

ETF GOVERNING BOARD MEETING 24 NOVEMBER 2010

MINUTES

1. Introduction

The meeting of the ETF Governing Board was held in Turin on 24 November and chaired by **Jan Truszczyński**, Director General for Education and Culture at the European Commission.

New members of the Board for Malta (Philip Von Brockdorff and Richard Cumi as alternate), Czech Republic (Milos Rathousky, as alternate member), Luxembourg (Nic Alff, as alternate member) were welcomed. The observers from the partner countries, respectively Mr Salih Çelik, deputy undersecretary of the Turkish Ministry of National Education, Mr Naig Mammadov, head of the technical vocational department at the Ministry of Education from Azerbaijan and Mr Ahmad Mustafa Abdalla, member of the ETVET Council in Jordan were selected by the European Commission from a list of candidates proposed by the partner countries, all of them have a long experience in VET. Two of the independent experts nominated by the European Parliament, Stamatias Paleocrassas and Sara Parkin were present. Commission officials Gerhard Schuman-Hitzler, Director, DG Enlargement, Ronan MacAongusa, DG Relex, Christophe Masson from EuropeAid, as well as Belén Bernaldo De Quirós, head of unit and Elena Pascual Jiménez from DG Education and Culture also attended. The ETF's staff committee was represented by Mircea Copot.

Greece, Ireland, Portugal and Slovakia were not represented at the meeting.

The chairman expressed his condolences to the colleagues and family of the Mr Rutger Wissels, the GB member representing DG Relex, who passed away on 30 October 2010.

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 on 14 June 2010 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 June 2010 meeting:

- The ETF will present the results of the innovation and learning project on flexicurity at the next meetings of the Governing Board;
- The ETF will continue to cooperate with Cedefop on the issue of the sustainable relationship between education and labour markets is included in the 2011 Work Programme;
- On 22-23 November 2010 the ETF organised a seminar on sustainable development and VET and the recommendations will be reflected in the 2011 Work Programme;
- The ETF presented the results of the functional and institutional review of the Operations Department under the point #4 of the agenda;
- The corrections to the 2009 Annual Activity Report requested by the Commission have been made and the document submitted accordingly;
- The ETF will produce an executive summary of the 2010 Annual Activity Report and will improve the communication style of the document;
- The reference in the Opinion on the ETF Annual Financial Accounts 2009 on the status of the non-voting members of the Governing Board for the independent experts nominated by the European Parliament was made in line with requirements;
- The ETF set up a provisional wireless LAN with an internet connection in the Governing Board meeting room and an electronic evaluation form for the meeting was made available in the Governing Board restricted area of the ETF website;

Written procedures were carried out on the following issues:

- The modification to the 2011 ETF Establishment Plan (ETF-GB-10-034) launched on 04 August 2010 and closed on 25 August 2010 was adopted;
- A protocol for cooperation between the ETF and the Ministry of Education and Science of the Republic of Kazakhstan (AGR/10/ETF/02) launched on 01 September 2010 and closed on 22 September 2010 was adopted

4. Oral reports

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

Jan Truszczyński referred to the following aspects:

External evaluation of ETF

The last external evaluation of the ETF covered issues up to 2005. A new evaluation is now due and preparations have already started. DG EAC is using a framework contract for this evaluation and bids are expected by 9 December 2010. Work is expected to start by mid-January 2011 and a final report is expected by the end of July 2011. The work will be guided by a steering committee composed of two officials from DG EAC, one from DG RELEX, one from DG DEVCO, one from DG ENTR and one from the ETF. A member of the Governing Board will also participate in the steering committee. The chairman asked Governing Board members to express their interest in taking on this role to DG EAC.

Latest developments in education and training

The *Youth on the move* initiative is a political framework that includes a series of activities and products that will be developed in the coming years. The initiative was launched in autumn with two events, one in Bordeaux, attended by the Commissioner for Education and Culture, Androulla Vassiliou and the other in Budapest. Some products have already been released, such as the draft

recommendations on promoting mobility at European level to support the cross-border mobility of students, and others will come soon, including a draft Council recommendation on early school leavers. Another relevant flagship initiative, "*A new skills for jobs agenda*", was adopted by the Commission on 24 November 2010. The fact that the ETF has placed its work programme in the context of the EU 2020 strategy and is developing a strategic approach to the internationalisation of vocational education and training in the context of economic globalisation was welcomed. The Torino Process also contributes to the evidence-based policy making process and provides a real support to the Copenhagen process. In line with the recently adopted Council conclusions and the Bruges communiqué in December, the Commission is pleased to count on the ETF's support regarding the international dimension of this process.

The Chairman also mentioned the increasing role of education under the EU 2020 strategy bearing in mind the targets adopted by the European Council, a complex task that should be promoted jointly by the Commission and the Member States, using also the new governance offered by the European semester. In the upcoming meeting of the high-level group, that will take place in Budapest, the Member States will look at the priorities for 2010-14 and how they can inspire the work of the Commission and Council in the area of economic reform. Education is now seen as a key aspect of the economic recovery. In this context, the Member States will also need to look at how they perform against established national targets, how they perform in education as a means of overcoming obstacles to growth, and how they cooperate with the EC to implement the two flagship initiatives mentioned above. The Commission will report on growth strategies and recommendations every year, towards the end of the first semester, taking into consideration the National Reform Programmes prepared by each Member State.

Gerhard Schuman Hitzler, Director, DG Enlargement presented the latest developments with regard to EU Enlargement policies.

There will be significant changes starting in December 2010, when the External Action Service will start its activities. As enlargement policy is not foreign policy, but an extension of internal EU policies, DG Enlargement policy remains at the Commission.

In autumn, the EC issued reports on the progress of candidate and potential candidate countries and outlined the strategy for the year to come. As part of the Enlargement package adopted in early November, the Commission delivered an opinion on two out of three applications (Albania and Montenegro). The application by of Serbia is still being analysed.

The Commission opinion on **Montenegro** is that the country has made sufficient progress in the political and economic criteria to become a candidate country, but this does not mean the automatic opening of negotiations. For **Albania**, the Commission considers that sufficient progress has not been made, particularly on the stability of democratic institutions, especially the functioning of the Parliament.

As for the other four candidate countries, **Croatia** is the most advanced, but a concrete date has not yet been set for the finalisation of negotiations. Justice and home affairs and combating organised crime as well as cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) are key factors. The country has made progress in education and training - a strategic plan for the mid-term development of the education and training system has been developed and adopted but efforts are still needed for the management of the lifelong learning Community programme as well as for Youth in Action.

Negotiations are continuing with **Turkey**, but progress has not been as expected. Turkey has continued its internal reform progress (reform of the constitution) but further work is necessary on fundamental rights and the democratic opening and involvement of all stakeholders. A very important issue is that Turkey should fulfil the obligations of the Ankara Protocol regulating its relationship with Cyprus. In education, overall school enrolment has increased and the country has continued to improve its performance as regards EU benchmarks.

Concerning **Iceland**, the negotiation process started with a screening of the current status of national laws, to check alignment with the EU acquis. Iceland has an advantage since it is already a member of the EEA. Progress is registered in the field of education, training and youth.

Accession negotiations with the **former Yugoslav Republic of Macedonia** have not started yet. The Commission has suggested that they be started soon. In the area of education and training there is some progress but the management of the lifelong learning programme and Youth in Action remains poor.

The Council will issue an opinion on **Serbia** next year taking into account the progress in cooperation with the ICTY and an analysis of the implementation of the Stabilization and Association Agreement. Serbia has made progress in the field of education and training and its alignment to the international standards.

As regards **Kosovo** (under UNSCR 1244), the main issue is its relationship with Serbia, as Serbia did not recognise the unilateral declaration of independence and the EU Member States are divided on the issue. There are positive signs however, but until the status of Kosovo is settled, Kosovo's participation in all regional fora is difficult to organise.

At the beginning of 2011 a new government could be in force in **Bosnia and Herzegovina** as a result of elections. The situation in the country is difficult due to the complicated relationship between the state and the different communities. An international presence is still present and discussions on whether the EU should take the lead are under way. There is some progress as regards education and training but it is not sufficient.

IPA financial instrument

The current instrument covers the period until 2013. For the next period, a new instrument will be proposed. Preparations have started with a review of the functioning of the current system and an evaluation. An important factor will be the shape and size of the new instrument as well as the intention to involve all the stakeholders. Despite the current financial crisis, the EU is able to work with a sufficient budget to implement the agreed activities in the region. The EU needs to demonstrate its added value, meaning that activities undertaken jointly are more efficient and better organised.

Maurice Mezel (FR) welcomed the information provided by the Commission and emphasised the importance of linking the objectives of the education systems with the objectives of the labour market. The *Youth on the Move* and the *Agenda for new skills for jobs* are extremely useful for the activities developed under the neighbourhood policy. It is important to increase the cooperation between the Member States and the Commission in the partner countries. He informed that towards the end of November 2010, the Euro-Mediterranean meeting of the ministers of labour will be organised in Belgium and the issues of training young people and dialogue with social partners will be addressed and mentioned the ETF contribution.

In response to a question from **Nick Preston (UK)** on the meaning of the term *European semester* and how is linked with the trio presidencies, **the chairman** explained that the trio represents the three consecutive presidencies of the Council that agree on a programme, allowing continuity and smoother planning of its work. The *European semester* is linked to the commitment the Member States took for implementing the EU 2020 strategy, with economic and financial aspects being the most important. The idea is to provide an overview of economic trends and consequences in planning the annual budget, as well as more alignment and coordination as regards EU economies and budget implementation. For the first time education is an integral part of this governance.

Ronan MacAongusa, DG Relex presented an update on the state of play of the external policy instruments related to the Neighbourhood region and Central Asia as well as on the Commission priorities in this field.

ENP Review 2010-11 as a follow-up to ENP Progress Reports 2009

The Commission adopted a Communication entitled 'Taking Stock of the European Neighbourhood Policy (ENP) to review and assess the first five years of implementation from 2004 to 2009. The document highlighted achievements in supporting sector reforms and economic convergence and identified shortcomings in areas of political reform and governance, it concluded that significant challenges lie ahead. The pace of progress is determined by the degree to which ENP partners have been willing to undertake the necessary reforms but progress also depends on the benefits that partners can expect within a reasonable time frame from the EU.

The Foreign Affairs Council Conclusions of 26 July invited the High Representative and the Commission to reflect on the future implementation of the ENP and conduct consultations to this end inside the EU and with ENP partners as a preparation for comprehensive discussions in the Council in the first half of 2011. Following the adoption of the conclusions, letters were sent to EU and partner country foreign ministers and members of the Commission to launch the ENP review seeking their views on how the policy should evolve in the short and medium term. The consultation process included meetings with partner country ambassadors, think tank experts, the EU ministers of foreign affairs, European Parliament external affairs committee, civil society representatives from the partner countries, etc.

At a meeting of senior officials of partner countries in Brussels on 6-7 October, all partners confirmed their appreciation for the consultation process, expressing a strong interest in deepening relations with the EU, deeper economic integration (based on approximation), easier mobility and more financial resources for co-operation. All underlined the importance of joint ownership and differentiation. Some expressed the view that the ENP should lead to EU accession (Ukraine, Moldova, Georgia), others to the modernisation of their countries (Azerbaijan, Algeria), and others to a strategic partnership (Egypt, Jordan). In the medium term there was a need to focus on trade liberalisation (agricultural and agro-industrial products), visa liberalisation, sector co-operation on transport (networks), energy, climate change, and renewables. They expressed interest in the extension of the cohesion policy and emphasised the importance of intercultural dialogue. This process is to be supported by stronger policy instruments (more focussed and benchmarked Action Plans) and more robust financial co-operation.

At a meeting on 5 November, civil society organisations expressed support for the ENP. They also asked the EU to be more outspoken in this respect and not to underestimate its influence in these countries. New EU incentives should be more linked to progress on reforms while Action Plans negotiated between the EU and its partners need to be more focused. Civil society asked for better access to ENP-related information, not only for NGOs but also for the wider public. They requested the creation of a “**Civil Society Facility**” (similar to what is already being developed in enlargement countries) to support their daily work in this area

The Commission will set out the main conclusions of this review in a Communication that will be issued on 20 April 2011 and that will form the basis for comprehensive discussion in the Council and Parliament. The Commission intends to make the best use of the new possibilities opened by the Lisbon Treaty and to optimise the ENP's contribution to the EU's longer-term objectives, including the 2020 agenda.

Eastern Partnership

Mr MacAongusa stressed the fact that the Eastern Partnership sets out to secure stability, better governance and economic development on the EU's eastern borders by supporting six countries in their efforts to come closer to the EU.

Work gathered pace on the bi-lateral and multi-lateral tracks. The bi-lateral track focused on discussions and negotiations on upgrading contractual relations in the context of new Association Agreements including deep and comprehensive free trade agreements. Overall, negotiations on an Association Agreement with **Ukraine** have made considerable progress. Almost all chapters on economic and sector cooperation issues including education and training are provisionally closed. The negotiations on a deep and comprehensive free trade area still require substantial technical work.

With the Republic of **Moldova** negotiations were launched in January 2010 and are progressing swiftly. Negotiations were launched with Armenia, Azerbaijan and Georgia in July based upon Council mandates provided in May.

Under the Comprehensive Institution Building programme (CIB), a first Memorandum of Understanding (MoU) was signed in May with the Republic of **Moldova** and a CIB framework document was signed with **Ukraine** in October.

Under the multi-lateral track, the fourth round of meetings of all four platforms took place in Brussels during the period October-November. The ETF's work was considered and discussed in Platform 2 (economic integration and convergence with EU policies). In the Platform 2 meeting of 10 November, feedback was provided by DG EMPL and the ETF on the results of the regional employment conference held in Odessa on 20-21 October 2010. The findings of the recently published Black Sea Labour Market Reviews were discussed and related directly to the challenges of policy planning in

human capital development by the Eastern Partnership country governments. Employability, skills and mobility were also discussed within the context of the EU Agenda 'New Skills for New Jobs'. An updated Work Programme was also presented and agreed to take account of the establishment of an SME panel. The Commission and the ETF will prepare a document by early 2011 to identify a set of priorities to be covered under cooperation in the field of labour market and social policies for future platform work.

Within the ambit of Platform 4, a seminar on the Jean Monnet programme on the development of higher education curricula on EU integration was held in Kiev on 25 October as was a seminar on the E-twinning programme for schools in Chisinau which included Russian participation. The platform meeting on 13 October focused on education and teacher training.

The Civil Society Forum (CSF) has developed into one of the most active aspects of the Eastern Partnership (EaP). It is structured into four working groups (scope of work mirrors EaP platforms), which met in Brussels in September/October 2010. Representatives of the CSF were invited to the spring round of platform meetings and are gradually being involved in EaP activities (anti-corruption panel, panel on SMEs, environmental panel).

The second meeting of the Forum was in Berlin on 18-19 November 2010 with the participation of 230 civil society organisations including 160 from EaP countries, 60 from the EU and 10 from third countries (Russia). It took stock of the implementation of the EaP, elaborated rules on the functioning, structure and aims of the CSF and drew up recommendations to be presented at the EaP ministerial meeting and future EaP platforms.

A progress report on the work of all EaP Platforms was prepared for the meeting of ministers of foreign affairs of the Eastern Partnership that should be held towards the end of 2010.

Upgrading of status and new ENP Action Plans 2010 -15

A new 'Association Agenda' was adopted for **Ukraine** in October to replace the current Action Plan and to facilitate the entry into force of the future Association Agreement. It contains updated provisions on education, training and youth in line with recent EU policy developments. A similar document is currently being negotiated with the Republic of **Moldova**. Negotiations concluded on a second generation Action Plan with **Jordan** in November with similar updated sector provisions while another one with **Tunisia** is still under negotiation. A new Action Plan to accompany the implementation of the *Statut Avancé* with **Morocco** is also being negotiated.

Negotiations with Libya

The 9th round of negotiations took place in Tripoli in November 2010 completing the negotiations on the articles on **education, training, culture** and **tourism** cooperation. The MaMa Group in the Council and the 133 Committee were informed of the details of proceedings. The objective is to conclude the negotiations as soon as possible in line with the terms of the negotiating mandate in 2011.

Union for the Mediterranean

The Secretariat for the Union for the Mediterranean was established in Barcelona in May and agreement was reached on its 2011 budget (€6.2 million) on 12 November. All UpM partners have been asked to contribute as co-financing is a prerequisite for any EU contribution to the Secretariat's operating costs. The regularity of technical and ministerial meetings remains conditional on regional political developments, particularly the Middle East Peace Process. The planned UpM Summit has again been postponed. An Indicative Regional Programme for ENP South for the period 2011-13 has been provisionally agreed with Member States and is due for adoption by the end of 2010. It provides support for regional cooperation in energy, the environment, civil protection, higher education and culture.

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 14 June 2010.

Evidence-based policy making

Ms. Serban stressed the importance of evidence-based policy for the ETF. The Torino Process was inspired by developments at EU level, particularly the Copenhagen process. In 2010, 27 reports were produced, 21 partner countries were covered by the Torino Process, with Bruges reports being provided for Croatia, Turkey and fYRoM and HRD reviews prepared at the request of DG EMPL for Albania, Montenegro and Serbia. Also in 2010, with the support of EU Delegations from three partner countries (Republic of Moldova, Kosovo under UNSCR 1244 and Kazakhstan), the ETF initiated a coordination process with donors in the field of vocational education and training, aiming a better planning and coordination. An international consultation on evidence-based policy and related capacity building was organised on 3-4 November 2010 with the participation of Governing Board members from Lithuania, Sweden, Slovakia and one of the representatives of the independent experts nominated by the European Parliament. The aim was to support the implementation of activities in 2011 and the preparation of the Torino process exercise in 2012.

The Education and Business country reports for the study on education and business cooperation, carried out at the request of DG EAC, are under finalisation. The regional reports are being drafted for a consultation exercise scheduled for 13-14 December 2010. The findings are to be presented and debated during the ETF conference to be organised in Torino, in May 2011.

IPA regional activities

The ETF has been tasked by DG Enlargement with the facilitation of the Western Balkans and Turkey beneficiary discussions for the programming of the *Inclusive education and private sector development and human resources* (IPA multi beneficiary programme 2012) under the DG ENL Regional Sector Plan 2011-13. Ms. Serban thanked the Turkish authorities for hosting the regional event dedicated to social inclusion in the Western Balkans region and Turkey. Under the *Mutual Learning* project, a peer learning on quality management and self-assessment as a tools for quality improvement in VET: Learning from experience and practices used in Hungary, was organised in September 2010 as were two study visits to Austria (on activation policies) and the Netherlands (on post-secondary VET).

ENP South regional activities

Ms. Serban reported on the regional qualifications project in the context of which a meeting was organised in Amman, Jordan, on 23-24 November to share the results of the sectoral regional comparison matrix. In the two sectors chosen, tourism and construction, the activities are being developed in cooperation with the stakeholders from the partner countries. The Entrepreneurial learning project on professionally oriented higher education was completed and a dissemination event will take place in Turin on 24-26 November, aiming at identifying forthcoming priorities. On 9-10 December 2010 in Rome, in cooperation with the Italian Ministry of Foreign Affairs, the ETF will organise a conference on employability. Invitations have been sent to all EU Member State embassies in Rome. The ETF has also provided input for activities and participated in events organised by the French co-Presidency of the Union for the Mediterranean and participated in activities of the Marseille centre (attending conferences organised by the World Bank in Marseille on qualifications, employability and migration, and their annual Assembly). As a recognition of the activities carried out in the region over many years, the ETF was invited to the World Economic Forum on the Middle East North Africa (held on 26-28 October 2010 in Marrakesh) and to the *Global Education Initiative-Entrepreneurship Education Round Table* (24 October also in Marrakesh).

ENP East regional activities

The regional conference on the *Trends and Challenges of Labour Markets and Employability of Human Capital in the six Eastern Partners* was organised in Odessa (Ukraine), on 20-21 October 2010, a joint DG EMPL – ETF initiative as part of the 2009-11 Work Programme of Platform 2 Economic Integration and Convergence with EU Policies of the Eastern Partnership. The meeting offered possibilities to debate the findings of the reviews of the labour markets in the Black Sea region. DG EMPL and ETF reported on the outcomes of the regional conference at the Platform 2 meeting on 10 November 2010 and have been asked to prepare proposals for future regional actions in the field of labour markets and social policies.

The ETF participated in the conference *The Jean Monnet Programme and the Eastern Partnership* organised by DG EAC in Kiev, 25-26 October 2010, under the 2009-11 Programme for the Eastern

Partnership's Platform 4. This gave an opportunity to present the networking and policy dialogue developed by the ETF in all its partner countries.

DCI regional activities

A study visit for the experts from Central Asia was organised in September 2010 in the Netherlands to introduce the roles and responsibilities of the social partners in TVET.

Thematic expertise

An international seminar on VET and sustainable development was organised in Turin, on 22-23 November 2010. Ms Serban thanked Sara Parkin, an independent expert nominated by the European Parliament, for her expert contribution to the discussions. Another event organised to validate the results and ideas' stemming from the ETF work was *Linked Learning: Can options in Postsecondary VET make a difference?* organised on 25-26 October 2010 in Turin. The European Commissioner for Education and Culture, Androulla Vassiliou attended. The ETF also organised an international seminar, *Apprenticeship - a tested means for school-to-work transition*, in Turin, on 3-4 November 2010, presenting the ways in which apprenticeship should be seen as a tool for transition from school to work.

Audit

The Court of Auditors and the Internal Audit Service have decided that from 2010 onwards they will pay just one visit per year to the ETF, considering the ETF a mature and well-managed agency.

Planning and monitoring

The Performance-based Management Framework has been developed by revising the policies on planning, monitoring and evaluation and risk management, the corporate performance indicators and by developing the *dashboard* as a data integrator to support all information about ETF projects. The 2011 Work Programme will be the first to be reported and monitored using this system. All policy documents are available in the Governing Board restricted area of the ETF website and members are asked to provide observations or suggestions by 29 November 2010.

Stakeholder relationship management

Cooperation with the European Parliament. Three members of the European Parliament led by the chair of the Committee on Employment and Social Affairs visited the ETF from 3 to 5 November 2010 and held fruitful discussions with ETF staff. The ETF presented the results of the *Eastern Partnership Employment Reviews: the cross-country findings on Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine* to the Parliamentary Delegations on 29 September 2010.

Cooperation with EU bodies. Representatives of the European Economic and Social Committee participated in several ETF events and the ETF participated in the annual Summit of the Euro Med Economic and Social Committee with a presentation on social partnership and education and business cooperation. The ETF gave a presentation on human capital development in the ENP East region at the Committee of Regions CIVEX Commission in July 2010

Cooperation with EU Member State institutions. Ms. Serban thanked the Governing Board member representing Belgium for the support offered and for her participation in ETF events. The events organised by the Presidency to which ETF staff contributed were:

- Meeting of the directors general of VET, 22-23 September 2010;
- *Breaking the cycle of disadvantage - inclusion in and through education* conference, 28-29 September 2010;
- *Youth on the Move* conference in Antwerp on 5 October 2010;
- International workshop on *Entrepreneurial education in non-economic subjects* on 19 October 2010;
- *Active labour market policies for the EU2020 Strategy: ways to move forward* conference on 28-29 October 2010;
- Conference on *legal immigration*, 26 November 2010

- Conference on *Quality and transparency as an interface between VET, schools and higher education to enhance mobility and to support easier pathways to lifelong learning*, 5-6 December 2010
- Informal Education Council: *Towards a stronger European collaboration on vocational education and training*, 7 December 2010

Cooperation with other EU member states. A series of activities have been developed involving institutions from EU Member States, including participation of Governing Board members and other national experts in ETF events (point 12 of the agenda), exchange of information using questionnaires on the themes and partner countries of interest, presentations and/or discussions with the Governing Board members on the possibilities for increasing cooperation (Belgium, France, Germany, Hungary, Italy, UK), organisation of study visits to EU Member States for partner country representatives (point 12 of the agenda).

Cooperation with the international organisations. The ETF continued to participate and had an active role in activities organised through the inter-agency working group on VET, coordinated by UNESCO. The ETF hosted the working group on entrepreneurial learning, 3-4 September 2010, and the working group on indicators on 17 November 2010. The ETF has also been asked to organise a peer learning activity on transition to work and key VET issues on 17-18 November 2010 in Turin, for UNESCO experts working in different regions. With the ILO the ETF initiated a series of discussions to work together in Lebanon in the field of entrepreneurial learning. The ILO approached the ETF as a result of its interest in indicators for women's entrepreneurship. The ETF continues the technical exchange of information and experience on human capital development related initiatives with the World Bank. The emphasis in the next period will be on skills development. In the area of international cooperation in entrepreneurial education, the ETF was invited by the Global Education Initiative to be part of the working group that organised the Entrepreneurship Education Round Table and by UNCTAD to attend the ad-hoc expert meeting on *Enterprise development policies and capacity-building in science, technology and innovation* in Geneva on 21 June 2010. The ETF also participated in the OECD seminar *Universities, Skills and Entrepreneurship* in Trento from 18-20 October.

Communication and visibility

A series of actions have been carried out to increase the visibility of the ETF and improve communication with all actors. These include the launch of the new ETF publication *Innovative Vocational Schools* at the Frankfurt International Book Fair in Germany on 5 October; an article was published in the Financial Times on 10 October highlighting the ETF's role in entrepreneurial learning in Egypt; and Euronews aired a positive report on the ETF and its activities (presented 30 times between 2 and 7 November). In 2011, the ETF will participate in an exhibition organised jointly by all EU agencies at the European Parliament in Brussels to showcase their activities and results. The ETF leads the theme on "Education, business and innovation and growth" on behalf of eight agencies.

The Communication Unit supported the organisation of ETF events at regional and corporate level and it is in process of organising a conference on *Social Inclusion and Combating Poverty through Cooperation in Education, Training and Work in EU neighbouring countries*, which will gather representatives from 29 countries, international organisations and other institutions and networks. The event will be held on 2-3 December at the European Parliament in Brussels.

The functional and institutional review of the Operations Department

The functional and institutional review of the Operations Department has been adopted to support the implementation of the 2011 Work Programme and maximize its contribution to increasing efficiency and effectiveness. The new chart will be operational from 1 January 2011. However, the functional analysis will continue to examine the key processes currently used by the department. An external consultant is expected to provide an objective assessment and proposals for process workflows, roles and responsibilities.

Since one of the Governing Board's responsibilities is to approve the ETF's organigram, a new version taking into consideration all the analysis carried out will be presented for approval at the next Board meeting. The corporate perspective of the functional review will be ensured by considering the findings of the pilot work in the Administration Department related to the decentralised financial and procurement management, as well as the recommendations of the work currently in progress on process engineering.

Administration

In October 2010, the ETF migrated its financial management to a new ICT platform called ABAC, an on-line financial management and accounting system managed by the Commission and used by the majority of EU institutions and other bodies. This will lead to significant improvements in efficiency and compliance in financial management. The ETF is also in the process of implementing a human resources information system called Allegro, an off-the-shelf system that has been extensively customised by the Office for Harmonization in the Internal Market in Alicante to the needs of EU agencies. The ETF has found an efficient and cost-effective solution to its human resources information needs, replacing a constellation of more than 10 databases and applications with a single integrated system.

Negotiations for the renewal of the ETF's contract with the consortium managing the Villa Gualino site, which expires at the end of 2010, have been delayed pending the renewal of the consortium's contractual arrangements with the Piedmont Region. These have been agreed, but still not formalised. The ETF has been assured that, before the end of the year, the current contract will be extended for a further period of six months, to allow time for the negotiations to take place in the first half of 2012.

A total of 15 new staff members joined the ETF in 2010, including 11 human capital development experts (of which two are seconded national experts). A total of ten people left the ETF in 2010, including two human capital development experts. 2010 saw a significant increase in the ETF's expertise capacity and a change in staffing structure with an overall increase in expertise posts.

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

Micheline Scheys (Belgium) presented the main objectives and events organised by the Belgian Presidency. The priorities of the Presidency were: vocational education and training, basic skills acquisition, education for sustainable development and *Youth on the move*. For each priority, Council conclusions were elaborated and adopted in the Council meeting of 19 November. For vocational education and training, the presidency took stock of the Copenhagen Process, with the support of Cedefop and the ETF. The five VET related priorities followed by the presidency were: *quality assurance, permeability between VET, higher education and general education, relevance of VET as a response to changing labour market needs, partnership with stakeholders and communication to the wider public*.

The meeting of directors general for VET took place in September, the Council on 19 November adopted the priorities for cooperation in VET 2011-20, an informal meeting of ministers was organised in Bruges on 7 December and the conference on public employment services took place in Brussels on 1 December. As regards basic skills acquisition, the Council conclusions indicate the need for increasing the level of basic skills in the context of European cooperation on schools for the 21st century. The Council conclusions on sustainable development highlight the important role education and training play in this area. *Youth on the move* was launched on 15 September 2010 stressing the need for cross sector policy making. Other topics covered by the presidency included higher education, the Leonardo da Vinci programme, events in education and training, mobility, excellence in education, etc.

Gyorgy Szent-Lelek (Hungary) presented the proposed priorities of the Hungarian presidency, although these are still to be finalised. Hungary intends to promote the Roma Strategy, energy issues, enlargement and EU budgetary challenges as main objectives. The main priority of the Hungarian Presidency in the field of education is related to the contribution of education and training to the priorities, objectives and flagship initiatives of EU 2020. The following themes are to be developed in the field of education and training:

- Vocational education and training focuses on two priorities: a) *increasing the attractiveness and relevance of VET*. The directors generals meeting is scheduled for 16-18 May 2011 in Budapest with a stocktaking of ECVET, EQAVET, EQF followed by a high level conference on increasing the attractiveness and excellence of VET through quality and efficiency; b) *increasing awareness of the importance and value of adult learning* will be the final conference on the Action Plan on Adult learning and will take place from 7-9 March 2011;

- General education focuses on active citizenship, early childhood education, fighting early school leaving, talent support, indicators and benchmarks and the lifelong learning perspective.

A conference on the EQF will be organised in cooperation with the Commission and the ETF will support the participation of some representatives from the partner countries.

Jerzy Wiśniewski (Poland) briefly presented the priorities of the Polish Presidency. Intensive negotiations are ongoing within the Polish government and the European Commission to finalise the programme. The outline of the presidency calendar will be presented at the high-level meeting organised in Budapest. The key element is mobility, going beyond the usual definition including sharing knowledge and volunteering among young people. There is an intention to include representatives of the Eastern Partnership countries in the activities. Language competences will be approached as an instrument for promoting mobility as well as a key competence. A conference on effective policies for promoting youth competences is scheduled for November 2011, providing a platform for discussions between researchers and policy makers but also the discussions about practice and how evidence-based policy is working.

As soon as the calendar of the Presidency is finalised it will be distributed to the Governing Board members.

Guidobondo Cavalchini (Italy) thanked Madlen Serban for her intervention on education and training, stressing the global vision of all aspects of vocational education and training. He emphasised the difficulties encountered by some countries in the Mediterranean region to have good cooperation with local enterprises in terms of entrepreneurial learning and the importance of linking VET with migration issues and regional cooperation in the Balkans region. Mr Cavalchini stressed that as mentioned by Ms. Serban, the Italian Ministry of Foreign Affairs will co-organise the event to be organised in December on employment issues in the ENPI South and reminded that the EU member States Embassies in Rome were invited to attend the event. In response **Mr Schuman-Hitzler** stressed the importance of regional cooperation and indicated that DG Enlargement is paying attention to increased cooperation in the Balkans region. The Hungarian presidency will pay attention to regional cooperation in the Danube region covering VET, education and the labour market.

5. Cooperation agreements with other organisations

Xavier Matheu de Cortada presented the cooperation agreements proposed for adoption as a result of discussions and negotiations with different organisations: EU Member State institutions, partner country institutions and international organisations.

Memorandum of Understanding between ETF and Inwent Germany. The general objectives are to promote coordination between activities aimed at fostering and supporting the development of vocational education and training in the partner countries. Four thematic areas will be developed under knowledge sharing in the field of vocational education and training: adult learning, education for sustainable development, lifelong learning, EQF. Cooperation under this Memorandum does not imply the allocation of additional funds or resources by either organisation to support and implement resulting activities.

Protocol regarding the implementation of joint activities in Syria between the ETF and the State Planning Commission. The text of the protocol has been drafted at the request of the Syrian authorities for ensuring their participation in the Torino Process exercise. The priority for cooperation in 2010-11 will be the implementation of the Torino Process to review VET policy and the VET system in Syria.

Memorandum of Understanding between ETF and ILO on entrepreneurial learning in Lebanon and the Memorandum of Understanding between ETF and UNESCO on entrepreneurial learning in Lebanon. The general objectives are to promote synergies between activities aimed at fostering and supporting the development of entrepreneurial learning in Lebanon, jointly provide recommendations to policy makers in Lebanon and maintain a regular exchange of information in this field. The ILO will make available its "Know About Business" module for use, adaptation and implementation by the ETF within a set of agreed schools and/or institutions. The ETF and the ILO will implement the "Know About Business" or an adapted module, aiming to support the school staff and career guidance counsellors in developing appropriate pedagogical material and tools for

entrepreneurial learning. UNESCO will make available its “Starting My Own Small Business” modules for use and implementation within a set of agreed vocational schools and/or institutions. The ETF and UNESCO will jointly implement the “Starting My Own Small Business”, aiming to support the school staff and career guidance counsellors in developing appropriate pedagogical material and tools for entrepreneurial learning.

Stamatis Paleocrassas, independent expert nominated by the European Parliament suggested that the ETF should look also outside the EU, to develop cooperation with research institutes from other regions of the world such as Australia, Singapore or North America.

Jerzy Wiśniewski (Poland) asked for clarification regarding the existence of other memoranda of understanding with EU institutions and about the intention of the ETF to continue to look for cooperation with other organisations from the EU. In response, **Xavier Matheu de Cortada** (ETF) explained that at present there are no other cooperation agreements with institutions from the Member States in force but there are several in preparation and discussions have been initiated with the British Council, AFD, etc.

The Memorandum of Understanding between ETF and Inwent Germany, the Protocol regarding the implementation of joint activities in Syria between the ETF and the State Planning Commission, the Memorandum of Understanding between the ETF and the ILO on entrepreneurial learning in Lebanon and the Memorandum of Understanding between the ETF and UNESCO on entrepreneurial learning in Lebanon were adopted by the Governing Board.

6. Agreement on the seat between the Italian Republic and the European Training Foundation

Alastair Macphail, ETF head of administration explained that the seat agreement regulates the relationship between the ETF and the Italian authorities, and the privileges and immunities granted to the staff. The ETF has a seat agreement signed on 9 December 2004. The revision was necessary because of changes to the staff regulations and the need to align to the new practices currently in use in Italy on seat agreements (e.g. EFSA). Negotiations started in 2007 and the ETF benefited from the full support of the Italian Governing Board members. The revised text was signed by the Italian Foreign Affairs Ministry and the ETF on 22 January 2010 and is currently under the Parliamentary approval and ratification process (expected to last two years). The revised text will enter into force upon ratification.

The agreement maintains the favourable ETF provisions (e.g. rental contract for Villa Gualino), the privileges and immunities have been extended to Contract Agents, there is a new commitment from the Italian authorities to guarantee an adequate multilingual school system in line with European schools system and the diplomatic status was extended to four management team members.

As regards the contract with Villa Gualino, the ETF is in contact with the local authorities for its renewal but due to changes in the local administration's institutions, the process has been delayed. The ETF has been assured orally by the Italian local authorities that the contract will be renewed and the ETF will continue to benefit from the facilities at Villa Gualino.

Guidobondo Cavalchini (Italy) emphasised the support offered by the Italian authorities in reviewing the seat agreement, taking into consideration the changes in European legislation on staffing and the need to align the standards offered to all the international organisations in Italy. As regards the rental contract, both local and national authorities are supporting the renewal of the contract between the ETF and the Villa Gualino, although the discussion between the Piedmont Region which is the major stakeholder and Villa Gualino consortium which manages the location is causing a delay. By the end of the year there should be a written confirmation of the intention to prolong the ETF's contract.

Maurice Mezel (France) thanked the Italian colleagues for their support in ensuring a proper seat for the ETF in Turin.

7. State of Play of 2010 Internal Audit Service audits

- i. **IAS Final Audit Report of the audit of planning & monitoring at the ETF (ETF-GB-10-021)**
- ii. **ETF Action Plan in response to the IAS audit report on planning & monitoring at the ETF (ETF-GB-10-022)**

Francesca Gandini (ETF) presented a summary of the activities carried out in 2010 by the Internal Audit Service (IAS).

In February 2010, the IAS carried out an audit of ETF planning and monitoring processes. The objective was to assess and provide independent assurance on the adequacy of the internal control system related to the ETF planning system introduced in 2009. It covered the planning procedure for the establishment of the ETF Work Programme 2010, the annual management plan and the existing tools for monitoring and reporting the implementation of the ETF Work Programme. The final audit opinion was satisfactory. It states that the internal control system in place at the ETF provides reasonable assurance regarding the achievement of the objectives of the annual planning process. No findings or observations were made that would have given rise to critical or very important recommendations. The ETF took into consideration the recommendations in the draft 2011 Work Programme and the ETF planning policy. The ETF carried out the annual risk self assessment at macro and operational level early enough to provide input for the 2011 Work Programme. As a result of this exercise, a risk register has been established and monitored regularly and the ETF risk management and monitoring and evaluation policies, as well as the ETF corporate indicators were revised.

An IT self risk assessment facilitated by the IAS was carried out in September 2010, to identify and evaluate key IT risks at the ETF and assess the level of maturity of the IT function at the ETF according to international IT control standards (CobiT 4.1). It covered the processes at the ETF, including IT strategy and organisation, acquisition and implementation of Information Systems and delivery of IT services. The draft report was received by the end October and the final results will be used by the IAS in the context of the revision of its own risk assessment for the preparation of the audit planning for 2011-13 and by the ETF to establish an action plan to address the identified risks.

The strategic IAS audit plan for 2011 has not yet been formally updated. The ETF has proposed to focus the IAS audit in 2011 on relationship management and communication. When finalised, the Governing Board will be informed on the audit planning.

As regards the distribution of the IAS reports, it has been decided that the ETF will submit the internal audit reports and ETF action plan to DGEAC internal audit unit, facilitating the communication with the Commission services.

8. Work programme 2011 and 9. ETF Draft Budget 2011

Madlen Serban presented the work programme 2011, focusing on the following issues:

The ETF aims to make vocational education and training in the partner countries a driver for lifelong learning and sustainable development, with a special focus on competitiveness and social cohesion. In this respect, the ETF's 2011 work programme is framed by its Mid-term Perspective (MTP) 2010-13. The performance based management enables the achievement of objectives both in quantitative and qualitative aspects.

ETF planning and reporting are based on three dimensions - geographical, thematic and functional. Planning starts from corporate performance indicators, which define the relevance and measurability of the ETF's objectives and provide data on how the ETF performs at an aggregate level in relation to

its core business and as an EU agency. Planning is cascading at project level, project implementation plans detail activities, project outputs, results, indicators, resources and the timeframe.

The 2011 Work Programme is not only a planning instrument but also a communication tool to better inform what the ETF is planning to do, what it is doing and why and what the expected results are.

The document includes the following elements: policy context, the Mid-term Perspective 2010-13, and the activities based on the multi-dimensional approach outlined in the ETF's founding regulation (functions, thematic areas, objectives). Therefore, all interventions are structured around functions and themes. Activities are also developed at regional level, as requested by the Commission, as well as at country level. Some projects are continued from previous years (if they are multi-annual projects), while others are new ones starting in 2011 but only if they are documented by the Torino Process. Sections of the work programme are dedicated to communication and to resources and management.

The ETF draws on internal EU initiatives where there is the political willingness and capacity to implement the approach in the partner countries, where they are relevant to needs and there is a conducive policy environment. In this respect, the ETF will follow the recent conclusions of the Council, as well as the flagship initiatives put forward by the European Commission. As 2011 is the European Year of Volunteering, the ETF will focus on developments supporting the validation of skills acquired through volunteer work and on their recognition for career development.

Planning both at country and regional level is largely informed by the Torino Process. Drawing from the analysis undertaken for each partner country, thematic policy areas for priority support (by all partners, including the ETF) have been identified in line with the following criteria: strategic importance of the theme for the development of the VET system, the availability of evidence that confirms the need for working in this area, and government commitment to engage in this area. The policy areas have been clustered around the three core themes of the ETF Mid-term Perspective on the one hand, and along the four pillars of the EU Education and Training 2020 on the other.

Monitoring and evaluation form the basis for informed decision-making in planning and in the ETF project and programme cycle. To support the components of its monitoring process the ETF will implement a new organisational 'dashboard'. The ETF dashboard will integrate and process live data on ETF projects to provide key performance information for the daily monitoring of ETF activities and for management monitoring and reporting on a quarterly and annual basis.

ETF human resources are mobilised based on activities, cascading from the strategic objectives to operational objectives, then unit/department objectives and individual staff objectives. Staff members are allocated in line with their expertise.

Xavier Matheu de Cortada (ETF) supported the presentation of the 2011 Work Programme with the following elements: the policy context, EU developments in the field of education and training, the relationship with the Mid-term Perspective 2010-13 (objectives, functions, core themes, principle of actions) and the corporate indicators. The added value of the ETF comes from its neutral, non-commercial and unique established knowledge base consisting of expertise in human capital development and its links to employment. Regional projects and country activities as well as thematic expertise were presented. Explanations on the content of the annexes (project tables, ABB, cross-regional projects, multi-country projects, country actions, corporate indicators, organigram, outputs by region, function and core themes and the joint work programme Cedefop-ETF) were offered.

Alastair Macphail (ETF) presented the budget for 2011. The ETF request and the Commission proposal was for a subsidy of €19.85 million. This represents an increase of 2% in respect to the original ETF 2010 budget €19.46 million, and an increase of 5% with respect to the amending budget figure. This is similar to the 2009 budget level. The amount is composed entirely of fresh appropriations from the 2011 general budget (the ETF did not return any surplus to the Commission at the end of 2009 as it has done in previous years) and is divided into €14.328 million in titles 1 and 2 and 5.522 million in title 3. The ETF budget structure reflects the nature of the ETF as a centre of expertise, two thirds of ETF expenditure is on staff related costs as the ETF's main asset for implementing the approved annual activities. ETF infrastructure and administrative costs are very limited.

The main feature of the 2011 draft budget is a significant shift in resources from administrative expenditure to operational expenditure. In comparison with the amending budget for 2010, there is a reduction of 4% in staff costs (title 1), 7% in overheads (title 2) and an increase of 43% in operational expenditure. The overall reduction in administrative resources means the ETF's budget for staff costs

and administrative expenses have been built on very tight assumptions and there will be very little scope to transfer funds to operational activities as the ETF did in 2009. On the contrary, there may be a need to transfer funds in the opposite direction in the course of the year. However, the ETF feels this is a risk worth taking in order to make the maximum amount of budget resources available for operational activities from the start of the year.

The ETF intends to fill the four posts currently vacant in its establishment plan in the course of 2011. However, the reduction in the administrative budget means that the ETF will not be able to pay their salaries for the full year, and has decided to postpone their recruitment until the second half of the year. The remaining difference between posts filled and FTEs is due to part-time working and different forms of unpaid leave foreseen in the staff regulations.

The reduction in mission and travel costs corresponds to the transfer of operational missions from title 1 to title 3. The objective is to increase transparency about the breakdown between operational and administrative costs and increase the ability of operational managers to arbitrate between missions and other project related costs. In future managers will be able to reallocate any savings on mission costs to project activities without having to make a transfer between budget titles.

The ETF has made a significant reduction in internal training and staff welfare activities (Chapter 14). Title 2 shows across-the-board cuts in infrastructure and administrative costs. In Title 3, in addition to the transfer of operational missions, there are significant increases in expenditure on corporate publications, events and dissemination activities and in project activities.

As regards the establishment plan for 2011, following the decision of the Governing Board, to convert 2 vacant posts in the assistant function group (AST) to administrator posts (AD 5), the 2010 establishment plan has the same total number of Temporary Agents (96), comprising 61 administrators and 35 assistants, compared to 59 and 37 in 2009. This will enable a reinforcement of the ETF's expertise capacity with the recruitment in the second half of 2011 of two junior experts (AD 5). In addition the ETF plans to deploy 34 contract agents, 2 seconded national experts and 2 local agents (down from 3 in 2009).

On behalf of the presidency, **Micheline Scheys** (Belgium) presented the results of the informal discussions of the Governing Board members on the 2011 work programme and draft 2011 ETF budget. Since the situation with the EU budget is not settled it is difficult to have a say as regards the work programme. The document is better structured, missions to Title 3 are appreciated, previous recommendations have been taken into account on the general approach and the structure has improved. Governing Board members appreciate the interconnection made between policies and activities but more flexibility is needed to account for Member State priorities in regional distributions. The GB focus should be on governance rather than on management.

The following recommendations were made:

- Summary tables used in presentations could be included in the Work Programme;
- There is an interest in the Work Programme decision making process and some examples illustrating how the different activities are worked out in detail would be useful;
- An executive summary is needed to include the major decisions, challenges for the future as well as an explanation of the planning cascade;
- The work programme should be put in a broader context, impact of globalisation, economic crisis, migration issues and how these issues have an impact on ETF activities

The following elements were presented and clarifications requested regarding the 2011 budget:

- transfer from Title 1 to Title 3 and the increase in staff;
- the budget increase is nominal or otherwise;
- the consequences of Commission allocations;
- what will happen if the EU budget is not approved and how the Work Programme will be adapted;

Ms Scheys suggested that the informal meeting not to be organised during lunch itself, but that the break be extended to give additional time for discussions. At least one hour is needed to organise the work and Governing Board members would appreciate the presentations, explanations and oral reports in advance of the informal meeting.

Madlen Serban (ETF) welcomed the observations and recommendations made by the members and indicated that the ETF is able to present in detail the planning process and illustrate the cascading principles applied; as regards the examples to be offered she indicated that after the approval of the Work Programme, all the activities are described in detail and the ETF is in a position to provide examples of activities targeting countries, functions or thematic expertise. The budget allocation for regions has been changed since the proposal in 2006, based on the requests from the Commission to pay more attention to the enlargement and neighbourhood areas, with Central Asia being reduced as a priority. The ETF will provide the executive summary with the elements requested.

Jan Truszczyński indicated that the 2011 ETF work programme is finally adopted once the Commission has delivered its positive opinion. The Commission is at the last stages of approval. So far, no comments were collected and a positive opinion is expected. The 2011 draft budget is dependent on the situation of the EU budget in general. At the moment Commission services are working on a new proposal for the EU 2011 budget. This proposal will be discussed in a simplified procedure. DG EAC has analysed the potential cash flow risks for the ETF and no major risks were identified, even if the principle of provisional twelfths is applied. If there are changes to the ETF budget due to the results of the negotiations on the EU budget, the Governing Board will have to review the current proposal and adopt the new budget through written procedure.

Alastair Machphail (ETF) explained that the changes in the distribution of funds between Title 1 and Title 3 are due to the fact that the ETF Mid Term perspective for 2010-13 was adopted when the recast was approved. The ETF believes it was given as a signal to reduce administrative costs, a process that began in 2009 and continued in 2010. As regards staff, the ETF is not increasing staff but filling the vacant positions. On the nominal budget increase, the guidelines of the budget authorities indicate that agencies can increase their budgets by a maximum 2% with no staffing increases. The ETF 2011 budget will enter into force once the EU budget has been adopted. If the budget authority approves a budget that is different from what has been proposed for adoption by the Governing Board, the ETF will provide information about the changes and request approval for them.

Madlen Serban (ETF) indicated that in accordance with the ETF financial perspective 2007-13, due to the 2010 budget allocation, the ETF lost about 4% from its budget. The proposed increases of 2% in both 2011 and 2012 will not influence the total amount allocated for the period 2007-13, which will result in an overall loss of around 1%. The draft 2011 Work programme includes activities documented by the analysis done in all the partner countries and the ETF developed a priority approach for the actions discussed with the countries.

Micheline Scheys (Belgium) insisted that the Governing Board should only provisionally approve the documents as the decision is pending the approval of the overall EU budget.

Jan Truszczyński indicated that the formalisation of the 2011 Work Programme and budget is based on the positive opinion of the Commission. The decision on the Work Programme can be made and does not need to wait for the Commission's positive opinion. He stressed that the 2011 ETF budget will only enter into force when the 2011 EU budget is adopted. Until then the Governing Board can adopt the draft 2011 ETF budget.

Madlen Serban reiterated the content of art. 12 (5) of the recast *"the GB shall adopt the draft annual work programme by 30 November of the preceding year at the latest. The final adoption of the annual work programme shall take place at the beginning of the financial year in question"* which gives the framework for action.

Maurice Mezel (France) requested clarification on the way in which the 2011 Work Programme presented for adoption will be affected by the EU budget situation and whether the Board could adopt the two documents. In response, **Belen Bernaldo De Quirós** (DG EAC) indicated that in accordance with the recast regulation, the Board is asked to analyse and adopt the draft work programme and draft budget. The two documents will enter into force pending the approval of the EU budget. This year the situation is different from previous years due to the overall EU budget situation. In the case that changes in the budget allocation are made, the Board will be asked to analyse them and approve a revised version of the 2011 budget.

Gerhard Schuman-Hitzler (DG Enlargement) stressed the fact that the situation is not fundamentally different from the previous years. In accordance with the stipulations of the recast, the Board is asked to adopt the draft work programme and draft budget by the end of November. The EU budget is not normally approved until December. The only difference this year is that there is not a clear date for the approval of the EU budget. The second step for the Board is next year when it will be informed about the status of the EU budget and will be asked either to confirm or adopt changes to the ETF budget for 2011. At this moment a date for these decisions cannot be put forward. If the dialogue on the EU budget leads to a common position and confirms the initial proposal, the ETF 2011 budget will be confirmed. If the discussions between the budgetary authorities are not finalised and the budget is not adopted in December 2010 or yearly 2011, the ETF will apply the same regulations as the Commission services, respectively provisional twelfths and will be asked to scale down the actions and adapt internal planning. There is no risk for the Board to approve the draft documents and to come back in 2011 to confirm or to adopt any necessary changes.

Jan Truszczyński asked for the adoption of the draft work programme 2011 and the draft ETF budget 2011. In the case of difficulties with the EU general budget, the ETF will have to come back to the Board and propose any necessary adjustments.

Maurice Mezel (France) asked for the confirmation from the Commissions services that the activities of the ETF will not be affected by the situation of the EU budget. In response, **Jan Truszczyński** indicated that based on the analysis made by the Commission services it is unlikely that the activities of the ETF will be put at risk even if provisional twelfths have to be used.

The draft ETF work programme 2011 was adopted.

The draft ETF budget 2011 was adopted.

10. Amending budget 2010

Jan Truszczyński explained that the ETF's 2010 budget is made up of appropriations entered in the budget voted by the budget authority, a total of €18,282,000, and appropriations from recoveries €1,178,000. The recoveries from the previous year were not entered correctly in the ETF budget lines. Consequently, in order to remedy the situation, DG EAC has ensured that ETF receives the full amount of payment appropriations, it will make €550,000 of commitment appropriations from its own budget lines in heading 4 and will partially finance the ETF "Promoting Social Inclusion and Combating Poverty through Cooperation in Education, Training and Work in EU Neighbouring Countries" conference on 2-3 December 2010.

Madlen Serban (ETF) indicated that the situation with the recoveries had an impact on the 2010 Work programme. After careful consideration of the whole situation it was decided to ensure that activities in the partner countries are not affected. Only activities related to the communication of sub-results achieved in 2010 will be transferred in 2011.

Alastair Macphail (ETF) referred to the fact that the final amount of the subsidy is €628,000 less than foreseen in the budget. However, to compensate the Commission agreed to make a direct contribution of €162,178 to the cost of the social inclusion conference organised by ETF at the beginning of December. The overall impact on ETF's 2010 budget is therefore a reduction of €465,822 in available commitment appropriations. This represents a budget cut of 2%. The amending budget integrates €509,300 of earmarked revenue from the Italian Trust Fund and €278,740 from previous years' MEDA-ETE financing. The ETF has had to review its budget in order to accommodate this reduction, on top of the normal third quarter review of work programme implementation. The impact of this reduction has been mitigated by windfall savings on staff costs deriving from news that the 2010/11 annual salary adjustment will be negative for EU staff serving in Italy and from the postponement in the starting date of new recruits and non-replacement of staff leaving the agency. The ETF has therefore had to cut back on planned activities with a total value of approximately €245,000. The overall amount of payment appropriations is not affected. This means that the ETF will be able to pay a larger proportion of its operational activities that are financed from differentiated appropriations in 2010 and reduce the carry forward of these appropriations to 2011. The budget cut comes on top of the budget transfers carried out up to end September under the authority of the Director, about which the Governing Board was informed in October. The ETF has made every effort to ensure that operational activities in the partner countries are not unduly affected by the budget cut. 78% of the

reduction in planned activities falls on administrative expenditure (titles 1 and 2) and only 22% on operational activities (Title 3). The overall reduction in operational expenditure (Title 3) is limited to 1%. There is a 3% reduction in staff-related costs. The increase in infrastructure and administrative costs corresponds to the higher than expected cost of switching to ABAC, the accounting system of the Commission and other essential ICT costs. Looking in more detail we can see across the board reductions in staff costs, particularly in missions, internal training and staff welfare, and seconded national experts. In infrastructure and administrative expenses, the increase in ICT investment is balanced by cuts elsewhere in the budget. The overall reduction in operational activity is limited to 1%, thanks largely to the Commission contribution to the cost of the social inclusion conference.

The annual salary adjustment for EU staff serving in Italy, which will be adopted by the Council in December 2010, is expected to be negative. As the adjustment is back-dated to 1 July 2010, this means that the ETF will recover between €130,000 and €150,000 from staff salaries. In order to use this amount, the ETF will need to transfer the recovered funds from their original budget line (1190 weightings) to other expenditure lines in order to cover some of the planned activities placed in reserve as a result of the budget cut. The expected amount of the recovery exceeds 10% of this line, which means it requires Governing Board approval in accordance with Article 23.2 of the ETF Financial Regulation. As the adjustment will be applied only at the very end of the year, there will be insufficient time to conduct a written procedure to obtain Governing Board approval for the transfer. The ETF therefore requests that the Governing Board approve, in advance, the transfer as detailed in the cover note to the amending budget. There is an indicative list of activities that will be carried out based on the approved transfer.

Sarah Parkin, independent expert nominated by the European Parliament asked for the approximate amount of money to be transferred. **Madlen Serban** replied that the transfer of recovered funds will be up to a maximum of €150,000.

Micheline Sheys (Belgium) commented on the timing of informing the ETF about the budget cuts and recommended that in the future this be done with a suitable amount of warning. **Jan Truszczyński** made reference to the fact that the situation was not a normal one and he also mentioned his appreciation of the flexibility of the ETF and the Governing Board.

He went on to request the approval of the amending budget and the decision on the "Prior authorisation of budget transfer: the transfer of recovered funds up to a maximum of €150,000 from budget line 1190 (weightings) to selected Title 2 and Title 3 activities that have been placed in reserve because of the reduction in available commitment appropriations". Both were approved by the Board.

11. Provisional draft estimate of revenue and expenditure and underlying general guidelines 2012

Alastair Macphail (ETF) explained that the Provisional Draft Estimate of Revenue and Expenditure is the first step in the 2012 budget procedure. It will form the basis for the Draft Estimate of Revenue and Expenditure that will be forwarded to the Commission in February next year (with no additional written procedure). It will form the basis for the Commission's proposal for the amount of ETF subsidy to be entered in the general budget of the Union, and will then be finalised and forwarded to the budget authority in March together with the draft work programme, establishment plan and multiannual staff policy plan as part of the 2012 budget procedure. The ETF estimates that in order to fulfill its mission and meet the objectives set in the mid-term perspective for 2012 it will need an EU subsidy of €20.3 million. This represents an increase of 2.3% with respect to the 2011 draft budget. This amount is slightly higher than the amount foreseen for 2012 in the ETF's financial perspective for 2017-13. However, considering that ETF experienced budget cuts of 6% in 2010 with respect to the amount foreseen in the financial perspective, the overall limit for the whole period is not exceeded.

The expenditure side of the budget shows slight increases in staff costs and infrastructure and administrative expenses and a slight decrease in operational expenditure with respect to the 2011 draft budget. The increases in infrastructure and administrative costs derive from the higher building service costs expected under the new contract with the Villa Gualino consortium and the postponement of much needed investment in ICT, office furniture and renovations owing to the administrative budget restrictions of 2010 and 2011. The increase in staff costs is to cover normal salary evolution due to the annual salary adjustment and promotions and the deployment of 129.5

FTE staff (1.5 more than in 2011). This represents a very tight assumption considering the ETF's objective to fill all its establishment plan posts from the end of 2011. Further sacrifices have been made in the area of internal training and staff welfare activities. Staffing remains unchanged with respect to 2011. Operational expenditure is slightly lower than in 2011, but significantly higher than 2010.

The Provisional draft estimate of revenue and expenditure and underlying general guidelines 2012 were approved by the Governing Board.

12. Expected decisions of the Governing Board and Governing Board members' participation in ETF activities

Madlen Serban (ETF) indicated that the ETF had received fiches from the Secretariat General of the Commission on EU agency activities and was pleased to report that the way in which ETF Governing Board members are involved in working groups related to ETF activities is much appreciated. Ms. Serban invited the members to decide on the best way of tackling the budget issues - either through a working group or a special mandate given to troika members. Working groups on planning, monitoring and evaluation are to be established and Governing Board members were invited to express their willingness to join these groups. The participation of Governing Board members and other EU representatives in events organised by the ETF, the study visits organised in several member states as well as the priorities of the EU member states in the cooperation with the ETF were presented. Ms Serban thanked the Governing Board members for their support and participation in ETF activities and asked them to inform the ETF by February 2011 if their priorities in terms of themes or partner countries have changed.

13. Any other business

Maurice Mezel (France) asked for clarification as regards the type of cooperation agreements proposed by the ETF - the difference between memorandum of understanding and protocol and the type of institution proposed for cooperation in Syria. In response **Madlen Serban** explained that the type of agreement is determined by the regulation and negotiations with third parties. For the partner countries, the term protocol has been decided upon as it better reflects the working relationship. As regards Syria, the institution with which the ETF intends to conclude a cooperation agreement was selected by the Syrian Government and reflects the organisation of bodies involved in the implementation of the Torino process.

Jerzy Wiśniewski (Poland) asked the Commission representatives if the changes in the Lisbon treaty as regards the transformation of the troika into the trio could be followed by the Governing Board as well. This would mean that discussions would be held in the format of the troika plus one in order to ensure a better coverage of the work and activities. **Jan Truszczyński** indicated that the Commission services will be consulted but it was unlikely that this proposal could be accepted.

Jan Truszczyński reminded the Governing Board members that an ETF conference on "Boosting an entrepreneurial culture through innovative learning: issues and implications for policy and practice in ETF partner regions" - will be held after the Governing Board meeting in ETF and will continue on 25-26 November.

14. Date of next meeting

The next meeting of the Governing Board will be held in Turin on **15 June 2010**.

Follow up actions:

- The ETF will present the results of the innovation and learning project on flexicurity in the next meetings of the Governing Board;
- The ETF will inform the Governing Board about the IAS audit plan for 2011;
- The ETF will inform the Governing Board members about the situation with the 2011 ETF budget and the consequences on the 2011 ETF Work programme. If necessary, the ETF will request the approval any changes required (through the written procedure);
- The ETF will take the recommendations of the Governing Board members as regards the work programme presentation for the preparation of the 2012 work programme and 2012 draft budget;
- The ETF will support the activities of the GB working groups on budget, planning and monitoring and evaluation;
- The ETF together with the Commission services will reflect on the better organisation of the informal meeting.