the Court of Auditors statement of assurance and comments is asked to give a positive opinion on the Annual Financial Accounts for the 2009 budgetary year.

ETF obtained good results in 2009, the Court of Auditors report was positive and certified the ETF accounts, no comments in transactions, projects implementations or main activities of the ETF but their comments were related to the budget management about the transfer of financial funds from administrative to operational department which was considered a poor budget planning.

Micheline Scheys (Belgium) asked for clarification as regards the comments of the Court of Auditors concerning the transfers, and proposed that the percentage of transfers should be included in the regulations of the agencies and not left for the Governing Board decision.

Sara Parkin (independent expert nominated by the European Parliament) stressed the fact that the three independent experts are non-voting members of the Governing Board and asked for a reference to be added in the opinion of the board (in the list of the members of the Governing Board next to their names to indicate the "non-voting member" status).

Alastair Macphail (ETF) answered to the issues raised by Ms. Scheys indicating that there is a technical element in the comment of the Court of Auditors, the transfers can be authorised by the director without a prior opinion of the Governing Board. The interpretation of the ETF on the financial regulations about the transfers was in consistence with the practice for several years and the Court of Auditors did not comment on that issue before. It is estimated that there would be some additional written procedures for the budget this year and a revision of the budget lines in order to reduce the number of lines. The transfers were approved in June 2009 by the Governing Board, the transfer are legal and the opinion of the Court was related the planning of the budget.

Jan Truszczyński added that the Internal Audit Service of the Commission audited the accounts of the ETF and found that the principle of sound financial management was respected.

The Governing Board adopted the opinion of the board on the ETF Annual Financial Accounts 2009.

7. Draft Work programme 2011

Xavier Matheu de Cortada (ETF) indicated that in April 2010 the Draft work programme 2011 was sent out for consultation including in the partner countries. On 18 May 2010 the Governing Board working group analysed the document and asked in which way the results of the Torino process will influence the main activities. The comments from the Commission services also referred to the need to improve communication and proposed a better presentation. In July is expected to have a new version of the Work programme 2011 that will be distributed and which will include the information about the activities to be developed at the country level.

The draft work programme 2011 will be approved in November in the meeting of the Governing Board.

The structure of the Work Programme 2011 is changed compared with 2010, including the following areas: policy context, context of the Mid-term perspective, priority actions in 2011, corporate communication, resources, governance and management and annexes. The policy area makes reference to EU2020, Communication on VET, Copenhagen process, new skills for new jobs, sustainable development, etc

Rosario Esteban Blasco (Spain) referred to the issue that came up in the discussions of the Annual Activity Report of 2009 as regards the different names of the tables, and asked for comparable information to be included in the table.

Madlen Serban (ETF) explained that this work is in progress, the intention of the ETF is to provide comparable data as regards 2009, 2010 and 2011 in order to give a full perspective of the Mid-term objectives.

Sara Parkin (independent expert nominated by the European Parliament) raised the issue on how to integrate sustainable development in the ETF activities. In time of financial and human constraints, sustainable development is often seen only related to environment; recommended to fully understand the sustainable development as related to equity, quality and economic development.

8. New Governing Board website restricted area

Francesca Ferrandino made a presentation of the Governing Board website restricted area which was built by the ETF to support the activities of the Governing Board members. In this section there are included all the decisions of the Governing Board, the documents proposed for adoption through written procedure, presentations etc. The website can be improved based on the suggestions of the Governing Board, to include a forum area or other facilities.

Jerzy Wisniewski (Poland) made two comments: suggested to have wireless connectivity in the meeting room and the other one related to the evaluation forms which are still paper based.

9. The role of the independent experts appointed by the European Parliament in the ETF Governing Board

Jean François Mezières (independent expert nominated by the European Parliament) referred to their appointment by the European Parliament related to their expertise and geographical balance. It was necessary to create their role through discussion with some of the member states and Commissions and their hopes are to contribute practically to some of the projects of the ETF.

Jan Truszczyński thanked the independent experts for their contribution to the activity of the ETF.

Sara Parkin (independent expert nominated by the European Parliament) proposed to write a paper to be distributed to the Governing Board members as well as to the European Parliament, in which to include reference to their areas of expertise, and proposal on how they can contribute to the activity of ETF.

10. AOB

No discussions under this point.

11. Date of next meeting

The next meeting of the Governing Board will be held in Turin on **24 November 2010**.