



## ANNUAL ACTIVITY REPORT 2004 - ANALYSIS AND ASSESSMENT

The Governing Board has assessed the report of the Director on results for the financial year 2004. It notes that, in a year which marked ETF's tenth anniversary, the agency has:

- Achieved the objectives and outputs foreseen in its 2004 Work Programme in line with the priorities defined in its Medium Term Perspective 2004-2006 and within its 2004 human and financial resources budget. The Board notes that in 2004 there were 169 requests for support from Commission services representing an increase of 21% compared with 2003. The requests reflect the nature of ETF's support to the Commission's project cycle. The majority of the requests focused on support for programming, project identification and project monitoring largely from EC Delegations [35%] and AIDCO [21%]. ETF also provided policy support directly to DG EAC [16%], ELARGE [9%] and DG Relex [7%].
- Developed a framework to provide services to Member States and thereby facilitate alignment between Community priorities and EU Member State donor initiatives in the field of human resources development. The framework builds on the co-operation which has grown between ETF and some Member States. Of particular note is the Italian Trust Fund which contributes 500.000 euro per annum to co-fund ETF projects. The framework will facilitate and structure the establishment of future joint initiatives between ETF and Member States to the benefit of the individual Member States, the Community and partner countries, and foresees the active participation of Governing Board members.
- Provided a clear view of the return on investment for the Community generated by its activities in the regions. In this context, the Board asks the Agency to further develop its capacity to assess the impact of its work in the regions and on Community external relations programmes in the interests of transparency and accountability and in order to learn better from experience.
- Reinforced its capacity to generate and deliver expertise and innovative approaches to reform in its partner regions through its expertise development projects and initiatives. In particular, ETF has drawn on the approaches developed and lessons learned through the EU Lisbon Strategy related processes, and sought to adapt them to the needs of partner countries. This was mainly achieved by engaging in policy learning dialogue with key stakeholders on thematic issues such as teacher training, local development, skills for enterprise, national qualifications frameworks and poverty alleviation. These projects enabled ETF to explore the relevance of different policy approaches to the context of the partner countries and EU external relations priorities. The Board recommends that ETF continues to enhance its facilitation of policy learning especially in acceding/candidate countries with specific reference to the Lisbon Strategy.
- Developed a framework to provide services to Member States and thereby facilitate alignment between Community priorities and EU Member State initiatives.
- Kept a very satisfactory level of assistance to the **Tempus** Programme, working closely with the Commission to adapt its services and HR to the increase in demand from universities for support following accession particularly in the Mediterranean region and by developing a field monitoring support capacity. This support comprised expansion of Tempus in the MEDA region, project selection [in 2004, 153 applications were received of which 40 were selected], contract management and monitoring [588 reports were assessed within the timeframe set by the new Financial Regulations and the Code of Good Administrative Behaviour], information [providing training to around 160 project representatives from the newly selected CARDS and MEDA projects] and publications [a new Tempus Guide for 2005-06 was printed

in five languages], IT support [with a newly installed electronic application form for Joint European Projects] and development and general administrative support.

- Maintained its efforts to comply with the reform of the EU and its regulatory framework. The Board notes the steps taken by ETF to address issues raised in the reports of the regulatory control bodies, in particular the European Parliament and European Court of Auditors, and calls on the ETF to continue its efforts to achieve and maintain the highest standards of compliance.
- Acted on the recommendations made in the Annual Activity Report **2003** by:
  - a) further reducing the percentage of funds **carried forward** from one year to the next. The Board notes that the level of carry forward was reduced from 10.37% for the period 2003-4, to 8.74% for the period 2004-5. The Governing Board encourages the ETF to keep funds carried forward to the minimum levels possible;
  - b) following-up on the adoption of the Internal Control Standards by the Board in June 2004 through the implementation of the action plan. The key programme included: staff development on ETF regulatory environment, standards and mission; a review of staff competence, management processes and policies; more effective use of the internal portal in order to ensure that key information reaches all staff; staff are regularly reminded about steps for reporting improprieties; development of tools to identify and record risks; preparation of an Audit Policy to be launched by April 2005. The Board welcomes the progress made in compliance with the ICS, and asks the Agency to maintain its efforts to ensure full compliance during 2005;
  - c) showing sustained commitment made in the Work Programme 2004 to introduce **risk assessment** of its administrative and operational activities and to reinforce its risk management through monitoring and reporting. The ETF has included in its Work Programme 2004 strategies to measure and deter risks at corporate and regional levels of its operation. For example during 2004, ETF introduced the use of the electronic accounting system S12 to handle Tempus funds reinforced by a parallel paper based system to ensure risk control. The Board supports the actions proposed and asks the Director to report progress to the Board.
- Formulated two reservations in the Annual Activity report regarding financial management and staff contract management. The Board notes the reservations and the actions proposed by the ETF to address the causes of the reservations. It encourages the Director to implement these actions promptly such as to eliminate these sources of risk in future and looks forward to receiving timely reports on progress in this respect.

In the light of the above remarks, the Governing Board adopts the ETF Annual Report 2004, and requests that it be forwarded, together with this analysis, to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Court of Auditors

Turin, 14 June 2005

Nikolaus G. van der Pas  
Chairman