COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

The European Training Foundation
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1. INTRODUCTION

This report is being presented under Article 17 of the Council Regulation establishing the European Training Foundation (hereafter the Foundation) which requires that the Commission creates a monitoring and evaluation procedure for the Foundation and reports on the results of this procedure. This was also the case following the last external evaluation, completed in 1997, which resulted in a Commission Communication to the European Parliament, the Council and the Economic and Social Committee¹.

This report aims to provide an overview of experience acquired by the work of the Foundation since 1997. In doing so, it takes into account changes in the role, the geographical coverage, the Community's external relations environment and the activities of the Foundation since 1997, the consequences of which were reflected in the decisions taken in the Governing Board meeting held on 27 November 2000 (see section 2). As its basis, the report draws on the findings, conclusions and recommendations of the independent evaluator's report provided by ITAD, the external contractor (see section 3). The Commission's experience in activities and cooperation with the Foundation has also been taken into account, as have the recommendations made by the Commission in its 1997 Communication. It should be noted that the report has been drawn up jointly by all services of the Commission working with the Foundation, namely DGs Education and Culture (as the responsible DG), External Relations, Enlargement and EuropeAid.

This report addresses the following topics:

2 Evolution of the Foundation from 1997-2002

3 Overview of external evaluation process

4 Main recommendations of the external evaluation report with Commission's reaction and recommendations, under 6 themes:
   – The Foundation's support to the Community's external policies
   – Communication and transparency
   – Consequences of enlargement
   – Internal efficiency and communication
   – Statutory bodies
   – Tempus Technical Assistance

5 Conclusion

¹ COM(97) 379 final of 18.07.1997.
2. **EVOLUTION OF THE FOUNDATION FROM 1997-2002**

2.1. **Legal basis**

The Foundation is a Community Agency legally established by Council Regulation (EEC) no. 1360/90 of 7 May 1990 establishing a European Training Foundation, that entered into force in October 1993 when the European Council decided on Turin as the seat of Foundation. The Agency's overall objective, as described by Articles 1 and 2 of the Regulation, is to contribute to the development of vocational training systems in the eligible partner countries. Vocational training is described in the Regulation as comprising initial and continuing vocational training as well as retraining for young people and adults, including management training.

The Foundation began its activities in Central and Eastern Europe, including the current candidate countries\(^2\) and several of the current countries of the Western Balkans region. The Foundation's Council Regulation was amended in 1994 (by Council Regulation 2063/94 of 27 July 1994) to add the Tacis countries of Eastern Europe and Central Asia to the geographical scope\(^3\) and then again in 1998 to add the Meda countries (by Council Regulation 1572/98 of 17 July 1998)\(^4\). In the Western Balkans region, it was only when the Regulation setting out the CARDS assistance programme itself was adopted in 2000 that the Foundation extended its activities to all Western Balkans countries\(^5\).

2.2. **Centre of Expertise development**

During the period from 1997 to 2000 the Foundation provided management, technical support and monitoring of projects and programmes under Phare and Tacis as its main activity. In this context, it also provided the technical assistance for Tempus.

During 2000, an extensive structured dialogue took place between Commission services (DGs Education and Culture, External Relations, Enlargement) and the Foundation. The origin of this dialogue lay in the need to outline more specific priorities for the Foundation in view of a fundamental revision of the Community's external relations assistance programmes with third countries, this in a climate of budgetary constraint. There was also a need to identify more clearly the added value of Foundation activities in accordance with the organisational arrangements of the new Commission that now would include a new actor, the EuropeAid Co-operation Office. Finally, the Foundation's role in the candidate countries required revision in view of the significant reorientation of the Phare programme, including the decentralisation of responsibility for management of funds to the countries themselves.

Within this context, the operational objective of the structured dialogue was to set a medium term framework for financial and staff resources at the Foundation, based on a re-focussed role and with a clear delineation of activities and resources envisaged in each of the four regions. This was achieved with the adoption by the Foundation's Governing Board in November 2000 on the *Mid-term perspective on staff and financial resources*. According to

\(^2\) Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic, Slovenia and Turkey.

\(^3\) Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan and Mongolia.

\(^4\) Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, the Palestinian Authority, Lebanon, Syria, Turkey, Cyprus and Malta. The latter 3 countries are candidates for membership of the European Union and as such are covered by the Foundation's activities for candidate countries.

\(^5\) Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, Former Yugoslav Republic of Macedonia.
this, the Foundation was to change its profile and focus on development as a centre of expertise supporting Community external policies rather than a provider of programme management services, except for Tempus. The Foundation's subsidy and the number of staff per regional department were also programmed. As a result, staff numbers were reduced by nearly 25% over the four-year period, from a total of 125 down to 99; the profiles of these staff members were also to be adjusted given the new expertise role. There was also a reallocation of budgetary and human resources away from administrative departments, Central Services and traditional programme management towards the operational departments with content-related and regional expertise. In relation to the regions, there was a shift in resources away from the Candidate Countries department towards those for the other regions, in particular Meda (added to geographical mandate in 1998 only). Within this framework, the Tempus technical assistance provided by the Foundation to the Commission was to continue, but with fewer staff resources given the planned end to activities in the Phare region in 2002.

2.3. Current priorities and activities

Subsequent to this major decision, the Foundation has developed its centre of expertise function, adapting to the Community's changing external policy priorities, being concerned overall with VET reform as a lever for economic growth, employment and social cohesion in the partner countries in each of the four regions:

- for the candidate countries, preparation for likely accession has been central to the Community's policies. Human Resource Development is an important priority in the framework of the preparations and capacity building for management of the structural funds; analysis of the progress, gaps and investment needs in vocational training, active labour market policies and employment services contribute to this. Through its Lisbon strategy, the Community has raised the importance of investment in human capital in its aim to become the most competitive and knowledge-based economy and this is also reflected in Community activities;

- the main objectives of Community assistance to the Western Balkan countries as expressed in the CARDS programme are reconstruction and democratic stabilisation, institutional and legislative development, sustainable economic and social development, and finally, promotion of regional co-operation. Reforms of VET systems, based on the principles of lifelong learning and enhancing responsiveness to local and global socio-economic needs and democratic values, contribute to democratic stabilisation and to sustainable economic and social development. In particular, in order to develop the employment potential of the region, underpin economic restructuring and foster social cohesion, priority is given for example to the reform of initial vocational education, promoting democratic principles, quality education and training opportunities for all and to the re-training of the labour force to increase qualification levels, adaptability, and entrepreneurship;

- the overarching objective of Community policies and intervention in the Mediterranean region is to develop a shared area of peace and prosperity through dialogue and partnership. This integration process, supported by the gradual activation of Association Agreements with each country, can only be achieved by reinforcing the competitiveness of productive sectors and increasing the employability of workforces while, at the same time, preserving a fragile social balance. In that framework, VET, as an active labour market
instrument, needs to be adapted to meet the requirements of cost-efficiency, effectiveness and relevance when providing the skills needed in the productive sectors and maintaining social inclusion. These objectives are also amongst those identified in the recently published and UNDP sponsored ‘Arab Human Development Report’;

− Community policy for the region of Eastern Europe and Central Asia as outlined in its Partnership and Co-operation agreements and in the 2000-06 Tacis programme indicates three main priorities for intervention, namely support to institutional and administrative reform in the partner countries of the region; support for private sector and support for addressing the social consequences of transition (including poverty reduction measures). Education and training is seen as a key component in support to these priorities and in particular, training as part of active labour market policy is considered a significant factor for economic development and restructuring, with particular reference to management training and training for SMEs. Skills development policies are also considered important tools for job creation, income generation and local development in a poverty alleviation context.

In accordance with these priorities, the Foundation now provides services to five Directorate Generals of the Commission (Education and Culture, External Relations, EuropeAid, Enlargement and Employment and Social Affairs) and as such contributes to the programming cycle of the Phare, CARDS, Tacis and MEDA programmes by:

− supporting the identification, engineering, design and implementation of projects upon request from the Commission, this differing substantially from the programme management activity carried out before 2000;

− piloting activities in key thematic areas linked to the development of vocational education and training reform policies in selected countries in transition, including labour market and management training related issues, such as the analysis of systems and expert workshops;

− spreading information in partner countries concerning policy development, best practice and innovation in the Member States and at the European level and in particular, ahead of accession, the assessment of candidate countries’ systems and their familiarisation in Community polices, priorities and benchmarks in vocational training and lifelong learning; and

− facilitating contacts amongst key actors.

2.4 Subsidy

A key part of evolution of the Foundation from 1997 to the present has been the level and nature of its subsidy. This comes from the external relations chapter of the Community budget and, since 2000, has been split between two budget lines - one from DG External Relations (B7-664) and one from DG Enlargement (B7-033). The subsidy drawn from B7-664 is itself drawn from the budgetary envelopes of the 3 external relations programmes relating to the geographical regions of the Foundation's mandate, namely the Western Balkans, Eastern Europe and Central Asia and the Mediterranean.
The level of subsidy for each year in the period 2000-2004 was planned in November 2000 under the Governing Board agreement on the mid-term perspectives (see 2.2 above), subject to the annual budgetary procedure. This subsidy, constituting almost exclusively the Foundation's revenue, serves to fund the Foundation's personnel (Title 1), its infrastructure and running costs and overheads ensuing from the execution of statutory tasks (Title 2) and operational expenditure relating to its specific missions (Title 3).

The table below shows the evolution of the subsidy from 1998-2003 including the modification of the source of the subsidy away from Phare towards the other regions under the external relations framework. Annexes 2 and 3 show the full budget evolution (including funds committed, carried over and unused) and Activity Based-Budgets 2000-2004, to illustrate in a more representative way how funds have been allocated.

<table>
<thead>
<tr>
<th>Year</th>
<th>Community subsidy</th>
<th>Number of staff (all temporary agents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>15.4m</td>
<td>119</td>
</tr>
<tr>
<td>1999</td>
<td>16.2m</td>
<td>124</td>
</tr>
<tr>
<td>2000</td>
<td>16.2m</td>
<td>119</td>
</tr>
<tr>
<td>2001</td>
<td>16.8m B7-664: 9.24m B7-033: 7.56m</td>
<td>115</td>
</tr>
<tr>
<td>2002</td>
<td>16.8m B7-664: 12.8m B7-033: 4.0m</td>
<td>105</td>
</tr>
<tr>
<td>2003</td>
<td>17.2m B7-664: 13.7m B7-033: 3.5m</td>
<td>104</td>
</tr>
</tbody>
</table>

### 3. OVERVIEW OF EXTERNAL EVALUATION EXERCISE

As stipulated by Article 17 of the founding Regulation, modified by the Council Regulation of 1998, the Commission's procedure of monitoring and evaluation of the Foundation should be carried out with the help of external experts, with the first results of this procedure to be submitted in a report to the European Parliament, the Council, and the Economic and Social Committee before 31 December 2000 and thereafter very three years. The present report was postponed due to the strategic reorientation in 1999-2000 of the role and direction of the Foundation, as expressed in the key decisions on the mid-term perspectives taken by the Governing Board in November 2000. At that time, the Commission considered it important to allow the Foundation a period of consolidation of its new role. Thus, experiences could develop on which to base the next evaluation process. Duly, in December 2001, after a year's operation under the new role, DG Education and Culture contracted ITAD Ltd to carry out an independent external evaluation of the Foundation. This was based on terms of reference agreed between the Commission services and with the Governing Board. A Steering Committee was established, chaired by DG Education and Culture with representatives from

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6 B7-664 indicates subsidy from the external relations chapter and B7-033 from the Phare chapter.
DGs External Relations, Enlargement, EuropeAid, two Member States (Governing Board members) and the Foundation.

The context of this contract was the Foundation's shift towards a centre of expertise for vocational training/human resources development in partner countries considering the changes in the Community's external relations programmes and environment. Taking this into account, the main evaluation questions set out in the terms of reference concerned the effectiveness of the Foundation's activities and the efficiency of their internal organisation. On effectiveness, the evaluators assessed the achievement of objectives through the Foundation's various functions; stakeholders' perceptions of these achievements and their added value, in particular in support to the Commission; cooperation with CEDEFOP (in terms of preventing duplication and ensuring synergy and complementarity)\(^7\) and other bodies and partners; and the information, communication and publications strategy. The provision by the Foundation of Tempus technical assistance was assessed in the evaluation specifically in terms of its use of staff resources and impact on the Foundation in organisational terms. Under efficiency, the main questions related to Work Programme preparation and quality, monitoring and evaluation, internal decision-making, management and resource allocation and staff development, and finally the coordination and communication with the statutory organisms, the Governing Board and the Advisory Forum.

The external evaluator used several methodological tools. A detailed evaluation matrix was drawn up in order to breakdown the main evaluation questions summarised above and in order for the Steering Committee to see exactly how each question was to be answered. The evaluators reviewed a significant number of documents relating to the Foundation's activities and own evaluations over the 5-year period. Interviews were carried out with Commission staff, with MEPs and with the majority of Foundation staff. Complementing this qualitative information were two surveys: one aimed at stakeholders in the Commission, the European Parliament, the Member States, partner countries and in other bodies and a separate survey aimed at Foundation staff. In addition, four case studies that represented the different regions, types of activity, thematic area and period of implementation were selected and visits made to three partner countries to explore these cases in depth.

The external evaluator submitted three reports to the Commission: their inception report was accepted on 8\(^{th}\) May 2002, their interim report on 25\(^{th}\) June 2002 and their final report on 18\(^{th}\) November 2002. The Governing Board discussed the final report, focussing in particular on the executive summary, at its meeting of November 26 2002.

The aim of this report is to set out the Commission's own reaction to the external evaluator's final report and recommendations: this is done under six key themes in section 4 below.

4. MAIN RECOMMENDATIONS OF THE EXTERNAL EVALUATION REPORT WITH COMMISSION'S REACTION AND RECOMMENDATIONS

The Commission invites the Foundation to analyse and act upon all of the evaluator's recommendations. To contribute to this, under six themes below the Commission summarises and analyses those findings, conclusions and recommendations of the evaluator which, in its

\(^7\) CEDEFOP supports the development of vocational education and training (VET) in the Member States and in the EEA countries by providing research, comparative analyses and exchange of information to various actors in the field of VET in the Member states within the Community’s vocational education and training policy.
view, deserve highlighting. In addition, the Commission gives where appropriate specific details or proposals for implementing the recommendations.

4.1. The Foundation's support to the Community's external relations policies

The evaluator found that the Foundation is a recognised EU centre of expertise among the institutional vocational training stakeholders in several partner countries and is an important partner for the Community in the field of vocational education and training and labour market reform. The Commission considers from its own experience that the Foundation has indeed been able to build-up a solid reputation with regard to its capacity to deliver expertise services. However, there are areas for improvement in the Foundation's effectiveness and support to the Commission.

4.1.1. Coherence with Community priorities and policies

The evaluator found that the Foundation, as a Community Agency, must better ensure that its activities are coherent at all times with Community strategies and Commission requests per region and country. The Commission agrees and considers this to be a priority for the Foundation, in order to make certain that the scale of its effort in partner countries fully reflects the Commission's programming. This implies more focus on the Foundation’s established expertise, notably in VET and labour markets, and on certain priority countries.

It is largely through the elaboration of the Foundation's annual Work Programmes and three rolling regional frameworks (for Western Balkans, Eastern Europe and Central Asia and the Mediterranean regions) that the expertise offer of the Foundation and the expected activities can be agreed with the Commission.

In particular, the Commission recommends that these Work Programmes and rolling regional frameworks:

- **streamline sectoral and geographical initiatives on the basis of Community policy and operational priorities and the evolution of related approaches.** All activities, including the Foundation's own development activities, should be elaborated following closer ex-ante coordination and cooperation with Commission services, to also create better synergy between the Foundation's planning cycle and that of the Commission. It should also be ensured that no activity is a source of ambiguity or confusion in the partner countries that may not clearly see the difference between the work and role of the Agency and that of the Commission;

- **are more readable and consistent year-on-year for improved clarity, given that they set out vital information.** They should clearly specify Agency-wide, country and thematic objectives and activities in such a way so as to support increased accountability of activities and resources. The Commission suggests the development of more systematic and periodic reporting, in particular to its own services, on the implementation of Work Programme activities during the year and the sharing of information on additional activities that are introduced or requested.

For its part, the Commission is committed to supporting where possible the Foundation's contribution to vocational education and training reform in partner

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8 See Section 4.3 for specific analysis of the Foundation's support to the Community's external relations priorities as part of the accession process.
countries and will regularly specify, via the rolling regional frameworks, its expectations in terms of Community priorities to follow and the focus for the Foundation's efforts and knowledge development in each region. The rolling regional frameworks should be used more systematically to clarify with the Commission what constitutes the appropriate level of activity and type of knowledge required in each of the regions where the Foundation has a mandate. The Commission expects that this will increase the effectiveness of interventions and support in those countries as well as the level of predictability and planning.

4.1.2.  Links between Work Programme and Budget

The evaluator concludes that annual Work Programmes should contain better links to the Budget, agreed at same time by the Governing Board. The Commission expects operational activities to be more explicitly linked to a budgetary allocation so as to ensure a "visibly responsive approach to budgetary allocations of title 3 funds"9 fully in line with Community policy priorities.

The Foundation has a solid relationship with the partner countries, but in terms of activities, it should avoid consuming high levels of resources for one-off initiatives such as seminars and conferences upon the request of these countries. Such events should be more systematic and should only address, with close consultation of the Commission, specific issues according to overall Community policy and operational strategies in VET and labour market upgrading processes in the partner countries.

4.1.3.  Added value and expertise

The Commission welcomes the evaluator's conclusion that the Foundation is perceived to have provided a valuable service and that the comparative advantages of the Foundation as a Community Agency are complementary to the needs and capacity of the Commission services. The evaluator found that, in particular through activities such as building of capacity in partner countries, designing and implementing innovative projects and the definition of training needs, the Foundation's operational objectives have been met. Thus, the evaluator, in analysing the expenditure of the Foundation, found that it has usefully allocated its operational resources to provide this service.

The evaluator noted evidence of contrasting perceptions among Commission services of the nature and value of the Foundation's support: these vary both according to the type of provision to the Commission and according to the Foundation's activities, management and degree of communication with individual Commission services (see also section 4.2.1 on improving communication and transparency). In general, the Commission services see the comparative advantage of the Foundation as comprising networking abilities, knowledge of the national context of vocational education and training reform and labour markets in partner countries and continuity of experience in the partner countries and with the Commission. However, the Foundation's own perception includes additional elements, also in line with the founding Regulation, such as its role as a clearing house for best practice, the advantage of a long term pragmatic approach in terms of understanding the needs in partner countries, practical expertise, a change agent and an important corporate memory.

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9 From the ITAD external evaluation report, volume I. Title 3 of the Foundation's budget covers operational expenditure, in three parts; Support to the Commission, information activities (the National Observatories in the main) and Development activities.
Consequently, to improve the provision of expertise, the Commission endorses the evaluator's view that the Foundation should research, document and agree its range of services and knowledge offer in order for this to be coherent with recognised priorities and expectations at Community level. The Commission encourages the Foundation to focus on the role it can best play in project identification to support programme implementation and as a catalyst and policy advisor in the reform of systems in the partner countries of the four regions in their mandate, in particular in those where VET has been selected as a core area.

In all three external relations regions, the inclusion of vocational education and training in country and regional strategies is increasing. In line with Community strategies and Commission requests per region and country, the Foundation should develop its expertise and knowledge in human resources development approaches and best practice, with regard to active labour markets and employment policies in the overall context of economic reform. This is of particular importance, for example, for the MEDA region where the setting up of an EURO-MED free trade zone over the medium-term presses the partner countries to make some important structural adjustments that will have an impact in terms of social and labour market inclusion. The Commission would welcome the development in the Foundation of more analytical capacity and information on social protection and active labour market policies, in particular vocational education and training in this context, as a contribution to the implementation of regional and country strategy papers, as well as for example to papers on the Stabilisation and Association process in the Western Balkans region. These approaches should always take into account the need for sustainability, feasibility and impact, for example, in countries under the Tacis programme where the structure of the sector requires comprehensive and long-term reform.

4.1.4. National Observatories

The National Observatories, set up or strengthened with the Foundation's contribution, are key instruments in terms of information gathering and exchange in the partner countries. Their main functions are to identify priorities and to advise on policies for the further development of vocational education and training. This also involves the collection and dissemination of data, in particular for annual reports, and cooperation between partners.

The Commission notes the evaluator's conclusion that the National Observatories are well regarded by each partner country, good value given their co-funded status and that their reports are considered to be effective in terms of contributing to the vocational education and training reform/development of system process. This puts the National Observatories in an important position in terms of the provision of information and analysis. The Commission welcomes the Foundation's flexible approach towards tailor-made solutions for the National Observatory functions in each partner country, for example in the Meda region, where the function has been provided through a network of existing bodies and that new dedicated structures were not required, unlike in the other regions.

The Commission will examine with the Foundation the implications of the evaluator's recommendation to establish a cross-country sustainability strategy for the National Observatories in the Eastern Europe and Central Asia and Western Balkan regions.

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10 National Observatories, currently located in 25 partner countries, are independent bodies (some located in Ministries), co-funded by the Foundation as vital local links for information and assessment of VET systems. They support the exchange of information between countries, the collection of data and, the dissemination of good practice.
4.2. Communication and transparency

The issue of the Foundation's external communication and transparency is intrinsically linked to the points made above on increasing the effectiveness of support to the Commission. The improvement of external and strategic communication will help ensure that the Foundation's activities are always coherent with Community regional and country priorities and strategies. It will also ensure greater clarity of the position and role of the Foundation as a centre of expertise in particular in the light of the increasing devolution to the Delegations.

4.2.1. Improving communication and transparency

The Commission underlines the evaluator's finding that, whilst the Foundation is an effective organisation, "it has been inefficient in the way it has engaged with its customers and clients and in the way it has responded to changes in the operating environment."11 Whilst the Commission welcomes the Foundation's recent efforts to promote itself and to increase the efficiency of engagement with Commission, it believes that the Foundation should now put in place concrete measures to ensure the consolidation of this approach, both at management level and for all staff. These should focus on a revised more dynamic external communication strategy, with increased personal communication; it should be also carefully designed so as to avoid any misunderstandings as to the nature of the Foundation's work as an EU Agency in support to external policies implemented by the Commission.

A new communication strategy should include:

- a new clear statement of the overall mission of the Foundation. The Commission notes the evaluator's finding that, at times, Commission services see the expertise in the Foundation as being individual and not corporate, belonging to the Agency as a whole. This illustrates the need for a review of the mission statement alongside increased transparency of the know-how and services the Foundation can offer, for example its experience in partner countries, tested reform approaches, networking and facilitation, continuity of expertise, local knowledge and good administration skills;

- systematic and focussed contact management. In order to build on the recognition of the comparative advantage of the Foundation as a centre of expertise, the Foundation must adopt a clear Agency-wide approach to establishing, where still necessary, and then maintaining key contacts, in all Directorates General but in particular External Relations, EuropeAid and the Delegations. This implies regular meetings and correspondence at all levels, including with senior Commission management in all relevant services. Furthermore, this approach should be applicable to Foundation staff, who must be mobilised by senior management to convey the same Agency-level mission statement to all stakeholders. The Commission considers that this approach should aim to reduce the gap between expectation and delivery, noted by the evaluator, and will strengthen the credibility of the Foundation in all regions of its work.

The Commission is playing its part by establishing a framework for structured dialogue between all relevant Commission services and the Foundation; this network of contact persons should be utilised systematically by both sides.

11 From ITAD external evaluation report, Volume I.
4.2.2. Information products

The Commission endorses the evaluator's recommendation that both the effective collection of information and dissemination of information products are crucial for the sharing of best practice and for providing support to the Commission and to beneficiaries in partner countries. The Commission welcomes initiatives in this direction already undertaken, such as documents highlighting concrete activities undertaken and the re-launched website: the development of a light and regular electronic newsletter should also be considered.

The Commission recommends that the Foundation, building on its good dissemination infrastructure, review the quality and number of reports and information products. The Commission agrees with the evaluator that these should always be clearly linked to the Foundation's goals, whilst also in line with Community priorities and Commission requests and needs and providing operational conclusions. There should be fewer information products but each should be more analytical and be part of a focused dissemination strategy aimed at the key target stakeholders.

4.2.3. International bodies

The Commission supports the evaluator's recommendation that the Foundation should pursue cooperation and contact opportunities with other bodies so as to maintain an up to date knowledge basis in the field of vocational education and training and labour market reform in third countries. In the case of concrete collaboration in a partner country with an international organisation such as the World Bank, the Commission encourages the Foundation to keep it informed. Such communication and dialogue will help maintain clarity between the Foundation's main role as a centre of expertise in support to the Commission, and the Commission's own lead role in negotiating areas for donor cooperation.

4.3. Consequences of Enlargement

4.3.1. Support to the Commission during the accession process

In the candidate countries, the Foundation has long assisted the Commission in preparing candidate countries for compliance with the *acquis communautaire* in the area of vocational education and training and regarding labour market issues.

Foundation activities encompass the provision of input into the design of Phare programme, as well as to a limited extent in their implementation, monitoring and evaluation: a substantive part of the Foundation support has been provided directly to the Delegations in the candidate countries. The Foundation's reports have been a valuable source of information for the Commission's regular reporting on the candidate countries' progress towards accession. Nevertheless the Commission would welcome more specific operational recommendations from the Foundation as part of the programming process of the pre-accession instruments.

In the light of the likely accession of ten countries in 2004, the Foundation's activities in these candidate countries have recently been decreasing, leading to a progressive focus on the priority countries Bulgaria, Romania and Turkey. Pre-accession financial assistance in these priority countries will be increased substantively as from 2004. In this framework, the Commission expects the Foundation to continue to support the design and implementation of vocational education and training, human resource development and labour market programmes under the economic and social cohesion chapter of the pre-accession
programmes as well as the in the area of institution building for the management of European Social Fund-type measures. The Commission recommends that the Foundation establish a specific work plan to identify the main challenges and intervention areas.

Given the possibility that, in the future, further countries might begin a process of accession to the European Union, it is of particular importance that the Foundation be in a position to build on its experience acquired in the context of the current enlargement process. Thereby, an efficient transfer of knowledge towards these potential new candidate countries should be guaranteed.

The evaluator confirms that the excellent country monographs the Foundation produced were well received by the Directorate General for Employment and Social Affairs, which was able to take advantage of the Foundation's established contacts in the accession countries, in particular in the National Observatories. The monographs are in-depth studies on vocational training and employment services in the candidate countries aimed at supporting the monitoring of the Joint Assessment Papers. The Commission encourages the Foundation to continue this collaboration, in particular as regards the development of human resource strategies, as the monograph exercise naturally leads the Foundation into further activities to assist in the preparation of the accession countries for the European Social Fund.

4.3.2. Policy development in vocational education and training and lifelong learning

The Foundation has maintained good cooperation with Directorate-General Education and Culture, for example with its valuable contribution to the Commission's consultation process on the Memorandum on Lifelong Learning in 2000. As part of its expertise development during accession, the Foundation should prioritise the familiarisation of candidate countries with Community's current policy development in the field of lifelong learning and in particular vocational education and training, such as the Copenhagen process in vocational education and training. For its part, the Commission will establish a Cooperation Memorandum with the Foundation for the accession period, with the objective of clarifying when and how the Foundation can concretely support the Commission in the implementation of these priorities.

4.3.3. Cooperation between the Foundation and CEDEFOP

Both CEDEFOP and the Foundation cover the area of vocational training, but each has a separate geographical coverage and their missions and tasks are quite different. As such, the Foundation uses CEDEFOP as a resource for best practice in Member States in the field of vocational education and training and labour market in the context of third countries' economic reform whilst CEDEFOP, being an actor in policy development in the Member States can benefit from the Foundation's experience to date both in the candidate and in partner countries.

The Commission has always insisted that no overlap or duplication exists between the work of the two Agencies and has ensured that tools are in place for the Agencies to achieve maximum synergy and complementarity. Prior to the establishment of a firm timeline for

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13 Declaration of the European Ministers of Vocational Education and Training, and the European Commission, on enhanced European cooperation in vocational education and training (Copenhagen 30 November 2002)
accession, the first phase of this cooperation began in 1997 and aimed at ensuring that the Foundation used CEDEFOP as a resource, for example on best practices in Member States. A second phase began in 2001, when the Commission and both Governing Boards agreed, in view of the accession process, a Framework for Cooperation between the two Agencies. This sets out the scope, principles, priorities and modalities for their cooperation with a view to preparing countries for accession whilst also clarifying for them the role of each Agency. The Framework for Cooperation also aims to avoid any possibility of duplication and to ensure maximum synergy and complementarity between the Agencies.

The Commission invited the two Agencies to put in place several instruments to facilitate better co-operation - namely, the Framework for Cooperation, the joint annex to each annual Work Programme, the semi-annual joint reports and the Working Group. The Commission welcomes the evaluator's assessment that these instruments strengthen cooperation and have been effective in providing a clearer basis for cooperation.

The Commission welcomes the evaluator's conclusion that the cooperation between the two Agencies, as a result of the above, is largely adequate but considers there is still scope for progress. There should now be a joint effort to intensify and accelerate cooperation and communication in the period leading up to the likely accession of ten countries so that the Framework and joint activities are fully implemented and the preparation for accession of these countries is efficiently achieved. In addition, the Commission suggests that effective communication be improved both via the Working Group, that should oversee cooperation, but also on a day to day basis on ad hoc and thematic issues.

To this end, the Commission recommends that the two Agencies together establish immediately an exit-entry strategy for each candidate country likely to join in 2004, as these would cease to be partner countries for the Foundation but instead upon accession become members of CEDEFOP. This strategy should include a clear timetable and be based on the following principles/guidelines:

– **each Agency should capitalise on each other's investment.** This is the case with the National Observatories established by the Foundation in the candidate countries that already have valuable experience as structures in trans-national cooperation. These represent a long-term investment of the Community and should, before likely accession in 2004, be prepared and adapted by the Foundation so as to facilitate where appropriate their integration upon accession as national points into CEDEFOP's ReferNet\(^\text{14}\). For the remaining candidate countries, the Foundation should build on its experience following the possible integration of the first wave of countries into the ReferNet. It should prepare appropriately and familiarise Observatories in these countries to the functions and activities of the ReferNet in order to maximise the possibility of their selection by CEDEFOP upon their accession;

– **thematic cooperation be further strengthened.** Although CEDEFOP and the Foundation are not internally organised in the same way (along thematic and geographic lines respectively) it would be beneficial in particular for the

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\(^{14}\) ReferNet is a structured, decentralised, networked system of information collection and dissemination established by Cedefop. ReferNet comprises a national consortium in each Member State made up of organisations representative of vocational education and training institutions. The network's tasks fall into three categories: documentation and dissemination, collection and analysis of information and research.
Foundation to take advantage of the expertise of CEDEFOP in its own activities not just in the candidate countries but in all partner countries. Thematic networks should be extended to include candidate countries whenever possible or their expertise made available. This is the case, for example, with CEDEFOP's Training of Trainers Network\(^{15}\);

- the Foundation should make available to CEDEFOP its information, know-how and information resources on candidate countries likely to accede in 2004 (such as databases on vocational education and training organisations in the candidate countries, social partner organisations lists, etc.).

In addition to their half-yearly progress report and on the above basis, the Agencies should submit to the Commission their exit-entry strategy by mid 2003.

4.4. Internal efficiency

4.4.1. Communication and motivation

The Commission endorses the evaluator's conclusion that the overall vision of the Foundation's role as a centre of expertise in support to the Commission should be firmly established by the Directorate and communicated to all staff. This should be done both externally, as set out under the sections on Support to the Commission and Communication and Transparency above, but also with concrete measures internally.

The Commission's opinion is that one of the major effects of staff cuts since 2000 has been to create a somewhat introspective attitude as regards change, where major issues of policy or of strategic direction are addressed and discussed without sufficient regard towards the demands or expectations of stakeholders. Therefore, there must be improved internal communication to lead to the joint and mutual development of a centre of expertise with all staff having the necessary competences and mobilised to contribute to the activities and products that will illustrate this. Whilst there has been progress in this direction in recent months, notably with the change management process that the Foundation brought in, the Commission recommends that further effort be made by the Foundation's management to establish an Agency-wide identity and mission for all staff. The Commission is convinced that with such an approach and with full management support, staff will see opportunity in change.

4.4.2. Human resources

The Commission appreciates the efforts made by the Foundation during the difficult period following the agreement on the mid-term staff and financial perspectives 2000-2004, cutting 25% of staff and significantly changing the profile of the 99 full time statutory staff remaining.

The current organigramme of the Foundation is adequate for the tasks and activities in terms of its development as a centre of expertise supporting Community external policies in the fields of VET and labour markets (see Annex 1). The streamlining of the Foundation's central services (legal and financial) following the November 2000 agreement has ensured that the internal management systems are as lean and efficient as possible. The Foundation has put in place a geographical structure of departments, but has also sought to ensure thematic expertise

\[^{15}\text{TTnet is a Training of trainers network, comprising over 100 organisations in the Member States and providing analyses and disseminating innovative experience in the area of teacher trainer training.}\]
is developed across these, as exemplified by the thematic working groups and tandems that form the overall matrix of the Foundation as a centre of expertise. It is crucial however that thematic expertise is developed in line with that needed for support for the Community's regional and country strategies and that, to complement this, the expertise of CEDEFOP is drawn on in a systematic way (see 4.3 above), in particular by the Foundation's Thematic Focus Groups.

The Commission notes the evaluator's recommendation that the recently completed competency assessment should be used in a transparent way to illustrate how the Foundation will meet the staffing and resource development needs of the new centre of expertise. The Foundation should ensure that, in dialogue with the Commission, the knowledge base of its human resources meets these needs. If necessary, the Foundation may need to revise its overall training strategy and the use of competency assessments.

4.4.3. Monitoring and evaluation

In terms of improving the effectiveness of activities, the evaluator concludes that useful monitoring and evaluation is vital, even though it is not always easy to track the influence or contribution of the Foundation given its sometimes intangible outputs. To this end, the Commission believes proactive steps should be taken, in response to the evaluator's recommendation and to the concern of staff: it recommends that the Foundation reviews its monitoring and evaluation policy, embedding it into the Agency-wide approach of ensuring satisfaction from stakeholders.

The new monitoring and evaluation strategy must take account of the requirements of the new Financial Regulation and should also:

- include specific measures to assess thematic and country activities. The Commission endorses the evaluator's recommendation that consultation of the EuropeAid Co-operation office on this should be sought, so as to ensure coherence with the Commission's own strategies and approaches;

- incorporate an assessment of the collective performance, which could contribute significantly to the visibility of the Foundation's activities and of its support to the Commission;

- contain standard guidelines for all evaluations undertaken by the Foundation to contribute to the comparability of findings;

- be endorsed by the entire staff and overseen by the Foundation's Planning, Monitoring and Evaluation unit to ensure quality assurance and relevance for overall objectives.

4.4.4. Internal management and resource allocation

The Commission welcomes the evaluator's view that the Foundation has good management and information systems and that this brings the Agency good financial solidity and transparency. The Commission also welcomes the fact that the Foundation has good content-based and financial reporting techniques that are useful for accurate resource allocation and planning. The internal planning for the Foundation, in particular the use of Activity-Based Budgeting (ABB), has been successfully achieved despite the complex matrix of regions and budgetary titles that the Foundation must cover (see Annex 3).
4.5. **Statutory bodies**

4.5.1. **The Governing Board**

The Commission welcomes the evaluator's conclusion that the Governing Board feels that it has been well served by the Foundation in terms of the necessary information to fulfil its statutory role and to take the decisions needed - mainly the adoption of the Foundation's Work Programme and Budget each year. Members of the Governing Board consider that the annual Work Programmes adequately reflect their concerns and recommendations, and that the Foundation's achievements and outputs meet their expectations and are of good value for money. However, the Commission notes with concern that evaluator also concludes that the Governing Board is largely a passive body, not finding a role for itself outside the minimum statutory requirements.

The Commission invites the Foundation's directorate to make specific proposals to increase the engagement of the Governing Board with its activities. This could be achieved with measures like the development of ad hoc working groups on chosen themes, regions or administrative matters and a review of the timing of meetings to allow for fuller discussions on the substance of Work Programmes and on strategic issues. However, increased dynamism within the Governing Board should also result from other recommendations, such as an improved Agency-wide mission statement and communication strategy and clearer, more digestible Work Programmes and Budgets (showing links between the two) with objectives for activities.

With regards to the composition of the Governing Board, according to Article 5 of the basic Regulation, the Commission agrees that this currently does not fully reflect the interests, responsibilities and the separation of competencies within the Commission as regards the Foundation. The Commission will examine how a representative of EuropeAid could be included as a full member of the Governing Board instead of its current observer status.

The Foundation itself has been proactive towards the Governing Board, in particular in ensuring that representatives of the candidate countries already attend as observers in order to become familiar with the nature of the Governing Board and the Foundation itself, ahead of the likely accession of ten countries in 2004. The Commission supports this initiative and also that of the Foundation to take advantage of this additional link to the accession countries for taking advice from the latter's own experiences as partner countries. This could then be useful for improving the effectiveness of Foundation activities in other regions, in particular the Western Balkans.

4.5.2. **Advisory Forum**

The Commission observes that the evaluator found that the Advisory Forum has fulfilled its statutory function of providing advice to the Foundation on the preparation of the annual Work Programme\(^\text{16}\). The evaluator also notes that the Advisory Forum, that currently meets in Regional Groups with a plenary meeting of all members every three years, is a good

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\(^{16}\) The Advisory Forum is a statutory body, established by the Council Regulation, composed of experts from Member States, partner countries, social partners and international organisations. The Advisory Forum is now composed of four regional groups that meet annually per region and every three years in a plenary session in Turin. The Forum advises the Foundation on the Work Programme and on VET issues in partner countries.
mechanism for the exchange of information on regional priorities and on needs in vocational education and training systems and labour markets.

However, the Commission suggests that the Foundation could make certain improvements to the Advisory Forum in order to maintain the commitment of members to the Foundation and to keep them fully informed on activities. **The Commission recommends that the Foundation:**

- **includes responsible Commission services in Advisory Forum meetings, in conformity with Article 6 of the founding Regulation.** The active participation of the Commission would also increase the familiarisation of the Advisory Forum members with the Commission's cycle of programming and the Foundation's activities within this and help ensure understanding of the Foundation's Work Programme vis à vis Commission policy and operational priorities;

- **reviews the procedure for Advisory Forum membership,** in particular when establishing the next three-year mandate of the Advisory Forum (end 2003). Even though it cannot directly select members, the Foundation should strongly encourage a balanced mix of stakeholders, including officials, experts and social partners. The Foundation is well placed to help identify candidates who can bring vocational education and training expertise to the work of the Forum, and who can serve as a channel for providing the Foundation with access to senior policy makers;

- **continues the initiative to combine Advisory Forum meetings with other large meetings or conferences linked to the Foundation activities and projects in those countries.** This allows thematic cooperation to develop with an opportunity for Advisory Forum members to be informed on concrete Foundation activities, also raising interaction with beneficiaries in partner countries;

- **considers how best to address a concern of some Advisory Forum members that the current regional configuration does not provide an adequate overview of the entire range of the Foundation's activities nor sufficient networking and exchange with other regional groups.** The Commission proposes that the Foundation address whether Advisory Forum members are satisfied with the current arrangements and thematic content.

**4.6. Tempus Technical Assistance**

The Commission notes that the evaluator identified a number of problems during the course of the external evaluation, mainly related to communication and planning between the Commission, responsible for programme management and the Foundation, providing Technical Assistance. The Commission confirms that the issues raised in the evaluator's recommendations are already being addressed through the development of a clear joint approach to regulate the Foundation's performance in its technical assistance to the Tempus programme. In particular, the Foundation and the Commission are in the process of finalising new arrangements for the conduct by the relevant Foundation Department of Tempus tasks, the monitoring of the Foundation's performance, and a systematic cycle of contacts and meetings where progress can be reviewed and issues of concern raised before problems arise.
5. **CONCLUSION**

The Commission considers that within the Community's new external relations policy framework including devolution to the Delegations, the Foundation has a useful contribution to make as a centre of expertise in all four regions of its mandate.

The Commission shares the evaluator's overall positive assessment of the effectiveness of the Foundation's work and considers that it has made a valuable contribution to the Community's activities in the field of vocational education and training and labour market reform in its four partner regions. However, the Foundation should accelerate its adaptation to the new external relations environment by consolidating activities in its partner countries systematically in line with Community priorities and Commission approaches. For the Foundation, this will entail the better preparation of Work Programmes and rolling regional frameworks, to be achieved with improved and ongoing consultation with stakeholders and by reinforcing links to the Commission's programming and planning cycle. The Foundation must concentrate its available resources in order to capitalise on its current expertise and consolidate its reputation as regards its stakeholders, in particular the European institutions.

From both the Commission and the Foundation, increased awareness and monitoring of the type of services both offered and needed will be required in order to ensure that the activities of the Agency continue to be useful and relevant. This implies that Commission services should keep the Foundation fully informed on new or revised priorities or strategies.

In addition, this demands a renewed commitment from both sides to significantly improve communication, in the framework of the structured dialogue at both management and operational level. The Foundation's new external communication strategy should support this, in particular with better contact management.

Consequently, it is of utmost importance that the Foundation's management staff establish a clearer vision within the Agency of its position and role as a Community centre of expertise in the new institutional landscape. This will partly stem from the revision of the mission statement of the Agency, in dialogue with the Commission and after due deliberation of the Governing Board, but also from increased commitment to ensure that all staff understand this vision and are mobilised to ensure that this is part of all activities and expertise provision to the Commission.

Overall, the Commission believes that the external evaluation report provides useful lessons and recommendations for the development of the Foundation as a centre of expertise. The Commission invites the Foundation to submit a draft Action Plan to the Governing Board, outlining its analysis and proposed action on all recommendations made by the evaluator and by the Commission in this report. The Commission itself would welcome a broader discussion, with the Governing Board in particular, on the Foundation's future orientations.
Annex 1
ORGANIGRAMME (1 APRIL 2003)

Director
Peter de Rooij

Deputy Director
Ulrich Hillenkamp

Planning, Monitoring and Evaluation Unit
Peter Greenwood

External Communication Unit
NN

Mediterranean Region
[DZ-EG-IL-JO-LB-MA-PS-SY-TN]
Olivier Ramsayer

Enlargement and South Eastern Europe
Arjen Vos

Eastern Europe and Central Asia
[ARM-AZB-BEL-GEO-KAZ-KYR-MOL-MNG-RF-TAD-TME-UKR-UZB]
Sandra Stefani

TEMPUS
Marleen Voordeckers

Administration and Central Services
Markku Junkkari
Annex 2

BUDGET EVOLUTION, 1998-2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Community subsidy</th>
<th>% Titles 1/2/3</th>
<th>Temporary agents</th>
<th>Funds committed</th>
<th>Funds carried over to following year</th>
<th>Unused funds</th>
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| 1998 | 15.4m | T1 67.3%  
T2 10.0%  
T3 22.7% | 119 | 15 170 491 | 3 512 871 | 229 509 |
| 1999 | 16.2m | T1 61.5%  
T2 10.0%  
T3 28.5% | 124 | 16 145 680 | 2 880 925 | 54 320 |
| 2000 | 16.2m | T1 63.0%  
T2 8.0%  
T3 29.0% | 119 | 16 105 289 | 2 650 716 | 94 711 |
| 2001 | B7-664: 9.24  
B7-033: 7.56  
Total: 16.8m | T1 64.0%  
T2 8.0%  
T3 28.0% | 115 | 16 671 786 | 3 492 434 | 128 214 |
| 2002 | B7-664: 12.8  
B7-033: 4.0  
Total: 16.8m | T1 63.0%  
T2 8.0%  
T3 29.0% | 105 | 16 795 986 | 3 365 833 | 4 014 |
| 2003 | B7-664: 13.7  
B7-033: 3.5  
Total: 17.2m | T1 65.0%  
T2 8.0%  
T3 27.0% | 104 | - | - | - |
## EUROPEAN TRAINING FOUNDATION RESOURCES - ACTIVITY BASED BUDGETING 2000-2004

### 2000

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<th>Operational costs (missions included)</th>
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<th>Conventions (annualised)</th>
<th>Tempus (annualised)</th>
<th>Donors cooperation</th>
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*Amounts for the expenses marked by * are equally distributed in the ABB columns amongst the 4 geographical activities*
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<th>Basic Staff allocation</th>
<th>Total statutory ABB</th>
<th>Staff costs</th>
<th>Administration &amp; infrastructure</th>
<th>Operational costs (missions included)</th>
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NB: In this table Candidate Countries from Western Balkans and Meda are accounted in their respective geographical Activity. This reflect the internal organisation of the ETF where, for example, the country managers for Turkey, Cyprus and Malta work in Meda.
<table>
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<th>Total statutory ABB</th>
<th>Staff costs (Title 1)</th>
<th>Administration &amp; infrastructure (Title 2)</th>
<th>Operational costs (missions included) (Title3)</th>
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*Missions included as in budget documents:* 11.239.000 1.421.000 4.540.000

*Less Missions excluded as in budget documents:*
### Projections 2004

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*Missions included as in budget documents > 11.600.000  1.434.000  4.566.000 < Missions excluded as in budget documents*