

ETF GOVERNING BOARD MEETING

15 JUNE 2011

MINUTES

1. Introduction

The meeting of the ETF Governing Board was held in Turin on 15 June and chaired by Jan Truszczyński, Director General for Education and Culture at the European Commission.

New members of the Board from Portugal (Nuno Nobrega Pestana, member), Denmark (Torben Kombech Rasmussen, member, and Hanna Dam, as alternate member), Germany (Ingrid Müller-Roosen, as alternate member) and Ireland (Pat Hayden, member) were welcomed. Mr Salih Çelik, Turkey, participated as an observer from the partner countries. All the independent experts nominated by the European Parliament, Stamatis Paleocrassas, Sara Parkin and Jean-François Mezières were present. Commission officials Gerhard Schuman-Hitzler, Director, DG Enlargement; Hjordis Ogendo, DG DEVCO; Michael Morass, Head of Unit in DG EMPL; Belén Bernaldo De Quirós, Head of Unit and Elena Pascual Jiménez from DG Education and Culture also attended. The European External Action Service was represented by Miriam Brewka Pino and Cedefop by Loukas Zahilis. The ETF staff committee was represented by Aleksandra Falcone.

Bulgaria, Cyprus, Estonia, Greece, Finland, Spain and UK as well as the observers from Azerbaijan and Jordan were not represented at the meeting.

2. Adoption of the agenda

The Commission proposed to make a change to point 8 of the agenda regarding the ETF Rules of Procedure. According to art. 9g) of the ETF Regulation, the Commission should issue an opinion on the ETF Rules of Procedure. Since the opinion had not yet been adopted, it was proposed to discuss the text submitted by the ETF director at the meeting and approve it later through written procedure.

The ETF proposed to include two presentations: the Dashboard - an instrument for monitoring and reporting and the results of the evaluations carried out by the ETF in 2010 under point 13 'Any other Business'.

The agenda was adopted by the Board with the proposals mentioned above.

3. Follow-up to previous meeting

i. Minutes of previous meeting

The minutes of the previous meeting held on 24 November 2010 were adopted.

ii. Follow up on action points and written procedures

Xavier Matheu de Cortada, ETF presented the actions carried out as a follow up to the November 2010 meeting:

- The IAS audit plan for 2011 is included in the presentation under point 4 oral reports;
- The 2011 ETF budget was approved via written procedure. The amendments to the ETF Work Programme and budget for 2011 were launched for approval on 22 December 2010, after the final approval of the 2011 EU budget on 15 December 2010. The proposal was adopted by the Board;
- The ETF took into consideration the recommendations made by the Governing Board members on the presentation of the 2012 work programme and draft budget (see minutes of November 2010 Governing Board meeting);
- Working groups on budget, planning and monitoring and evaluation were organised for Governing Board members with the support of the ETF. An invitation to participate was distributed in December 2010 and a meeting on the Annual Activity Report 2010 and Work Programme 2012 took place on 31 March 2011;
- The format of the meeting was changed based on the suggestions made by the members of the Board.

Written procedures were carried out on the following issues:

- *Amendments to the ETF Work Programme and budget 2011* launched on 22 December 2010 and successfully concluded on 24 January 2011;
- *Implementing rules of the ETF Financial Regulation* launched on 09 March 2011 and successfully concluded on 30 March 2011;
- *Implementing provisions on part-time work and implementing provisions on leave* launched on 02 May 2011 and successfully concluded on 23 May 2011

4. Oral reports

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

Jan Truszczyński referred to the following aspects:

European semester

The Chair indicated that education is an important part of the analysis done under the European semester. In this context, the European Commission proposed a set of recommendations in the field of education policy to a limited number of member states, with a timeframe for implementation of the next 8-12 months, aiming to increase the chances of meeting EU targets. For member states that are struggling to overcome the economic and financial crisis, the Commission did not issue recommendations, priority being the implementation of recovery plans. The next annual cycle will be from January-June 2012 and the Commission will continue to monitor developments registered by the member states.

Policy issues

Based on the Council Recommendations on early school leaving adopted under the Hungarian Presidency, a high level working group will be established by the end of 2011, aiming to present a holistic view. The group will include representatives of the EU Member States in charge of the coordination of this issue in their countries.

Bruges communiqué and Copenhagen working group

Through the Bruges Communiqué, strategic objectives were adopted for European cooperation in VET, for 2011-20. These objectives take into account past achievements as well as current and future challenges for VET in Europe. In addition to the 11 strategic objectives for 2011-20, the Bruges Communiqué contains 22 short-term deliverables for 2011-14 to be implemented at national level as well as to support measures at EU level.

To support the implementation of concrete short-term deliverables, continuing peer exchanges as well as monitoring are in place. Until now, the informal ministerial meetings, organised every two years to report on and update objectives, have offered significant political momentum which has contributed to the recognition of the European VET policy both at European and national levels. In Bruges, several stakeholders expressed the wish that such political momentum be created in the mid-term of the current reporting cycle.

For these reasons it was agreed to set up the Copenhagen process working group – following the positive experience on the working group for the Bruges review – to support the implementation and monitoring of the Bruges deliverables and help maintain the political momentum. The group met for the first time on 16 March and their mandate will be finalised at the ACVT meeting. The working group will report to the DGVT. The group is chaired by the Commission and involves representatives of the preceding, current and forthcoming EU presidency countries, representatives of EU level social partners, Cedefop and the ETF.

Benchmarks on education and training for employability and on learning mobility

The Commission presented the plans for new European targets on employability and mobility of students to stimulate and guide education reforms in Europe, in a staff working paper adopted on 24 May 2011. The two new benchmarks, which still need to be formally adopted by the Council, complete a set of joint targets which EU countries have pledged to achieve by 2020. They include reducing early school leaving, increasing the share of higher education graduates, and getting more adults to participate in lifelong learning.

A new benchmark on the mobility of students would measure the share of young people with learning experiences abroad. The Polish Presidency will deal with this issue. A new benchmark on education and training for employability will monitor the success rate of young people with different education levels in the labour market in the years after graduation. It would be dealt with under subsequent presidencies.

European benchmarks are used within this framework to drive the voluntary and cooperative policy exchange between Member States and the Commission and to monitor progress on the key policy issues which have been identified.

ETF external evaluation

The external evaluation of the ETF is underway. A specific contract was signed with a contractor through DG EAC's framework contract and a steering group was set up to guide the work of the contractor. The Chair thanked Stamatis Paleocrassas, Miriam Brewka Pino and Xavier Matheu de Cortada for accepting to be members of the steering group. The contractor started its work and two meetings have been held in Brussels. The methodology and work plan was agreed and the contractor is currently collecting data and doing field work. The first preliminary findings are expected by October 2011 and the final draft is expected by the end of the year or the beginning of 2012.

Gerhard Schuman Hitzler, Director, DG Enlargement presented the latest developments in EU Enlargement policies.

He remarked that ETF activities are related to the Enlargement and Neighbourhood countries. As a result of recent events in the Arab world, attention has moved from the Enlargement to the Neighbourhood area.

Enlargement policy gives a clear perspective of membership to the EU for the Western Balkans and Turkey and is a key driver for the necessary reforms to be undertaken into the countries, as they should align to practices and rules of the EU before accession. There are means to act on the internal organisation and policies of these countries. By comparison, in the Neighbourhood countries there are no EU membership perspectives, so the EU needs to use other instruments to convince them to come closer, to share EU practices and rules. The recent strategic review of the EU neighbourhood policy establishes broadly similar objectives as those of the enlargement area including: political dialogue,

human rights and good governance, economic integration and sectoral policies, economic, social and territorial cooperation, and rural development mobility and security, civil society, public diplomacy and conflict prevention and resolution.

As regards the enlargement area, there are positive developments in some countries, no major ones in others and disappointing developments in the rest.

Croatia is coming closer to accession. In early June, the Commission proposed the end of accession negotiations as Croatia had met all the closing benchmarks and the Treaty can be prepared. The member states in the Council meeting may or may not follow the recommendation of the European Commission. The tentative date for accession would be 1 July 2013, offering sufficient time for the European Parliament and EU parliaments to ratify the Accession Treaty and for Croatia to organise a referendum.

Iceland is progressing well, and is at the stage of screening the legislation, assessing how far Iceland is from EU rules and practices. Since Iceland was a member of the EEA for years, many areas of legislation are already aligned to the *acquis*. Based on the screening results, during accession discussions in June, a series of chapters will be opened and closed in the same day. It is expected that the process will be faster than other countries.

Serbia has met some of the conditions for further progress in the accession process, in particular with the arrest of Ratko Mladici and his extradition to the Hague, since cooperation with the ICTY needed to be strengthened. Relations between Serbia and Kosovo¹ need to be improved and a dialogue on practical arrangements and confidence building measures has been launched, without asking Serbia to recognise Kosovo. The dialogue is producing initial results.

Bosnia and Herzegovina, almost nine months since the elections, is close to agreeing a new confederation government.

In October the Commission delivered an opinion on **Albania**'s application for membership, identifying twelve priorities to be addressed. None have been dealt with so far and the political stalemate is hindering progress.

The Commission would like more steady progress in negotiations with **Turkey** but there are still problems as regards fundamental rights, democratic opening and the involvement of stakeholders in the reform process and freedom of expression. After the general elections of this year, the ruling AKH party has been confirmed as the leading power and the next expected steps are: modernisation of the Constitution and full respect of the Ankara Protocol on the relationship with Cyprus.

Regional cooperation

There are many positive signs for regional cooperation in particular in the Western Balkans. The countries are working more together, understanding the importance of this approach and learning from each other. One significant development is the implementation of the Danube Strategy, proposed by the European Commission in December 2010 and confirmed by the European Council at the end of June 2011. The Danube region covers a fifth of the total population of the EU and ensures links with the Neighbourhood East region, involving eight EU member states, four enlargement countries and 2 neighbourhood countries. One of the strands includes education and training and could be an interesting area for enhanced cooperation, sharing good practice and joint progress towards the objectives of EU 2020.

Financial instruments

At present, the Commission is preparing plans for 2014-20, the multi-annual financial framework (MFF) setting global conditions for activities. The European Commission will table a proposal on 29 June and start discussions with the Council and the European Parliament.

Based on the global proposal for the MFF, by the end of this year the Commission will table a proposal for a new legal instrument to ensure the continuation of operations after 2013. Discussions are taking place on whether the external dimension of the internal policies should be part of internal policies or external actions. Under the current set up internal policies include also external actions and seems to have worked well.

¹ Under UNSCR 1244/1999

For the enlargement countries, the proposal is to continue on the current basis. The new financial instrument is inspired by the current one which has produced significant results, but it will be more flexible, making programming and implementation easier both for the Commission and for the beneficiaries. An intensive dialogue took place with the Member States, partner country beneficiaries, NGOs, as well as the EBRD, EIB, and the World Bank. A broad degree of convergence was reached on the objectives to ensure that the Commission successfully assists countries in their membership process.

Hjordis Ogendo, representing DG DEVCO presented the latest developments on:

EU development policy

The public consultation on the Green paper on the EU Development Policy was launched on 2010 and the report of the consultation is available online. There is a consensus on the overall message, i.e. to do more to support inclusive growth, the importance of job creation and the need to involve non-state actors, especially the private sector, in development. In line with the Lisbon Treaty, development cooperation should focus on the elimination of poverty and achieving the millennium development goals. The Commission is preparing a Communication on EU development policy which is expected to be adopted in the second half of 2011. The document presents some key issues, including the EU's role in supporting inclusive growth and job creation; improved coordination and cooperation between the EU and its Member States; concentrating EU aid on southern areas where it has an added value, broadening the partnerships with civil society, the private sector and local authorities. In this context, skills development and employability play a key role in the EU development policy objective of job creation.

The EU and TVET in the external dimension

The recent Commission evaluation on employment and social inclusion shows that in the period 1999-2008 about €600 million was spent on vocational education and training, the majority of which in ACP countries, 34% to Mediterranean countries and 10% to Eastern Partnership and Central Asia countries. There is increasing demand from the partner countries to do more in VET and in the same time, various Commission communications reiterate the need to support it.

As regards the southern Mediterranean, actions developed by the Commission as a response to the new priorities include a new programme in Tunisia on local development and employment creation in impoverished regions of the country. There is also an ongoing programme that supports the Ministry of Labour on vocational training promotion. Another programme supporting education, training and employment of graduates (of €65 million) will start activities in 2011. In Egypt, there are discussions with the government on how to increase engagement and if there is a need to review previous programming. At present there is a new VET programme of €105 million to be developed, and the ETF is involved in its preparation.

Important areas for EU development policy

The EU development policy foresees a continuation of the work on indicators, establishing effective monitoring and evaluation systems to measure outcomes and outputs. The particular focus will be on impact evaluation and strengthening existing systems in the partner countries. Furthermore, efforts will be put into ensuring that VET is addressed in the context of national employment plans, where employability, lifelong learning and partnership with the private sector are key elements.

Miriam Brewka, representing the **European External Action Service** presented the latest developments on Neighbourhood policy

She highlighted the fact that this Governing Board meeting was the first time that the European External Action Service was represented. Following the entry into force of the Lisbon Treaty, the position of High Representative of the European Union for Foreign Affairs and Security Policy was created, and is currently held by Catherine Ashton. The High Representative is supported in her work by the European External Action Service, which brings together the members of the former DG RELEX from the Commission, services of the Council Secretariat and members of the diplomatic services of the EU Member States.

She referred to two important policy statements. The first is the Joint Communication “*A partnership for Democracy and Shared Prosperity with the Southern Mediterranean*” published on 8 March as a response to the democratic upheaval in the southern Mediterranean. The second, the Joint Communication “*A response to a changing neighbourhood*” is based on a review and consultation on

the EU Neighbourhood Policy and further develops the objectives set in the first Communication on the southern Mediterranean and adds new offers to the eastern partners. These communications set out priorities to revitalise the new European Neighbourhood Policy (ENP) and strengthen individual and regional relationships between the EU and its neighbourhood. The new approach is based on the principle of "more for more" or "more funds for more reforms", meaning that more funds will be available for countries engaging in political, democratic and economic reforms.

As regards financing for ENPI countries, €5.7 billion were originally allotted for the period 2011-13, and an additional €1.24 billion are being mobilised as part of the Neighbourhood Policy review. Furthermore, the European Investment Bank will contribute €1 billion in lending to the southern Mediterranean countries over the same period and the EBRD will open operations in the Mediterranean region, starting with Egypt (total lending volumes could reach around €2.5 billion per year by 2013).

The new approach towards the ENP targets increased partnerships with society and provides more incentives to pursue reforms. There are several important blocks defined in the Communication. One is related to support to "deep democracy" and does not only target elections in Tunisia and Egypt, but other characteristics linked to functional democracy such as human rights, rule of law, freedom of association, the fight against corruption, reforms of the security enforcement sector, and freedom of the media. This is supported by a dedicated Civil Society Facility and a European Endowment for Democracy, that targets political parties, non-registered NGO's and social partners including trade unions. Media freedom will be promoted as will free access to information through the internet and other forms of electronic communication. At the same time there is a commitment to reinforcing human rights dialogue with partner countries.

Under *foreign and security cooperation*, the aim is to strengthen political and security cooperation and increase the EU's involvement in solving protracted conflicts in the region.

Increased support provided in the field of *economic and social development* will seek to promote particular sustainable economic development and growth, job creation and improving dialogue on social issues. The intention is to negotiate more ambitious trade arrangements and improve sector cooperation in areas including energy, the environment, etc. Support to partner countries will include encouraging policies conducive to stronger, sustainable and more inclusive growth, the development of micro, small and medium sized companies and job creation. Enhanced dialogue on employment and social policies as well as negotiating *Deep and Comprehensive Free Trade Area Agreements* with willing and able partners are also among the key priorities.

In order to bring the southern Mediterranean partner countries closer to the EU, *comprehensive institution building programmes*, like those developed in the eastern Neighbourhood region will be developed.

One of the areas of interest for the ETF could be the focus on increased mobility and people-to-people contacts that are fundamental to promoting mutual understanding and economic development. Knowledge mobility between the EU and neighbouring countries is an area of mutual benefit. This can be done through approaches including well-managed legal migration, capacity-building on border management, asylum-effective law-enforcement cooperation. In this respect, facilitating visa applications for selected ENP partners and full liberalisation for others as well as the development of new mobility partnerships with countries such as Egypt, Morocco and Tunisia (in addition to the current existing ones in the eastern neighbourhood - Armenia currently under negotiation) will be supported.

Michel Morass, representing DG Employment updated the Board on what the Commission is doing in the field of employment

EU Policy Context - Employment and social policy aspects of Europe 2020

The Europe 2020 is the key policy framework for EU employment policy. The messages from the Joint Employment Report and Annual Growth Survey indicate that we are going through a tough economic period: unemployment is over 9% and the budgets are tight, affecting social expenditure.

Under the European semester, the recommendations issued by the Commission for the Member States put a strong emphasis on combining the necessary fiscal consolidation measures with structural reforms, aiming to preserve EU human capital. In the labour market, messages are focusing on increasing the retirement age, combating structural unemployment, combining wages and

productivity, reducing youth unemployment, labour contracts for young people, and the links between education and employment.

Flagship initiatives include "An agenda for new skills and jobs", the "Platform against poverty and exclusion" and "Youth on the move", which also has an employment dimension.

The Commission helps Member States to achieve these targets through financial support (ESF) and policy coordination and guidance at EU level. Ex-ante policy guidance is provided through the European Semester approach first at EU level and subsequently at country level – with the latter incorporated in national decision making in the autumn for the budget proposals for the following year.

Employment and social policy dimension of enlargement and IPA

Promoting Europe 2020 messages on employment and social policy is also important in the enlargement countries. As result of the crisis, employment and social challenges have become increasingly important within the enlargement context and are serious policy dialogue issues in the enlargement countries.

The human resource development component of the Instrument of Pre-accession Assistance (IPA) aims to encourage candidate countries to increase their investment in human capital, promote social inclusion, boost the adaptability of enterprises and workers, and prepare them for future participation in Structural Funds. IPA IV has been launched in Croatia, Turkey and the former Yugoslav Republic of Macedonia and results have already been achieved as a result of EU funding in this area.

Mr Morass welcomed the cooperation with the ETF and its expertise in enlargement activities. More specifically, the ETF's HRD reviews contribute to these assessments and they are expected to feed into the programming of IPA Component IV. Last year, HRD reviews with potential candidate countries Albania, Montenegro and Serbia got off to a good start, and they will help the preparation of future operational programmes. The reviews continue in Croatia, Turkey and the former Yugoslav Republic of Macedonia and they will be used in the review of programmes after 2013.

More attention to employment and social concerns in the new European Neighbourhood Policy

There are a lot of challenges in terms of employment in these regions but also a commitment from the Commission to do more for social dialogue. The recent Commission Communication on the new European Neighbourhood Policy creates a momentum for supporting inclusive economic development in the EU's neighbouring countries, with an emphasis on job creation and reducing social inequalities. Action points include enhancing employment and social policy dialogue and cooperation, both within the Mediterranean and the Eastern Partnership.

Mr. Morass welcomed the ETF's analytical support on the Mediterranean countries which fed into the EuroMed-UfM cooperation process – EuroMed employment and labour ministers' conference in November 2010. The action programme adopted by the ministerial conference can be further developed in the future. As a result of recent events in the region, the ETF provided DG EMPL with a synthetic review of employment and social challenges in those countries.

In the Eastern Partnership, DG EMPL and the ETF co-organised the first ever event on employment and social affairs: the regional conference 'Trends and Challenges of Labour Markets and Employability of Human Capital in the Six Eastern Partners' (Odessa, October 2010). ETF input was based on a series of country-level labour market studies and a cross-country analysis.

The Chair opened the floor for the debates.

Micheline Schleys (Belgium) asked when the results of the external evaluation of the ETF would be presented to the Board. The Chair indicated that the report is expected by the end of the year. No special meeting of the Board is foreseen to discuss it, meaning that the report will be presented in the June 2012 meeting of the Governing Board.

Pat Hayden (Ireland) thanked the Commission representatives for their presentation and remarked that the recent economic and banking crisis that had affected some Member States was barely mentioned. He asked if there is an opinion on how the new multiannual financial perspective will be affected by cut-backs in education and training and restrictions on public spending. The Chair answered, indicating that education should be more responsive to the future needs of labour markets and that this will be addressed through the general budget of the EU, the new instruments that will follow the current ESF and ERDF and the increased opportunities for cross border mobility through the new programme on education. The Commission will table its multi-annual financial perspective on

29 June. DG EAC has been in close contact with DG EMPL to see how priorities in education can be included in those addressed by the new financial instruments that will replace the ESF and ERSF. The work that has been done looks promising. Overall, there is no need to change the priorities or targets, Education & Training 2020 remains valid and the future budget of the EU will support the achievements of the targets.

Alberto Cutillo (Italy) thanked the Commission representatives for their presentations and made three comments. He expressed satisfaction for the finalisation of the negotiations with Croatia and the progress registered by Serbia and hopes that the Serbian accession process will make progress. Italy is pleased that the European Council will adopt the EU Strategy for the Danube region and announced that, together with Slovenia and Greece, preparations for a regional strategy for the Adriatic-Ionian region could be adopted in 2014 under either the Greek or Italian EU Presidency. As regards the Mediterranean region, Italy appreciates the Joint Communication on the new neighbourhood policy, especially the objective to strengthen partnerships with civil society where Italy can play an important role together with the Commission and the ETF. Italy supports the “more for more” principle, although consideration should be given to making it as flexible as possible. Italy hopes that under new multi-annual financial perspective, more funding will be allotted to the countries from the Mediterranean area.

ii. Trends and developments at the ETF

Madlen Serban presented the activities carried out by the ETF since the last Governing Board meeting held on 24 November 2010. She also indicated that the *Spotlight* publication distributed to the Board members, offers more detailed information on ETF activities up to 15 May 2011.

The main topics addressed in the intervention were better relations with key stakeholders and improved external communication, the structured policy dialogue and subsequent capacity building in partner countries as well as improving internal efficiency.

The ETF and the European Parliament

The ETF has two types of cooperation with the European Parliament: i) organisation of knowledge sharing and policy dialogue, and ii) technical contributions to documents produced by various committees. The Director presented the following examples of work with the Parliament:

- The ETF's *Promoting Social Inclusion* conference under the patronage of the President of the European Parliament (December 2010);
- A presentation of ETF activities in 2010 and the Work Programme 2011 to the Employment and Social Affairs Committee (January 2011);
- ETF participation in discussions on and a technical contribution to the report on *the external dimension of social policy, promoting labour and social standards and European corporate social responsibility*, coordinated by MEP Richard Falbr (February 2011);
- MEP Panzieri invited the ETF to present its work in the Maghreb region (April 2011);
- A technical contribution to the *Report on Youth on the Move - a framework for improving Europe's education and training systems* presented by MEP Milan Zver (April 2011);
- A technical contribution to the report on *the agenda for new skills and jobs* with MEPs Regina Bastos and Rovana Plumb as rapporteurs (May 2011);
- A technical contribution to the *European Platform against Poverty and Social Exclusion* report coordinated by MEP Frederic Daerden (June 2011).

ETF and the European Commission

The ETF cooperated closely with the Commission services, presenting its work in the Neighbourhood region at the Jean Monnet seminar on the Eastern Partnership and EU 2020 (10 December 2010) and at a peer learning event on National Qualifications Frameworks organised by DG EAC on 15-17 December 2010. The results of the Torino Process were shared with the colleagues from DG EAC

and DG DEVCO in March 2011 as well as at the 'Meeting of EU Member States' and Stakeholders' TVET and Education Experts in Development Cooperation' organised by DG DEVCO (25 January 2011). The results of the Women at Work project were disseminated with DG DEVCO (6 May 2011) as well as the ETF work on knowledge management (3 February 2011). A series of discussions took place in March with DG EMPL on issues related to IPA reviews, labour migration and social inclusion.

The ETF and other EU agencies

The ETF and Cedefop have developed an Action Plan for 2011 and staff from the two agencies participated in a series of activities including the Cedefop agora '*A bridge to the future European vocational education and training policy 2002 to 2010*', on 17 March 2011, the ETF '*Torino process: learning from evidence*' conference, 10-11 May 2011 and the Cedefop expert workshop on the "*Pilot study on Europass, ECVET and EQF for documentation, validation and certification of learning outcomes*", 10-11 February 2011

The ETF is also cooperating with Eurofound and a representative participated in the Advisory Committee of the ETF social partnership project in ENP South on 31 March 2011.

The ETF also participated in the Agencies Days at the European Parliament (1-3 February 2011) and will attend the joint seminar of the four "Employment agencies" (Cedefop, Osha, Eurofound and ETF) on Youth and Employment (30 June 2011), organised with the support of the Employment Committee of the European Parliament

Cooperation with EU Member State institutions

The ETF had very good cooperation with the Hungarian Presidency and participated in several meetings organised in this period. Madlen Serban thanked the Presidency for the cooperation developed and the support received during these months.

Strengthening relationships with institutions active in the field of human capital development through the participation of Governing Board members and other EU national experts in ETF events is one of the ETF's objectives. In the case of Southern Neighbourhood countries, the ETF consulted its Board members on the thematic priorities and partner countries of interest for cooperation. Answers were received from Italy, France, Germany and Portugal. In 2011, the ETF will organise study visits and peer learning events in some EU Member States including UK, Portugal, France and Finland.

A number of Board members have participated in ETF events as have some experts nominated by EU Member State institutions.

As regards **Italy**, the ETF benefited from the support offered by several institutions and organisations. A regional high level conference was organised at the Ministry of Foreign Affairs on 10 December 2011, focusing on employability in the Mediterranean area. Participants represented key government institutions and social partners from the region and international organisations. The Italian Government is co-funding activities including regional qualifications development and, in Lebanon, the national qualifications framework and entrepreneurial learning.

The ETF is also cooperating with ISFOL, the Italian research centre on labour market and vocational training issues. Further to institutional meetings in February and April 2011, a series of joint actions were identified to reinforce TVET policy making in the Mediterranean region.

A back-to-back conference with the Governing Board meeting took place in November 2010 organised in cooperation with Politecnico di Torino to disseminate the results of the ETF cross-regional project on entrepreneurial learning.

The ETF attended an event organised by the University of Padova-Jean Monnet Chair on Education to Intercultural dialogue, 22-23 March 2011 as well as a seminar organised by the Turin Chamber of Commerce on regional cooperation. The ETF and the Milan Chamber of Commerce initiated an exchange of knowledge and information on the issue of women's entrepreneurship.

Cooperation with international organisations

The ETF is cooperating with international organisations such as UNESCO, OECD, ILO, the European Investment Bank, the Asian Development Bank, the World Economic Forum- Global Education Initiative and the RCC Secretariat.

The ETF continues to participate in meetings of the inter-agency working group cooperation on VET. In the meeting organised in January 2011, activities focused on the preparation of the UNESCO TVET

World Congress 2011 and the UNESCO Global Report on TVET. On 3-5 May, at the invitation of the ILO, the ETF attended a conference to debate the development of HR pillars as required by the G20.

A joint Action Plan for 2011 and 2012 was agreed in February 2011 with the RCC Secretariat, Task Force Fostering and Building Human Capital in South Eastern Europe and ERI SEE.

At the same time the ETF is co-chairing the working group on good practice on entrepreneurial learning with Deloitte under the framework of the World Economic Forum.

A number of international organisations have also been represented at ETF events.

Corporate events

Since the last meeting of the Governing Board, the ETF has organised the following events:

- *Promoting Social Inclusion and Combating Poverty through Cooperation in Education, Training and Work in EU Neighbouring Countries*, European Parliament, Brussels, 2-3 December 2010
- *Education, business and innovation for growth and jobs*, - EU agencies joint exhibition at the European Parliament, Brussels, 1-3 February 2011
- *Torino Process: Learning from Evidence*, Torino, 10-11 May 2011

The upcoming events are:

- *Working together for youth employment*, - Joint EU-agency seminar (Eurofound, Cedefop, EU-OSHA and ETF), European Parliament, Brussels, 30 June 2011
- *Qualifications Frameworks - from concepts to implementation*, European Parliament, Brussels, 6-7 October 2011

The Torino Process

The ETF prepared country reports and cross country reports on the Torino Process and education and business cooperation. The reports were presented to the Commission services: DG EAC, EMPL, DEVCO and to stakeholders at the corporate conference organised on 10-11 May 2011. During the conference, participants representing the partner countries adopted a *Declaration of commitment*, which includes the policy priorities, the key deliverables, four key principles, two implementation modalities and the commitment to participate in the next stage of activities. In the policy leaders seminar organised at the conference, ministers, deputy ministers and high level officials discussed evidence-based policy making and from their perspective, found the discussions extremely useful and asked the ETF to continue organising this type of event in the future.

Activities in the southern Mediterranean

At present, the southern Mediterranean is a region of revolution and political change that required a refocusing of ETF activities. The revolutions in Egypt and Tunisia demanded democracy and jobs. The 60 million jobs needed for young people within 15 years could be a threat to democratic transformation. There is a new focus on multi-level and inclusive governance as well as on the role of SMEs and skills development. At the end of February/beginning of March 2011, ETF activities in Egypt and Tunisia ceased and, at present, work in Syria is suspended.

As regards **Tunisia**, the ETF is monitoring and supporting the implementation of a roadmap for employment promotion. It is focusing its activities on skills development for SMEs at regional level. Human resources development to support regional development is another area of intervention. Exceptionally, the ETF is helping to build capacity in internal and external communication using social media. The ETF is joining forces in Tunisia with international institutions and agencies.

In Egypt, the ETF is supporting the preparation of a new large scale EU project in TVET. The ETF provided policy briefs on TVET and employment. Employability fiches for Union for the Mediterranean countries are under development. Under the Euromed Industrial Cooperation working group, the ETF presented its input on the skills dimension of SME growth, including green skills. The regional and national activities include the seminar on financing VET in Morocco, the meeting of the Advisory Board for the regional social partnership project as well as national workshops on the comparability of qualifications and their correlation to the EQF.

Activities in the Western Balkans and Turkey

In this region, the ETF is supporting the preparation of the IPA Multi-beneficiary projects by contributing to the preparation of the project fiches and setting up a task force on social inclusion and education and training. The ETF also organised a regional meeting on private sector development through competence development in Budva, Montenegro.

Brief reports on progress achieved in HCD, employment and social inclusion were presented to DG EMPL. The preparation of HRD reviews for the three candidate countries is in progress. At the same time, a peer review of the draft operational programmes is being carried out in Montenegro and Serbia. Input on the NQF is provided in Bosnia and Herzegovina, Croatia, Kosovo², Serbia and Turkey.

Activities in the Eastern Partnership and Central Asia

An assessment of progress of the SME policies and performance in Eastern Europe started in 2011 and has been carried out in all the countries covered by the Eastern Partnership. A new project on mutual learning in continuing training had its kick off meeting in Turin. As regards the NQF, activities are carried out in the form of workshops in Azerbaijan, Republic of Moldova and Ukraine.

In Central Asia, a regional conference was organised in Astana on the Torino Process findings and the ETF is producing an analysis of the findings of a survey on school development project ongoing in Central Asia.

Thematic expertise development

ETF thematic expertise is developed to support VET enhancement in the partner countries. The ETF has three communities of practice: i) qualifications and quality; ii) entrepreneurship and enterprise skills; and iii) VET social inclusion and equity. Qualifications and quality is preparing the launch of a Qualifications Platform, a study on institutional arrangements for NQFs and supporting the development of NQFs (e.g. in Croatia, Kosovo, Turkey, Ukraine). Entrepreneurship and enterprise skills support the implementation of SBA assessments in the Eastern Partnership region and are producing a conceptual paper on skills for SMEs to guide future ETF work. VET social inclusion and equity is carrying out dissemination events on the results of women at work project, contributing to the Euromed Gender Equality Programme (EGEP) on gender issues in the Mediterranean region and has organised the Conference on "Equity and Competitiveness: two sides of the Human Capital Development coin" in May 2011.

The matching and anticipation of skills project set up an expert network, and is reviewing the approaches for matching and anticipation of skills and preparing the methodological paper for measuring skill mis-match.

Learning in different contexts and vocational education and training is another project and includes the launch of a study on work-based learning policies and supply in ETF partner countries and a paper on formal and informal apprenticeships.

In the area of migration and skills, the ETF is focusing on updating and adapting its methodology to country contexts, launching surveys in Armenia, Georgia and Morocco and providing inputs to EC Communications.

Court of Auditors

On 16-20 May 2011, the ETF was audited by the Court of Auditors. Preliminary observations for the 2010 financial year received informally during the Heads of Agencies Meeting in Brussels on 1 June 2011 indicate that for the first time there are no observations and ETF has received very positive feedback.

Internal Audit Service (IAS)

In April 2011, the IAS carried out an audit on external and internal communication and the report will follow soon. The IAS Annual Report on activities carried out within the ETF in 2010 presents a positive assessment of the organisation, and in particular reports that: "the internal control system in place within the ETF provides reasonable assurance regarding the achievement of the objectives of the annual planning process" and includes only one "very important" recommendation related to the monitoring framework and that requires the ETF to "describe the utility and added value of the new

² Under UNSCR 1244/1999

planning approach". This recommendation has already been addressed by the ETF according to the agreed action plan and closed by the IAS on 30 March 2011 as considered fully implemented. There are no outstanding "critical" or "very important" recommendations. Only three "important" recommendations remain which are at "ready for review" status.

ETF performance management framework

In 2011, the ETF is working on the further development of its performance management framework to improve and demonstrate its added value. Focusing on results, it is a framework for quality assurance for the whole ETF and takes a comprehensive approach, considering both quantitative and qualitative indicators. The performance management framework papers corroborated in the ETF quality management system are expected to be finalised in 2011 for implementation in 2012.

Human resources

Following the functional analysis of the Administration Department, the piloting of the decentralised model of financial management has proved to be successful. Efficiency gains are related to major reductions in transaction processing times. This model will be rolled out to other departments from 1 July 2011. The central finance and procurement function is now focusing on enhanced quality control.

The ETF has a total number of staff of 128. The establishment plan indicates that 92 of the 96 temporary agent posts are filled. Four vacant posts (including Deputy Director, if approved by the Board) are to be filled in 2011. Other staff include 32 contract agents, two local agents, and two seconded national experts.

Budget transfers

The director indicated that by 1 June the commitment of funds was about 72% and she presented a list of operational and administrative appropriations. Only two transfers were carried out in 2011, in line with the recommendations of the Court of Auditors.

iii. Update on the Belgian, Hungarian and Polish EU Presidencies

Gyorgy Szent-Leleky (Hungary) presenting the outcomes of the Hungarian presidency, indicated that they were focusing their activities on four priorities: growth and employment for preserving the European Social Model, stronger Europe, citizen-friendly Union and enlargement and neighbourhood policy.

In the area of economic governance, the Hungarian Presidency contributed to the adoption of a general approach: the preventive and corrective parts of the Stability and Growth Pact, the requirements for the budgetary framework for Member States, prevention and correction of macro-economic imbalances, effective enforcement of budgetary surveillance in the euro area and enforcement measures to correct excessive macroeconomic imbalances.

The Council adopted the fifth cohesion report and several measures in the area of energy and common agricultural policy.

One of the main priorities of the Presidency was related to the area of a citizen-friendly Union, and under this headline, on 31 January the framework principles of the Roma Strategy were adopted, focusing on education, employment and housing. On 8 April, the European Civilian Initiative was signed, according to which legislative work in the EU can be launched upon the written request of one million citizens.

As regards the enlargement process, the Hungarian Presidency supported the closure of negotiations with Croatia in June 2011.

The Education Council adopted the following documents:

- Contribution to the priorities of Europe 2020 - the key messages (Council meeting of 14 February)
- Recommendation on the prevention of early school leaving (Council meeting of 20 May)
- Recommendation on fostering learning mobility (Council meeting of 20 May)

- Conclusions on early childhood education and care (Council meeting of 20 May)

A series of events, conferences and seminars were organised by the Hungarian Presidency in the first semester of 2011 and Gyorgy Szent-Leleky summed them up indicating that the events were: 14 at ministerial level, 26 at state secretary level and 43 were at expert level.

Jerzy Wiśniewski (Poland) briefly presented the priorities of the Polish Presidency, which include education for mobility and the modernisation of universities. The context for the implementation of actions will include the following EU strategic documents: Europe 2020 Strategy and its flagship initiatives - Youth on the Move, Agenda for New Skills and New Jobs and the Strategic Framework for European Cooperation in Education and Training (E&T 2020), as well as the EC Communication on the modernisation of universities expected in the third quarter of 2011.

The Presidency will launch a debate on learning mobility issues in the framework of EU educational programmes, in a comprehensive way, taking into account an international dimension (including EU neighbouring countries). The debate on the priorities for the second cycle of European cooperation in the field of education and training for the years 2012-14 will also be an important part of the Presidency's agenda.

The Presidency aims to advance work on developing young people and adults' competencies in the context of lifelong learning, including language competencies, thereby helping to make studying or working abroad more widespread. Enhancing cooperation between vocational training, higher education and employers, as well as other institutions in the social and economic environment, and helping to raise the quality of education and to create flexible lifelong learning paths are all important aspects of this work.

The Presidency will put an emphasis on supporting quality in the context of the popularisation of higher education, teaching and scientific research, as well as differentiation and transparency of higher education institutions, employability of graduates, partnership with the business community, and the social dimension of higher education.

The events that will be organised during the Presidency include:

- Conference on the Eastern Dimension of Mobility, Warsaw, 6-7 July;
- DG VET meeting, Cracow, 24-27 September,
- Conference on "Multilingual competences for professional and social success in Europe", Warsaw, 28-29 September;
- Meeting of ministers in charge of compulsory education, Gdansk, 10-11 October;
- Conference on "Mobility as a tool to acquire and develop competences from childhood to seniority", Sopot, 17-21 October;
- Conference on "Modernisation of universities", Sopot/Gdansk, 24-25 October;
- Conference "Effective policies for the development of competences of youth", Warsaw, 16-18 November

5. Annual Activity Report 2010 and the Annual Activity Report 2010 Analysis and Assessment

Madlen Serban, Xavier Matheu de Cortada and Alastair Macphail presented the draft 2010 Annual Activity Report. The document was produced at the beginning of 2011 and was sent to the Board in March. The ETF received comments from DG ELARG which were included in the text submitted for approval. It was discussed at the structured dialogue meeting between the ETF and the Commission in April and during the Governing Board working group meeting in March.

Madlen Serban thanked the Governing Board members that accepted to join the consultation with the ETF on the document in March 2011 and explained that the ETF implemented its work programme

through country plans, regional projects and cross-regional projects in line with the objectives set in the Mid Term Perspective 2010-13. She made reference to the Torino Process as the key driver of the ETF's 2011 work programme. Support to evidence-based policy making included an in-depth review of education and business cooperation, which was a specific request from DG EAC. The review was carried out in 28 countries (only Algeria did not take part) and the analysis focused on business cooperation with the secondary VET level and professionally-oriented higher education. **Xavier Matheu** focused his intervention on the achievements at operational level in all ETF partner regions. As regards thematic expertise, in 2010, the ETF developed its activities under the communities of practice on qualifications systems and frameworks, tertiary education, indicators and data for evidence-based policies, transition from school to work, employment and labour market, and sustainable development and VET.

On performance management, the ETF reviewed the corporate performance indicators, the main organisational management processes of planning, monitoring, evaluation, risk management and reporting and developed the Dashboard. Taking into consideration the key developments which took place in 2010 in the organisation and its management and supervision processes, the ETF internal control system can be considered as working as intended. It thus provides reasonable assurance for the adequate control of the risks related to ETF performance objectives, compliance objectives and the objectives of protecting staff and safeguarding assets and information

Alastair Macphail presented the results in terms of resources. Of the €18.832 million available as commitment appropriations in the 2010 subvention, the ETF achieved a commitment rate of 99.9% (compared to 99.8% in 2009 and 98.5% in 2008). The ETF paid 87.1% of the amount committed (compared to 82% in 2009 and 84% in 2008). Including the payments on operational commitments carried forward from the previous year, of the €19.297 million available payment appropriations in 2010, the ETF achieved a payment execution rate of 96.5% (compared to approx. 90% in 2009 and 2008). The ETF halved the number of budgetary transfers to 15 in 2010, compared to 33 in 2009, and carried forward 12.8% of the 2010 amount committed (compared to 17% in 2009 and 15% in 2008).

Gyorgy Szent-Leleky (Hungary) on behalf of the Hungarian Presidency presented the Analysis and Assessment of the Annual Activity Report 2010. The document had been discussed by Governing Board members and the independent experts nominated by the European Parliament. The overall opinion on the ETF's work is positive.

Mr Szent-Leleky made a short presentation about the opinions of the Board members formulated during the informal session. Some suggestions were made as regards cost effectiveness in terms of using indicators such as employment rates. However, this opinion is not unanimous. It is also important to reflect how political changes have an impact on the ETF's work of the ETF. Some Board members requested a brief description about each partner country, covering strengths and weaknesses, what has been developed and what has been achieved.

Nuno Pestana (PT) asked for clarification on the Analysis and Assessment of the Annual Activity Report 2010. Part III indicates that seven out of eight recommendations issued by the IAS in 2010 have already been closed while this is not reflected in the report itself. Madlen Serban explained that the information on the number of recommendations closed (seven out of eight) is presented in the table under the point 3.3 of the Annual Activity Report.

The Governing Board adopted the Annual Activity Report 2010 and the Analysis and Assessment of the Annual Activity Report 2010.

6. ETF Annual Financial Statements 2010

Martine Smit (ETF), nominated as accounting officer by the Governing Board in 1999, presented the 2010 financial accounts.

The statements have been audited by the Court of Auditors and a preliminary opinion was received on 31 May 11. This preliminary statement says that in all material aspects, the ETF's Annual Accounts fairly represent its financial position as of 31 December 2010, and the results of its operations and its cash flows for the year are in accordance with the provisions of its Financial Regulation. The opinion of the Court is the basis for discharge by the European Parliament. The ETF received the discharge for the financial year 2009 on 24 January 2011.

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 occur (and not only when cash or its equivalent is received or paid) and cash accounting, based on cash flows, i.e. transactions are recognised when cash is received or paid.

The main changes:

Economic outturn: As income only the funds paid are registered not the total amount received. Compared to 2009, the ETF paid almost the same amount of the available payment credits. The fact that the economic outturn indicates a profit 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: At the ETF, the only change 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 2009. The total value of the balance shows a decrease of €1.3 million. This is mainly the result of a decrease in cash equivalents due to a very tight treasury forecast.

Cash flow: The ETF continued to monitor its treasury closely and this resulted in a high percentage of payments and a continuing decrease in the cash situation.

Budget outturn: The budget outturn is based on the execution of payment credits. The budget is composed of commitment and payment credits. The commitment credits correspond to 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 from 2009 to 2010, cancelled payment appropriations related to carry-over from 2009, exchange rate differences and the negative result from the budget outturn 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 96.49%.

The earmarked funds consist of the Italian Trust Fund (from the Italian Ministry of Foreign Affairs) and the MEDA-ETE convention. The period to commit these funds ended on 31 December 2009 and therefore no funds were available for commitment. For the ETF subvention, the level of commitments compared to 2009 is slightly higher. The level of commitments for earmarked funds is calculated by calendar year as for the ETF subvention, but earmarked funds are multi-annual in nature and as a result, the commitment level is not an indicator of efficiency.

The differences between the economic outturn and budget outturn are accruals and reclassifications. Where the budget outturn is solely based on money coming in and money going out in the financial year, the economic outturn is based on reality and events that took place in the financial year, i.e. depreciation, paid pre-financing and invoices received at the end of the year and not paid. Furthermore, economic outturn also covers the reversal of the registered accrued expenses from the previous year's balance.

At the end of October 2010, the ETF went live with the new financial systems ABAC and SAP. This caused several problems in closing the accounts and the preparation of the budget execution. The result of two systems had to be combined.

According to the Regulation, any interest gained on the ETF subvention is to be paid back to the European Commission. For all other earmarked funds, it depends on the individual convention.

Gyorgy Szent-Leleky (Hungary) presented the Draft Opinion of the Governing Board on the ETF Annual Financial Accounts 2010.

The document was tabled and is in line with the ETF's mandate. Based on the 2010 Annual Activity Report, the director's statutory declaration of assurance and her expression of confidence in the checks and operations of the ETF, the ETF accounting officer's certification of the annual accounts and the Court of Auditors statement of assurance, the Governing Board was asked to give its opinion on the 2010 Annual Financial Accounts.

The Court of Auditors report was positive and did not issue any comments on the ETF's financial and budget management in 2010.

The Governing Board adopted its opinion on the ETF Annual Financial Statements 2010.

7. ETF organisational structure

Madlen Serban presented a proposal for the new organisational structure indicating that it was based on the institutional and financial analysis carried out in 2010 as well as the recommendations made by the audits and other analyses. The structure adopted by the Board together with the Work programme 2011 is proposed to be changed as announced during the last meeting of the Board. In this respect, the ETF will be organised in departments, units and other administrative entities (cells, teams or groups). There are six departments: i) Administration; ii) Planning, monitoring and evaluation; iii) Geographical; iv) Evidence-based policy making; v) Thematic expertise and vi) Communication. Under the new organisational structure, legal advice will report directly to the director, in line with a recommendation from a recent audit of the function. Having in mind the extensive work that is done in relation to different stakeholders and in view of better coordination between the departments, the function of stakeholder cooperation will also report directly to the director. An important change is related to the creation of the new position for a deputy director. The new position will strengthen the management of the organisation in terms of coordination and representation. The draft vacancy note for this position was tabled for information.

Gyorgy Szent-Leleky (Hungary) presented the discussions of the Board members during their informal meeting indicating that there were some questions regarding the rationale behind the creation of the new position. He indicated that the majority of the Board members were in favour of the proposal.

Micheline Scheyns (Belgium) indicated that is up to the director to decide on the creation of the post of deputy director as long as the proposal is in line with the approved budget and the objectives of the institutions.

Sara Parkin (independent expert nominated by the EP) commented on the eligibility criteria section of the job description, highlighting the importance of skills and experience for dealing with high level representatives in different institutions.

Nuno Pestana (Portugal) raised the issue of consistency between the organisational structure and the rules of procedure since the rules of procedure do not mention the role of the deputy director. Madlen Serban indicated that there is a reference to the deputy director.

Pat Hayden (Ireland) expressed his reservations the proposal since it limits the eligibility of the candidates.

The Chair commented that is up to the director to draft the conditions for the competition and all aspects should be taken into consideration.

Madlen Serban proposed including a representative of the Board as an observer in the selection process

The new organisational structure was adopted by the Governing Board.

8. ETF Rules of procedure

The Chair indicated that according to art. 9g of the ETF Regulation, the Commission should issue an opinion as regards the ETF Rules of Procedure. The draft opinion has been prepared and is in the process of adoption. The document was distributed to the Board for information. Approval will be sought via written procedure once the Commission opinion has been adopted.

Xavier Matheu explained that the Rules of Procedure define the organisational and operational procedures and their related provisions applicable to the ETF. The documents have the following parts: Regulatory Framework Governance, External Bodies Exercising Regulatory Control Management, Organisational Structure, Internal Bodies, Decision Making Process and the Final Provisions. He made a brief presentation of each chapter of the draft rules.

The Chair mentioned that the draft opinion indicates that the Commission welcomes the document presented by the ETF. There are some suggestions for improvement for the ETF's consideration.

Jerzy Wisniewski (Poland) asked if the ETF is using the Rules of Procedure in practice. Madlen Serban explained that the Rules of Procedure proposed take into consideration current practice and the need for improving certain activities.

Sara Parkin referred to the fact that the document does not have stipulations for reviewing, especially working groups or other structures that might need to be changed over time. The Chair pointed out that audits carried out on different functions are designed to indicate whether there is a need for review and that an excessive regulatory framework was not necessary. Madlen Serban referred to art. 39 of the draft of the Rules of Procedure which specifies that whenever it is considered necessary or appropriate, a revision can be carried out.

9. Draft Work Programme 2012

Madlen Serban, Xavier Matheu and Alastair Macphail presented the draft ETF work programme.

Madlen Serban indicated that the draft Work Programme is to be sent to the Commission for an opinion, as stipulated in the ETF Regulation. After discussions with the Board, the document will be updated and the Board will be invited to participate in a consultation meeting in September. The Work Programme will be submitted for approval at the Board meeting in November. She also indicated that the draft has been prepared on the assumption that the subvention for the ETF from the European Commission in 2012 will be €20.247 million, the total number of posts in 2012 will be 134 and the total available full-time equivalent staff in 2012 will be 129.5. The ETF requested €20.81 million in view of the need to increase assistance to Egypt and Tunisia.

Ms. Serban stressed that the 2012 work programme is based on priorities. The ETF plans and manages its activities through an activity-based budgeting approach, aiming to achieve its objectives and use resources efficiently. It was set a baseline to monitor progress during the year with quantitative and qualitative indicators, the main risks associated with activities and objectives were identified in order to take appropriate action to address them. The planning is done following a cascading principle as well as the multi-dimensional one: geographical, functional and thematic.

The context of ETF activities is shaped by the EU's external relations policies and internal approaches to education and training. The Torino Process consolidates and extends the policy learning approach and systematically promotes evidence-based policy making.

The ETF's operations at country and regional levels are informed by the 2010 Torino Process, and continuous dialogue with key stakeholders held in 2011. Drawing on the analysis undertaken for each partner country, thematic policy areas for priority support have been identified in line with the following five criteria:

- priority in EU external relations and its contractual relations with the partner country;
- priority of human capital development in EU's external relations with the partner country and region;
- priority given to human capital development in country as indicated by documented national strategies and policies and resource commitments;
- partner country stakeholder commitment to human capital development as indicated by their contribution and participation to national reform strategies; and,
- involvement of other donors in human capital and the co-operation to avoid overlaps.

Xavier Matheu indicated that the main objectives in 2012 as described in the ETF Mid-Term Perspective are to:

- reinforce the holistic, evidence-based analysis of VET reform in partner countries through the Torino Process;
- strengthen the capacity of partner countries to develop and apply tools for evidence-based policy making;

- improve labour market analysis and forecasting in the partner countries and support them in reviewing vocational education and training systems in this light;
- support the EU external policy instrument programming cycle and, when relevant, the external dimension of internal policies;
- disseminate relevant information and encourage exchange of experience and good practice between the EU and partner countries and among the partner countries themselves in human capital development.

A total of 144 outputs are planned for 2012 and ETF operations are described in regional and country level documents. In each partner country an implementation plan operationalises this work. As regards thematic expertise development, ILP projects will continue on matching the demand and supply of skills and learning in different contexts, and the links between skills and migration. In 2012, the second round of Torino Process in all ETF partner countries will be performed and the Torinet project will continue its activities in 11 partner countries.

Alastair Macphail indicated that the subvention from the Community budget foreseen for 2012 is €20.247 million, from which 67% corresponds to Title 1, 8% to Title 2 and 25% to Title 3. As a centre of expertise, most Title 1 expenses are dedicated to expert provision to the partner countries and therefore 70% of the subvention is invested in operational activities, and 30% in overhead costs. The overall breakdown of the operational budget for 2012 is as follows: 30% for the Enlargement region, 22% for the southern Mediterranean, 18% for the Eastern Partnership, 10% for Central Asia, 14% for thematic expertise development and 6% for methodological development to support evidence-based policy making and knowledge management. As regards human resources, the ETF plans to have 134 staff member and 129.5 FTE.

Micheline Scheys (Belgium) asked if the ETF will play a role in the accession discussions with Iceland and if the ETF is cooperating with Cedefop on work-based learning.

Madlen Serban indicated that the ETF is already working with Iceland and that activities are distributed between Cedefop and the ETF. Icelandic experts are mainly involved in regional projects, where other partner countries can benefit from their experience. The ETF can offer information on Iceland based on DG ELARG requests. **Anastasia Fetsi** (ETF) mentioned that the ETF is already working with Cedefop on work-based learning and in 2012 the two institutions will cover the subject focussing on practical training in schools.

Torben Kornbech Rasmussen (Denmark) wanted to know more about the principle of concentration that was mentioned during the discussions and informed the Board that during the Danish Presidency in 2012 there are some aspects that might be interesting for the ETF, including strengthening links between education and labour markets with an emphasis on VET and especially on entrepreneurial learning, recognition of non formal and informal learning, and employability benchmarks. **Madlen Serban** indicated that the concentration approach means that the ETF will not work on all functions in all the countries and regions, but will work on priorities. Some functions are specific to more than one region. The ETF will rationalise the number of projects developed in a particular country, focusing on those with most added value. She expressed the ETF's willingness to discuss possibilities for cooperation under the Danish Presidency.

Nuno Pestana (Portugal), referring to the priorities of the Torino Process for partner country activities, suggested that the ETF should add quality assurance to support for the attractiveness of VET. He asked for clarification about the activities defined by function in the Work Programme as not all functions were indicated when defining activities by country. Furthermore, the 2010 Annual Activity Report, could better reflect the activities performed as a result of Commission requests. **Madlen Serban** indicated that the ETF will focus on capacity building projects since there is a huge need for assistance in the partner countries and a limited absorption capacity. For this reason there are more outputs linked to function 2. The absence of countries in relation to specific functions reflects the concentration principle above mentioned. **Xavier Matheu** explained that when we count outputs for Commission requests they relate to a range of activities involved in providing support to Commission services, mainly support for programming in partner countries. The ETF has a database where the requests from the Commission services are recorded in detail. The corporate outputs have a broader dimension.

Alberto Cutillo (Italy) expressed appreciation for the Work Programme as being realistic and ambitious and asked for clarification on the budget allocation to activities in the southern Mediterranean: whether or not the 22% mentioned represents an increase compared to previous years. In view of the latest developments in Arab countries, activities in the region should be strengthened. **Madlen Serban** replied that the 22% allocation for the southern Mediterranean is an increase compared to previous years. If the total budget is increased, even more activities could be developed.

Jan Truszczyński asked for clarifications about flexibility in the 2012 Work Programme, especially related to the unforeseen activities or changing realities in the partner countries. He asked what could be done in terms of reallocating resources if changes to priorities for cooperation and delivery of the assistance were requested at short notice. **Madlen Serban** answered by giving the example of the 2011 Work Programme and how the ETF managed to adapt to the new realities in Tunisia and Egypt and other countries in the southern Mediterranean. The ETF analyses the requests from the country and prioritises them in a mid-term perspective, but is also able to answer to the urgent needs. In the case of Tunisia, the ETF is focusing its activities on monitoring the road map on employment as well as delivering urgent activities that need to be implemented by the end of the year. Activities in the area of skills for SME's, involving civil society, including social partners, empowering them to be part of the dialogue in VET and regional development are being promoted.

13. Any other business

Alessandro Brolpito (ETF) presented the Dashboard, a new ETF management tool. It is a software solution developed to enhance performance management at the ETF. It has three components: *planning* to support baseline planning of allocated resources, events and publications; *monitoring* to improve consistency, relevance and measurability of resource consumption; and, *reporting* to enhance the consistency and efficiency of progress reports. Examples of functioning were provided. **Madlen Serban** indicated that the ETF will ensure Dashboard access to all Board members.

Sofia Sakali (ETF) presented the evaluations conducted by the ETF in 2009-10 on ETF publications, the Entrepreneurial Learning Programme, support to partner countries, innovation and learning projects and the 2010 Torino Process.

Madlen Serban, on behalf of the ETF thanked Belén Bernaldo De Quirós, head of unit and Elena Pascual Jiménez from DG Education and Culture for their support and cooperation, since it was the last meeting of the Board they attended. **Mr Szent-Leleky** also expressed the Board's appreciation for the two Commission representatives.

14. Date of next meeting

The next meeting of the Governing Board will be held in Turin on **22 November 2011**

Follow up actions:

- The ETF will provide brief descriptions of the activities performed in the partner countries in the 2011 Annual Activity Report;
- A Board member will take part in the selection panel for the ETF deputy director as an observer;
- The ETF Rules of Procedure will be submitted for adoption through written procedure, following the Commission's opinion on the document;
- The ETF will provide access to the Dashboard to the ETF Governing Board members;
- The structure of the Board meeting will be adjusted to allow more time for discussion during the informal meeting.