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**REPORT TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE  
ECONOMIC AND SOCIAL COMMITTEE  
ON THE EUROPEAN TRAINING FOUNDATION  
(ARTICLE 17 OF COUNCIL REGULATION NO 1360/90 OF 7 MAY 1990)**

(presented by the Commission)



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**1. INTRODUCTION**

The objective of the present report is to provide an overview of the experience acquired by the work of the European Training Foundation to date. The report is being presented under application of Article 17 of the Council Regulation establishing the European Training Foundation<sup>1</sup> which requires the Commission to create a monitoring and evaluation procedure for the Foundation and report on the first results of this procedure.

This report addresses four topics (chapters 2-5):

- the Foundation's background, objectives and role;
- the Foundation's establishment, organisation and operations;
- the evaluation of the Foundation's work to date; and
- reflections on the Foundation's future prospects.

As required by Article 17 of the Council Regulation, the report draws on material gathered by monitoring the Foundation's activities and on an independent evaluation. The Commission's experience in cooperating with the Foundation has been taken into account.

**2. THE FOUNDATION'S BACKGROUND, OBJECTIVES AND ROLE**

**2.1 Political background**

The European Council, meeting in Strasbourg on 8-9 December 1989, requested the Commission to prepare a proposal for the establishment of a European Training Foundation for Central and Eastern Europe. This proposal was subsequently adopted by the Council on 7 May 1990.

The European Council took this initiative in the context of the political, social and economic reforms in Eastern Europe that were beginning, with the aim of addressing the need to support the emerging democracies and market economies. The Community's overall assistance programme to support these reforms (Phare) was adopted by the Council on 18 December 1989<sup>2</sup>, initially for Hungary and Poland, and subsequently extended to the remaining Central and East European countries. The Phare programme provided assistance

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<sup>1</sup> Council Regulation (EEC) no 1360/90 of 7 May 1990 establishing a European Training Foundation (OJ L 131 of 23 May 1990, p. 1), later amended by Council Regulation no 2063/94 of 27 July 1994 (OJ L 216 of 20 August 1994, p. 9). These legal acts are hereafter referred to as the "Council Regulation".

<sup>2</sup> Council Regulation (EEC) no 3906/89 of 18 December 1989 (OJ L 375 of 23 December 1989, p. 11)

in areas including training, a sector which was considered important for the restructuring of the partner countries' economies at large.<sup>3</sup>

Coordination of foreign assistance to the partner countries was considered important at the time by the Group of 24 industrialised countries (G 24) which had asked the Commission to take the lead in co-ordinating such assistance. It was felt that the Foundation could play a useful role in co-ordinating foreign assistance in the vocational training field.

Within this context, the decision to establish a European Training Foundation was based on the following considerations:

- The problems of professional/vocational training of the workforce in Central and Eastern Europe, and in particular the reconstruction of training systems as a whole, were so complex that it was found necessary to establish a special agency concentrating on this mission alone.
- The experience in vocational training gained at Community level, by Member States and third countries, both in the private and public sectors, could be most effectively put at the disposal of the countries in transition to support their reforms, if channelled through an appropriate institutional framework.
- While the Foundation needed a certain autonomy and flexibility to cooperate with national and international facilities, it was expected to maintain a close corporate relationship with the Commission and respect the overall political responsibilities of the Community and its institutions.

Although the European Training Foundation was legally established by Council Regulation in May 1990, the Regulation only entered into force in October 1993 when the European Council in Brussels decided on Turin as the seat of the Foundation<sup>4</sup>.

The delayed start-up meant that the Foundation had to adapt to an environment different from the one in which it had been conceived. Important Community assistance programmes, the Phare and Tacis programmes, were underway, addressing the human resources development priorities expressed by the partner countries. These actions and priorities did not necessarily coincide with what had originally been foreseen in the Council Regulation establishing the Foundation (but not acted upon in the absence of a decision on the Foundation's seat). It was therefore felt necessary to involve the Foundation in the on-going assistance programmes, by adding to its statute a clause permitting it to implement training programmes agreed by the Commission<sup>5</sup>.

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<sup>3</sup> The Independent States of the former Soviet Union and Mongolia were included as the Foundation's partner countries by Council Regulation no 2063/94 of 27 July 1994 (OJ L 216 of 20 August 1994, p. 9), following the recommendation of the Brussels European Council in October 1993. The Commission has proposed further extending the Foundation's geographical remit to the countries participating in the MEDA programmes (Commission proposal of 28 April 1997, COM(97)177).

<sup>4</sup> Decision taken by common agreement between the Representatives of the Governments of the Member States on 29 October 1993 (OJ C 323 of 30 November 1993, p. 1)

<sup>5</sup> Article 3 (c), third indent of the Council Regulation, added by Regulation no 2063/94 of 27 July 1994 (OJ L 216 of 20 August 1994, p. 9).

## **2.2 Objectives and tasks**

The objective of the Foundation, as defined in the Council Regulation (Articles 1 and 2), is to contribute to the development of the vocational training systems of the countries of Central and Eastern Europe and the former Soviet Union and Mongolia. Vocational training is defined by the Regulation as comprising initial and continuing vocational training as well as retraining for young people and adults, including in particular management training.

In pursuit of its objective, the Foundation is called upon to fulfil four core tasks which are its primary domains of activity (Article 3 of the Council Regulation):

- to assist the partner countries in the definition of training needs and provide the Community, the Member States and third countries with advice and information on such needs and on training initiatives (policy advice);
- to assist the Commission in the implementation of training programmes-as part of the Community's assistance to the partner countries (Phare and Tacis), and in the monitoring and evaluation of training assistance to these countries;
- to facilitate international cooperation, in particular by promoting joint-ventures and preparing pilot projects. The Foundation's contribution, which may also include co-financing, should lead to the financing of multi-national projects by one or several countries. More generally, the Foundation was created to act as a "clearing house" through which international offers of training assistance could be channelled;
- to disseminate information and encourage exchange of experience in the area of vocational training, for instance through publications and meetings.

## **3. THE FOUNDATION'S ESTABLISHMENT, ORGANISATION AND OPERATIONS**

### **3.1 Establishment and infrastructure**

Following the decision of the European Council and after a 6-month preparatory period, the Foundation started its activities in Turin in January 1995, with the Commission lending comprehensive support to the emerging agency.

The building hosting the Foundation was provided by the Italian authorities at a nominal rent for thirty years. Extensive refurbishing works are being financed from the Community subsidy to the Foundation (5 MECU<sup>6</sup>). In addition, a total investment of 3.3 MECU was made for office equipment and general operating expenses from 1994 to 1996. As of 1997, the on-going investments and running costs will amount to appr. 1.7 MECU per annum. Today, the Foundation has at its disposal, inter alia, state-of-the-art data processing facilities which enable it to operate a high performance Internet-site and address a vast audience world-wide.

A site agreement covering the terms under which the Italian Government agrees to host the Foundation and, in particular, clarifying the status of the Foundation's personnel, was signed on 19 December 1994 and ratified by the Italian Parliament in April 1997.

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<sup>6</sup> 1994: 2 MECU; 1995: 1 MECU; 1996: 1 MECU; 1997: 1 MECU.

Personnel for the Foundation were recruited from mid-1994, commencing with the appointment of the Director by the Foundation's Governing Board on 20 May 1994. At present, the Foundation employs a total of 150 staff (130 temporary agents, 16 auxiliary and local agents, 4 experts on secondment from national administrations)<sup>7</sup>. The duration of contracts, which are renewable, varies from 3 to 5 years.

Once the decision on the Foundation's seat had finally been taken, its establishment on site was accomplished in a comparatively very short time.

### **3.2 Decision making and internal organisation**

The Foundation has a Governing Board consisting of representatives of the Member States and chaired by a Commission representative which acts as the agency's supreme decision making body. During 1994-97 the Board, meeting twice per year:

- appointed the Director and the Advisory Forum;
- adopted rules on local agents and a staff committee;
- set down the financial rules of the Foundation;
- adopted the Foundation's annual work programmes;
- adopted the annual budgets;
- gave budgetary clearance to the Director for 1994 and 1995;
- approved the draft annual reports.

The role of the Director is central in the organisation. He prepares and organises the work of the Governing Board, being especially responsible for the drawing-up and implementation of the work programme, the execution of the budget and all staff matters. He is the legal representative of the Foundation, and maintains relations with the Commission as well as Member State and partner country authorities.

The Foundation is divided into three operational departments, responsible respectively for vocational training programmes, analysis and development, and technical assistance to Tempus. These are complemented by a Directorate, which consists of the post of Director and two Deputy Directors. Management training takes place by means of a horizontal matrix organisation, using the staff of the operational departments. These departments are supported by four central service units: financial and legal matters, administration and personnel, information and publications, and computer systems. An organisational chart is attached as Annex 2.

Financial control of expenditure from the Foundation's own budget is assumed by the Financial Controller of the Commission. In the interest of administrative efficiency, this function was recently delegated to the Commission's Financial Control subsidiary at Ispra. The control of Phare and Tacis operational funds handled by the Foundation is also ensured by the Financial Controller of the Commission.

### **3.3 Working methods and operations**

The Foundation's operational activities have made considerable progress over a period of almost three years commencing mid-1994. The emphasis during the initial phase (1994) was on developing a conceptual structure, in particular by designing the Observatory concept. From 1995, once the Foundation was installed in Turin, programme management functions were established, starting with the transfer of the task to assist the Commission in

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<sup>7</sup> The Foundation's establishment plan is included as Annex 1.

the management of the Tempus programme. The Commission provided active support in developing tools and methodologies, especially where these were of immediate relevance for Community actions (Observatory, management of Community programmes).

*The Foundation's tools - the Observatory and the Advisory Forum*

The objective of the *Observatory*, a concept initiated and supported by the Commission, is to gather and analyse accurate and up-to-date information and analyse developments, needs and priorities in vocational training in the partner countries. Such information and analyses are, in principle, destined for the partner states' competent authorities as well as those who are seeking to support training reforms within the partner states, in particular the Community and its Member States. The observatory function is being performed with the support of a network of 'national observatories' in the partner countries (contractors who are attached to an existing institution or authority). By 1996, national observatories had been set up in 11 countries in the Phare area and 8 countries in the Tacis area in cooperation with the national authorities of the countries concerned. The Foundation provided necessary staff training, organised networking activities, and established structured reporting, support and monitoring systems. In 1996, a first series of analytical reports on the vocational training systems of the 11 Phare countries was produced. Within the Foundation, a special observatory unit was set up which, inter alia, has completed a feasibility study for the development of a database (1996). Today, the Observatory can be considered largely operational.

The Foundation's *Advisory Forum*, established by its Council Regulation and composed of vocational training experts from the Member States, the partner countries, the social partners and international organisations, represents a considerable source of knowledge and experience in training matters from all the countries involved. Meeting once a year in plenary and in sub-groups, it assists the Foundation by giving advice on vocational training issues and by suggesting priority areas for the Foundation's work.

Generally speaking, the Foundation's operations were conceived and developed in line with its basic tasks (cf section 2.2 of this report). The following describes the progress made to date for each of these tasks:

*The definition of training needs and the provision of information and advice to the Community, the Member States and the partner countries (policy advice)*

Having developed its observatory function, the Foundation has so far deployed its analytical capacity mainly for the benefit of the Commission by providing advice and information.

At the request of the Commission, the Foundation prepared a number of analyses and strategy papers, for instance by contributing to an assessment of vocational training in the associated Central and Eastern European countries in the context of the pre-accession exercise (1996) and to the Tacis 1996-99 Indicative Programmes and 1996-97 Action Programmes. Moreover, a number of concrete project proposals in areas of key interest were prepared by the Foundation for the Commission.

In contrast to the extensive input received by the Commission, the Member States are not yet relying to the same degree on the Foundation's assistance and advice for the programming and design of their bi-lateral aid programmes. This remains an area to be developed further.

However, the Foundation provided a range of services to the partner countries' authorities, namely policy advice, networking within and amongst partner countries, and human

resources development. Targeted staff development programmes have been put in place since 1995, aiming to promote competence and policy development skills amongst key actors in partner countries, from the public and private sectors and the social partners. Regional 'partner conferences' served as the principal forum for networking and policy advice. The Foundation has also organised round tables, workshops and seminars for the dissemination of good practice and the provision of policy advice and has given advice on the drafting of new vocational training legislation. Regular meetings have been organised since 1995 for the local Programme Management Units (PMUs) in all Phare countries in order to encourage cooperation in vocational training.

#### *The provision of programme management services to the Commission*

The management, technical support and monitoring of projects/programmes for the Commission has, de facto, become the main thrust of the Foundation's activity during its first three years. The Foundation assisted the Commission in managing and monitoring such projects/programmes in three areas:

- A number of Phare and some Tacis training assistance projects, which either focus on one country or are multi-country programmes, were transferred to the Foundation, representing aggregate operational funding of 81.5 MECU<sup>8</sup>. The Foundation initially provided these administrative services on the basis of contractual agreements concluded with the Commission which determined, for each programme or project, the Foundation's terms of reference and the handling of operational Community funds.

A Framework Agreement was concluded between the Foundation and the Commission in March 1997, standardising the mechanisms for the transfer of project management and clarifying the repartition of roles between Commission and Foundation in the Phare/Tacis project cycle. Under this agreement, the Foundation enjoys autonomy in the management of Community projects, subject to ex-post controls, but may contribute to project identification and design only under the Commission's guidance.

- From its establishment in Turin, the Foundation was given the task of providing the Commission with technical assistance with regard to the implementation of the Tempus programme, also on the basis of annual agreements. In this respect the Foundation has completed a range of continuous administrative activities following the Commission's guidelines, by preparing the project selection process, managing grant contracts and the payment of grants, monitoring projects, promoting the dissemination of results, preparing and publishing documents, and providing general administrative support. Operational Community funds of 321 MECU were handled.
- During 1996-97, the Commission involved the Foundation in the implementation of some measures preparing the associated Central and Eastern European countries for participation in the Community's Leonardo da Vinci programme.

#### *The facilitation of international cooperation and the channelling of international assistance ('clearing house')*

Some promising initiatives were undertaken in this domain, leaving room for further development and broadening of activities:

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<sup>8</sup> A detailed list is attached as Annex 4.

Following an initiative by the Russian Ministers of Education and Labour, a joint pilot project was designed to promote vocational training reform in four sectors (electronics/telecommunication, tourism, transport and wood production) in North-West Russia, through the linking of EU and Russian institutes. The project started in April 1996 and has the active support of Austria, Finland, Germany, the Netherlands and the Region of Flanders. The Foundation assumes a coordinating role. The Member States are expected to contribute a total amount of 1.5 MECU in 1996-97; the Foundation's co-financing is 0.175 MECU to date.

At a more general level, the Foundation has begun to contribute to the coordination of international training assistance, by organising a first "donors workshop" in June 1996. Representatives of national ministries, national and international funding providers, and experts from partner countries participated. Similar workshops were held in Albania and Bosnia-Herzegovina (January and April 1997). A study into strategies for international cooperation has been carried out (1997). Future actions by the Foundation in this field will be based on this study.

#### *The dissemination of information and exchange of experience*

In addition to international meetings such as the "donors workshop" and the follow-up measures planned, the Foundation has begun to develop two thematic vocational training glossaries and a list of general key terms in vocational training, in order to encourage a common working terminology amongst the partner countries.

The Foundation also uses its Advisory Forum network (cf section 3.3) and other networks as a vehicle to promote the exchange of information and experience. It relies on its cooperation with CEDEFOP to gather information and materials for the preparation for accession of the associated countries. A detailed memorandum of understanding, laying out concrete cooperation measures, is being drawn up by the two agencies.

### **3.4 Financial resources and expenditure**

Being a European agency of the "second generation", the Foundation's financial resources could in principle consist of contributions from various interested parties (Article 9 of the Council Regulation). De facto, the Foundation has been financed exclusively by the Community to date.

The Community financing is provided through an annual subsidy (budget line B7-501), the amount of which is determined taking into account the overall orientations for Community assistance to the Foundation's partner countries (Article 10 of the Council Regulation). This subsidy constitutes the Foundation's own budget which is executed by its Director. The Community subsidy serves to fund the Foundation's personnel, its infrastructure and running costs, the overheads ensuing from the execution of the Foundation's statutory tasks (cf section 1.1 of this report), and operational expenditure relating to its specific missions.

The subsidy has been used as follows<sup>9</sup>:

Budgetary year	Community financing	Funds committed	Funds carried over to the following year	Unused funds <sup>10</sup>
1994	5,000,000	3,159,569	319,000	1,521,431
1995	11,000,000	10,079,446	142,370	778,184
1996	16,500,000	14,507,757	665,000	1,327,243
1997	15,400,000			

In addition to the subsidy paid into the Foundation's budget, the Commission provided supplementary funding with regard to some of the Foundation's *key statutory functions* during a limited initial period on the basis of contractual agreements. This was done in order to accelerate the setting-up of the national observatories network from which other Community actions will potentially benefit (financing from the Foundation's budget to date: 0.95 MECU; co-financing by the Commission: 2.57 MECU).

Direct expenses associated with *Community programmes* administered by the Foundation were financed from the respective programme budgets, leaving staff salaries and overhead expenses to be funded from the annual subsidy. In particular, the direct expenses ensuing from the administration of Tempus were funded directly from the respective Community budget lines as of 1997 (1.55 MECU).

#### 4. EVALUATION OF THE EUROPEAN TRAINING FOUNDATION

##### 4.1 Context and objectives of the evaluation

An external evaluation was carried out as part of a continuous monitoring and evaluation procedure jointly developed by the Foundation and the Commission in accordance with Article 17 of the Foundation's Council Regulation. The monitoring and evaluation process aims at assisting the Foundation to keep track of the accuracy and effectiveness of its procedures and activities and is designed to build confidence in the Foundation.

The present evaluation was carried out by an external and independent contractor from February to April 1997. It covers the period from mid 1994 to early 1997. The terms of reference for the evaluation covered:

- achievements vs. the objectives outlined in the basic Council Regulation;
- organisational and operational measures.

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<sup>9</sup> A more detailed breakdown is included as Annex 3.

<sup>10</sup> The existence of surplus funds in 1994 was due to the time lapse between the formal establishment of the Foundation and the recruitment of staff and investment in infrastructure. The budget execution in 1995 and 1996 was hampered by the late release of funds kept in reserve by the European Parliament.

#### 4.2 The evaluators' findings, conclusions and recommendations<sup>11</sup>

The following section summarises those findings, conclusions and recommendations in the evaluation report which in the Commission's view deserve highlighting:

##### *Findings and conclusions*

- The evaluators note that the Foundation presently focuses on the implementation of training programmes for the Commission, following the amendment of the Foundation's Council Regulation in 1994. This testifies in their view to a shift in its role in regard to the role envisaged when the Foundation was set up in 1990: from that of an international "clearing house" towards an "implementing agency" for the Commission. As a consequence, the evaluators consider that the Foundation's strategy on its "own" mission has emerged only recently. From the Commission's point of view, this shift of focus was largely caused by the Foundation's delayed start-up (cf section 2.1).
- The evaluators consider that the Foundation offers a distinct "added value" with regard to the management of Phare and Tacis projects, through its higher staffing level (compared to Commission services), its technical competence and its expert view of the recipient countries. In none of the recipient countries visited was the Foundation's expertise questioned. The Phare and Tacis projects entrusted to the Foundation could be rated as bringing effective support to vocational training reforms. The Foundation's impact has consisted in significantly enhancing the effectiveness of projects which had often already commenced.
- The Framework Agreement concluded with the Commission (cf section 3.3 above) is seen as an instrument to clarify and standardise the Foundation's contributions to the Phare and Tacis project cycle, while maintaining the Commission's responsibility for the decision on the transfer of projects, for the project identification and programming process and for the ex-post control of project management. The evaluators consider that the agreement paves the way for increased efficiency of the Foundation. However, they stress the Foundation's currently limited role in Phare and Tacis project identification.
- The "national observatories" in the field are considered to represent a "unique network for the creation, analysis and dissemination of (relevant) data". When fully operational, this network will be able to contribute to the assessment of needs and strategies and offer the Foundation a valuable source of information in preparing in-depth studies and other materials for its own use, for the Commission and for a wide public. The evaluators express their concern about giving the observatory network a strategy for its long-term development, in particular about not overloading it with too many functions, and stress the importance of continuing to support the network, not least financially.
- The policy advice and training activities financed from the Foundation's own budget have brought concrete results. Both thematic workshops/seminars and staff development activities are highlighted as pertinent to the Foundation's core mission of

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<sup>11</sup> Further details concerning methodology, evaluation activities and their results can be found in the complete evaluation report which can be provided upon request. The evaluator's findings, conclusions and recommendations do not necessarily represent the position of the European Commission.

providing advice in vocational training matters, with the latter being seen as the best instrument to give such advice. Likewise, the Foundation's Advisory Forum, despite its large size, has in the evaluators' opinion been able to demonstrate its impact with regard to the development of vocational training policies. Having designed and put into practice a pilot project in North-West Russia with five bi-lateral donors represents in the evaluator's view a significant achievement.

The Foundation's organisational structure is considered to be adequate for its present role (i.e. mainly management of Phare and Tacis programmes) but might have to be adapted if the Foundation were to act more as a "clearing house" and "centre of training expertise". The level of competence of its personnel, while globally adequate to the present task profile, could be enhanced by increasing the number of staff with specific vocational training expertise in the department responsible for vocational training programmes. The Foundation has in the evaluators' view a substantial base for the development of "institutional expertise", i.e. for rendering its potential effective in a given area.

The evaluators draw the overall conclusion that, over a period of two years, the Foundation has achieved important positive results.

However, they also highlight certain issues which need to be improved, in line with the Commission's perception of the situation:

- The Foundation's management requires a number of adjustments, such as (1) the installation of an internal management information system which would supervise the advancement of different programmes and projects, and communicate such information to the Governing Board and interested Commission departments; (2) more transversal communication within the Foundation, building on measures already underway, and the development of wider competencies in order to build up institutional expertise; and (3) the creation of a framework for quantitative, activity-related cost analysis which will make the cost of the Foundation's different activities transparent. The evaluators consider the latter an urgent necessity.
- The Foundation's financial procedures, as well as the organisation of its financial services, are considered to be in need of further improvement. The evaluators consider that the Foundation should continue the current re-organisation of its financial services in order to install a more uniform and transparent financial function, proceed with subject-related training and harmonise its own tender rules for operational activities with those applied to Phare and Tacis funds.

This assessment coincides with the Commission's understanding. The Commission's Financial Controller recommends establishing a uniform financial management which covers the Foundation's different operations and guarantees a coherent approach in terms of financial management, accounting and reporting. The Commission also welcomes the fact that, according to the evaluators, measures are currently being undertaken to improve the knowledge of and assistance to operational managers in preparing and adjudicating tenders.

### *Recommendations*

A range of concrete recommendations have been made which will have to be analysed in detail and by the competent bodies. At policy level, the evaluators suggest considering a shift of emphasis from the present "strategy of volume" (i.e. accumulating responsibility for as many projects as possible) towards a strategy of focus. The Foundation should concentrate more on its "original" mission of acting as an international "clearing house"

and a focal point for training expertise, and therefore develop its observatory function, staff development and policy advice activities etc. While the administration of projects for the Commission should continue, the Foundation should closely liaise with the Commission in order to ensure that the projects transferred are in line with the Foundation's statutory objectives.

#### **4.3 Follow-up to the evaluation**

It is considered crucial that the evaluators' conclusions and recommendations be analysed and acted upon where necessary. The Foundation itself is the immediate addressee of the evaluation. Therefore, it is primarily the responsibility of the Foundation, and especially its Director, to provide an appropriate follow-up to the evaluation. A number of recommendations are directed at the improvement of the Foundation's management, of its financial procedures and of relations with the Foundation's different "clients".

A more general discussion about the Foundation's future missions and strategy might ensue, taking up the evaluators' recommendation that the Foundation clarify its priorities. All matters of policy will be discussed by the appropriate bodies, in particular the Foundation's Governing Board which will address these matters soon when considering the Foundation's 1998-2000 work programme.

The Foundation's Governing Board has stated that it is committed to contribute to the political conclusions to be drawn from the evaluation and supervise necessary administrative adjustments.

### **5. FUTURE PROSPECTS FOR THE EUROPEAN TRAINING FOUNDATION**

The following chapter sets out the Commission's own proposals with regard to the Foundation's future strategy. These are intended as a contribution to a wider discussion in which further contributions would be welcome. Two themes will be addressed: a clearer definition of the Foundation's mission, as recommended by the evaluators, and orientations for the Foundation's future work within the framework of Community programmes and policies.

#### **5.1 Clarification of the Foundation's mission**

The Commission notes the evaluators' recommendation that the Foundation "focus more energy on its original mission" as an international *clearing house* for training initiatives and as a *focal point for expertise* which supports vocational training reforms through targeted advice. While the Foundation will no doubt continue to assist the Commission in implementing Community (Phare and Tacis) projects, this should not be to the detriment of the Foundation's core missions.

To reinforce its original missions, the Commission recommends that the Foundation:

- consolidate its analytical capacity. This will require earmarking the necessary funds in the Foundation's own budget to sustain the observatory network;
- keep developing its internal expertise and its understanding of European best practice in key vocational training areas, making full use of the expertise of CEDEFOP;
- further develop its policy advice activities for the partner countries, including staff development programmes, contribution to vocational training legislation, targeted studies, workshops and conferences etc.;

- reinforce its capacity as a “clearing house” providing national and international bodies with needs analyses and channelling assistance initiatives. This can only be done in close cooperation with the partner countries.

In particular, in the light of the Foundation’s original tasks as laid down in its Council Regulation (cf section 2.2 above), there would seem to be scope for giving more weight to the following:

*Dissemination and exchange of information and expertise*

Since the vocational training reform process in the partner countries depends to a large degree on the ready availability of expertise and know-how, the dissemination of information and exchange of experience needs to be reinforced. The Commission encourages the Foundation to continue developing a structured information flow from the European Union to the partner countries (and also between partner countries), through networking amongst competent bodies and targeted information activities (publications, seminars, use of the Internet etc.), assisting the partner countries to take full benefit from best practice in the Union and orient their policies towards modern European standards in vocational training.

In providing the know-how required for the restructuring of vocational training systems, the Foundation should draw on:

- the Community’s vocational training policies developed under Article 127 of the Treaty and the experience acquired by the Community through its various vocational training programmes. The action proposals made within this framework, relating for instance to the mutual recognition of qualifications, transparency of standards, cross-border mobility and new technologies in training, are equally relevant for certain partner countries which are facing a similar need to increase competitiveness, defuse the employment crisis and combat social exclusion. It is evident that close cooperation with CEDEFOP must continue in this context;
- the vocational training policies of the Member States and the experience gained at national level, in particular the expertise of regional, public and private bodies and institutes within the Member States, which represent a vast and diverse source of information.

*Reinforced cooperation with the Member States*

In accordance with its mandate to provide the Community’s Member States with advice and information on training assistance to the partner countries, and to act as a “clearing house” for international cooperation (Article 3 (b) of the Council Regulation), the Foundation could broaden its cooperation with Member States by:

- making the data and analysis resulting from the Foundation’s observatory network available to Member States in a systematic manner, and providing advice on this basis;
- based on the positive experience with the North-West Russia pilot project, initiating further multi-national pilot projects with technical and financial contributions from Member States and in conformity with the Foundation’s tasks and objectives;
- improving the flow of information amongst national authorities about training needs and assistance, through targeted networking activities;

- reinforcing the Governing Board's role with regard to the Foundation's work programme, for instance by organising discussions amongst its members on specific issues of common interest.

## 5.2 Orientations for the Foundation's role in the context of Community actions

While the need to strengthen the Foundation's original role can readily be acknowledged, the Commission expects the operational link with the Phare and Tacis programmes to continue. Precise coordination with the relevant Community actions and policies is therefore crucial. The Commission considers on-going close links with the Foundation indispensable to ensure a common approach on vocational training policies.

### *The Framework Agreement*

The Framework Agreement signed recently clarifies the Foundation's operational link with the Commission and its contribution to the Community's overall assistance programmes. It will serve as a tool to define this contribution more accurately, by clearly laying down the areas in which projects can be entrusted to the Foundation. This will go some way towards fulfilling the evaluators' recommendation to select such programmes "carefully".

### *The Foundation's contribution to the pre-accession process*

In the context of Community actions preparing the accession of associated Central and Eastern European countries, the Foundation, as an agency specially designated to assist the countries in question, is invited to target its efforts at the specific requirements of vocational training reform in the pre-accession process. The following priorities can be quoted in this context:

- The integration of the associated countries into the European Union presupposes the existence of vocational training systems which are flexible enough to respond to the structural economic adjustments likely to result from membership in the Union, to cope with competitive pressure and market forces within an enlarged Union and to foster employment. Systemic training reform and the adaptation of vocational training structures to these needs should be the Foundation's overriding aim. To this end, the Foundation should promote the transfer of expertise acquired by the Community and its Member States (cf section 5.1) and provide policy advice on this basis. It should deepen its staff development activities and might envisage establishing networks between the reference groups it is already addressing in the partner countries (decision makers in vocational training administrations, social partners) and EU counterparts.
- The implementation of the *acquis communautaire* in social policy may include aspects of vocational training in a broader sense. First, the involvement of the social partners in the identification of labour market needs, the definition of skill requirements and the design of training measures, in particular continuing training, needs to be enhanced. Second, the cooperation between enterprises and authorities to foster the continuing training of specific target groups may have to be deepened. Also, national and regional administrations in partner countries need to be familiarised with Community objectives, methods and procedures in this context. Future activities might build on the preparatory work already undertaken by the Foundation.
- The adaptation to the *acquis communautaire* in key sectors of the economy will necessitate various forms of investment, to be supported, for instance, through national investment funds and facilities for the financing of SMEs. In addition to capital investment, attention will be paid to the necessary immaterial investment. Vocational training assistance could be needed to back up the capital investment made and ensure

that it serves the adaptation to European standards. The Foundation's possible contribution to such sectoral measures will be explored further.

#### *The former Yugoslav Republics and Albania*

In these countries the Foundation is invited to continue and broaden its activities to support the restructuring of the vocational training systems and the co-ordination of the work of donors organisations.

#### *The Tacis countries*

A key challenge in these countries will be to raise awareness of the importance of vocational training reform, given that the breakdown of centrally planned economies and the previously over-specialised training courses pose fundamental problems. Consequently, this topic should receive a higher profile in European and international assistance. It follows that the Foundation should:

- initially focus on skill needs analysis in order to determine the precise nature of the structural training reforms required by these countries, and develop its capacity to provide competent advice to these countries, the Commission and international donors;
- at the request of the Commission, make a more important contribution to the programming and design of vocational training assistance within the framework of the Tacis programmes, and pilot innovative solutions to problems;
- improve the coordination of international training assistance.

#### *The extension to the MEDA countries - Amendment to the Council Regulation*

The Barcelona Euro-Mediterranean conference, the conclusions of which were accepted by the European Council in November 1995, stressed the importance of vocational training for Euro-Mediterranean cooperation. The work programme adopted by the conference called, inter alia, on the European Training Foundation to contribute. The Commission agrees that within the institutional framework established for the Foundation, the Community's vocational training experience can be placed at the disposal also of the Mediterranean partners, and has therefore proposed extending the Foundation's geographical remit to the countries participating in the MEDA programme by amending the Foundation's basic Council Regulation<sup>12</sup>.

The Commission has worked extensively on upgrading technical and vocational training in the MEDA region and has developed a close and fruitful working relationship with Member State institutions and consultancies in so doing. It welcomes the involvement of the Foundation as an additional resource upon which it can draw. Starting anew in this region, the Foundation will have to build up its internal competence and determine its role in close cooperation with the Commission's MEDA services. The creation of analytical tools would seem a logical and likely first step.

#### *Efficient coordination with Community policies and bodies*

The legislative proposal to extend the European Training Foundation's basic Council Regulation to the Mediterranean countries also contains certain measures designed to further enhance the Foundation's efficiency. These measures can be seen as

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<sup>12</sup> Commission proposal of 28 April 1997, COM(97)177.

complementary to the findings of the external evaluation. In particular, it is proposed to provide the Foundation with general policy guidelines which will allow for its activities to be aligned efficiently with the Community policies adopted with respect to the partner countries, in particular the pre-accession strategy. The Commission will also reinforce efficient coordination with other Community bodies, in particular CEDEFOP.

## 6. CONCLUSION

The Commission shares the evaluators' overall positive assessment of the work of the Foundation and its staff and considers that the Foundation's achievements to date have demonstrated its ability to make a valuable contribution to vocational training reform in the partner countries.

The Foundation's progress has, in the Commission's view, been fostered by the Foundation's Governing Board which has invested an important effort in the establishment and development of the Foundation, through the rapid adoption of all necessary rules, the annual budgets and work programmes and by the comprehensive support it provided.

The Foundation also owes its successful and rapid establishment to the constructive and significant input from the Italian authorities at national, regional and local level.

The evaluation's findings can be summarised by stating that Foundation has been able to demonstrate its "added value" in key areas: the management of Phare and Tacis training projects, the gathering and analysis of information through its observatory network, and the provision of competent advice to the Commission and to partner countries on vocational training matters.

However, some areas of activity in the Foundation's statutory mandate deserve more attention. These are notably: cooperation with the Member States; facilitation of international cooperation ("clearing house"); and dissemination of information about European expertise and experience in vocational training. This needs to be reinforced without prejudice to the Foundation's continuous involvement in the implementation of the Phare and Tacis programmes. The latter will become more focused following the conclusion of a Framework Agreement with the Commission. The Commission expects that due attention will be paid to the evaluation report's recommendations with regard to the Foundation's management and financial procedures.

The Foundation's will have a role in the pre-accession process. Its contribution in the context of the MEDA programmes will have to be planned carefully once the legislative basis has been established by the Council. In this context, the Commission considers on-going close links with the Foundation indispensable to ensure a common approach on vocational training policies. It has proposed some modifications to the Council Regulation in order to further enhance the Foundation's guidance and efficiency.

The Commission would welcome a broader discussion on the Foundation's future orientations and in particular invites the Foundation's Governing Board to contribute.

**Establishment plan**

1. Temporary agents

A	2	1
A	3	2
A	4	7
A	5	16
A	7	34
B	1	4
B	3	10
B	5	32
C	1	2
C	3	3
C	5	19
TOTAL		130

2. Other agents of the Foundation

Auxiliary agents	A	0.25 fte*
	B	3.50 fte
	C	3.16 fte
	D	0.66 fte
Total		7.75 fte
Local agents		9.00 fte
Detached National Experts		4.00 fte

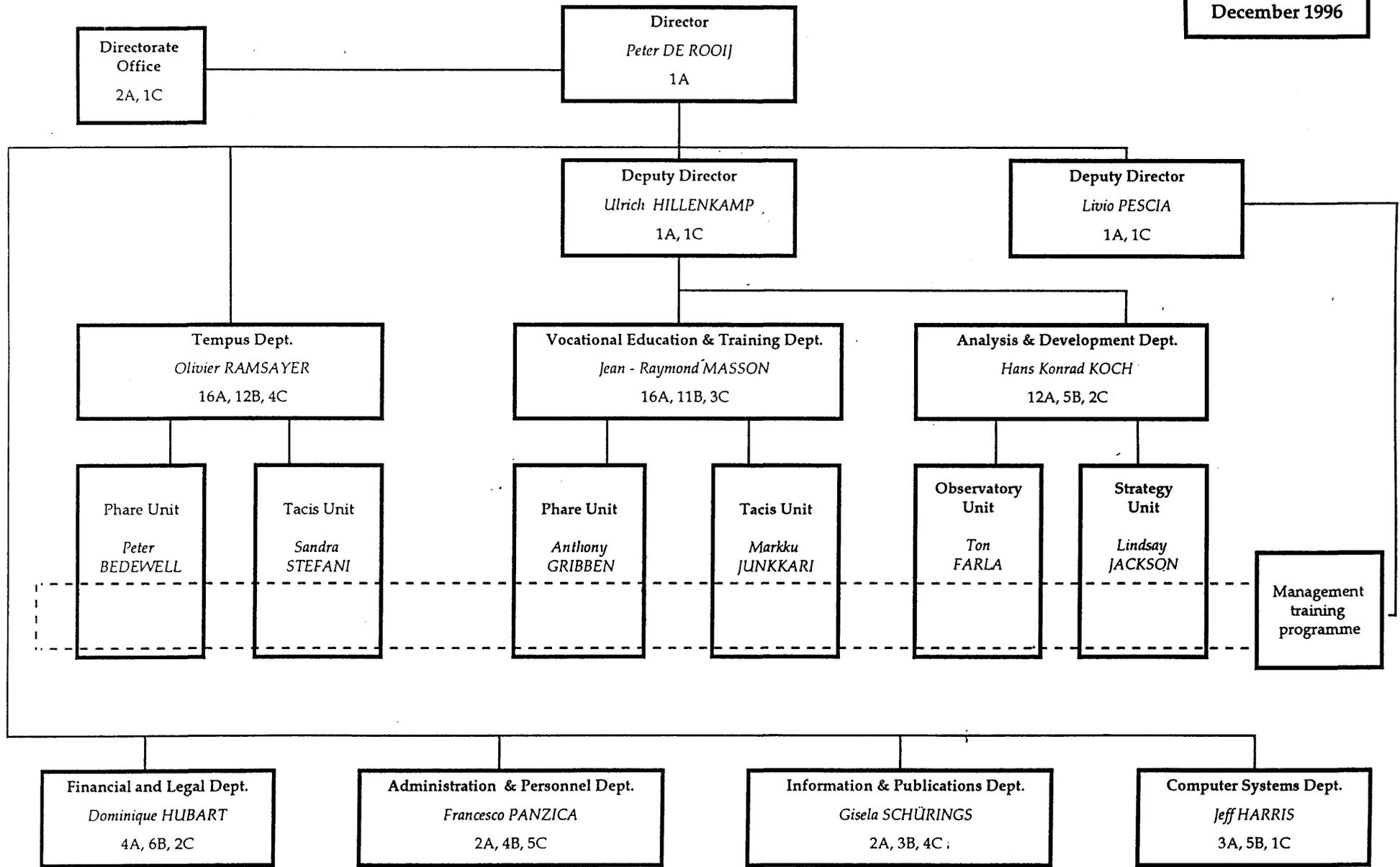
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\* fte = full time equivalent

**Organisational chart**

# EUROPEAN TRAINING FOUNDATION : Organigramme

December 1996



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**Breakdown of revenue and expenditure**

Budgetary year	Budget title	Community financing	Funds committed	Funds carried over to the following year	Unused funds
1994	Title 1 - Personnel expenses	1,391,750	620,089	-	771,661
	Title 2 - Building, equipment and running expenses	3,323,250	2,387,193	319,000	617,057
	Title 3 - Operational expenses	285,000	152,286	-	132,714
	Title 9 - Reserve	-	-	-	-
	<b>Total</b>	<b>5,000,000</b>	<b>3,159,569</b>	<b>319,000</b>	<b>1,521,431</b>
1995	Title 1 - Personnel expenses	6,769,953	6,360,136	-	409,817
	Title 2 - Building, equipment and running expenses	2,471,538	2,271,926	-	199,612
	Title 3 - Operational expenses	1,658,509	1,447,384	142,370	68,755
	Title 9 - Reserve	100,000	-	-	100,000
	<b>Total</b>	<b>11,000,000</b>	<b>10,079,446</b>	<b>142,370</b>	<b>778,184</b>
1996	Title 1 - Personnel expenses	9,794,188	8,715,845	-	1,078,343
	Title 2 - Building, equipment and running expenses	2,485,062	2,453,404	-	31,658
	Title 3 - Operational expenses	4,220,750	3,338,508	665,000	217,242
	Title 9 - Reserve	-	-	-	-
	<b>Total</b>	<b>16,500,000</b>	<b>14,507,757</b>	<b>665,000</b>	<b>1,327,243</b>

**List of Phare and Tacis projects managed by the Foundation**

COUNTRY	PROGRAMME TITLE	CONVENTION NO.	BUDGET	PAID BY ETF 31/12/96	Date signed	End of convention
Czech Republic	Vocational education and training reform	CZ9305	4,000,000	3,215,836	14/02/95	31/12/97
Estonia	Vocational education and training reform	ES9409	3,000,000	1,244,163	14/02/95	31/12/98
Latvia	Vocational education and training reform	LA9408	3,000,000	2,069,795	14/02/95	31/12/98
Lithuania	Vocational education and training reform	LI9410	4,000,000	2,048,079	14/02/95	31/12/98
Poland	Vocational education and training reform	PL9416	4,000,000	3,442,759	14/02/95	31/12/97
Romania	Vocational education and training reform	RO9405	25,000,000	10,491,487	14/02/95	31/12/98
Slovak Republic	Vocational education and training reform	SR9403	4,000,000	1,144,220	14/02/95	31/12/98
Slovenia	Vocational education and training reform	SL9405	3,000,000	1,803,197	14/02/95	31/12/98
Albania	Vocational education and training reform	AL9506	700,000	-	14/03/96	31/12/99
Estonia	Business and Higher Education, Language training	ES9502	1,700,000	641,435	01/03/96	31/12/99
Latvia	Business education reform	LE9502	1,000,000	122,237	01/03/96	31/12/99
Bulgaria	Management training	BG9315	1,399,000	-	17/10/96	31/12/97
Bulgaria	Vocational education and training reform	BG9506	9,000,000	1,885,140	26/06/96	31/12/99
Estonia	Higher educational science	ES961201	1,600,000	-	18/02/97	31/12/99
23 Estonia	Education, science, information system	ES961202	600,000	-	18/02/97	31/12/99
Phare multi-country	Staff development	ZZ9432	1,400,000	558,473	15/03/95	31/12/98
Phare multi-country	National Observatories	ZZ9407	1,000,000	339,016	23/03/95	31/12/98
Phare multi-country	Higher Education	ZZ9520	3,500,000	64,000	15/07/96	31/12/98
Phare multi-country	Distance Education	ZZ9507	5,000,000	13,788	16/07/96	31/12/98
Phare	Preparatory measures	Leonardo	700,000	510	23/01/96	30/11/97

COUNTRY	PROGRAMME TITLE	CONVENTION NO.	BUDGET	PAID BY ETF 31/12/96	Date signed	End of convention
Tacis multi-country	Tacis National Observatories	93,0509	602,400	101,320	17/08/95	31/12/97
Tacis multi-country	Tacis National Observatories	96,5166	969,800	100,000	03/07/96	31/12/97
Tacis multi-country	Management training	96,5167	530,200	174,032	03/07/96	31/12/97
Tacis multi-country	Information, dissemination, monitoring Tempus	WW94.03	577,000	131,456	10/11/95	31/12/96
Tacis multi-country	Language training	96,5168	500,000	-	03/07/96	31/12/97
Tacis multi-country	Language training	96,5572	782,649	-	07/02/97	31/12/97
TOTAL			81,561,049	29,590,942		
Phare	Tempus II Programme (1995-98)	Tempus II Phare	102,100,000	66,534,495	03/04/96	31/12/98
Phare	Tempus II Programme (1996-99)	Tempus II Phare	83,000,000	24,244,002	27/01/95	31/12/99
Phare	Tempus II Programme (1997-2000)	Tempus II Phare	56,500,000	-	27/01/95	31/12/2000
Phare	Tempus technical assistance	Tempus II Phare	930,000	-	22/01/97	31/12/97
Phare	Tempus technical assistance	ZZ9432	1,200,000	1,058,428	15/03/95	31/12/96
Tacis	Tempus II programme (1995-1998)	Tempus II Tacis	23,000,000	15,265,082	09/03/95	31/12/98
Tacis	Tempus II programme (1996-1999)	Tempus II Tacis	29,660,000	-	30/06/96	31/12/99
Tacis	Tempus II programme (1997-2000)	Tempus II Tacis	24,000,000*	-	22/01/97	31/12/2000
Tacis	Tempus technical assistance	Tempus II Tacis	624,360	-	22/01/97	31/12/97
TOTAL			321,014,360	107,102,007		
GRAND TOTAL			402,575,409	136,692,949		

\* Estimation.

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