

# COMMISSION OF THE EUROPEAN COMMUNITIES

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Brussels, 5 March 1990

Proposal for a  
COUNCIL REGULATION (EEC)  
establishing a European Training Foundation

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(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The European Council of 8-9 December 1989 in Strasbourg asked the Council of Ministers to take the necessary decisions for the creation of a European Training Foundation for Central and Eastern Europe on the basis of the proposals from the Commission.
2. The attached draft Council Regulation is intended to give effect to this request.
3. The proposal is based on the following assumptions :
  - (I) The European Training Foundation (ETF) is a Community initiative designed to contribute to the adaptation of the training systems of Central and East European countries, starting with Poland and Hungary;
  - (II) The Foundation should be designed from the outset to be open to the participation of non EC countries, and also to the involvement of private organisations, firms and foundations;
  - (III) The Foundation's immediate task in relation to underpinning the required assistance to Poland and Hungary implies that it should be set up very quickly during 1990 and become fully operational for the 1991 financial year (an intermediate facilitating arrangement will be necessary);
  - (IV) Since the Foundation nevertheless has a long term mission and will need to change and develop quite considerably in the light of changing needs and circumstances, the Foundation's structure and working methods should be extremely flexible and capable of meeting the specific and different needs of the individual countries in Central and Eastern Europe;
  - (V) Within the overall framework of the programme of assistance to Central and Eastern Europe, coordinated by the Commission, the Foundation would seek to promote effective cooperation in the field of vocational training and contribute to the coordination of assistance on the part of EC and of the rest of the donors;
  - (VI) The organisation of the proposed mobility scheme at university and higher education level would not be handled, in a first phase, through the Foundation, since existing structures could implement such a scheme more rapidly and effectively (a separate proposal for such a programme - to be called "TEMPUS" - is being forwarded to the Council at the same time);
  - (VII) The Foundation will, where possible, promote decentralised activities, making use of existing training expertise and facilities. To this end one of the principal tasks of the Foundation would be to network with other training institutions and agencies in the different countries (public and private, national and international or European, including industry where appropriate) that have a role to play in achieving the basic objectives of the Foundation;

(VIII) The permanent core staff and overhead costs should be kept to an absolute minimum.

Role of the Foundation

4. The Foundation will work in the training field, covering initial and continuing vocational training for young people and adults, paying appropriate attention to management training and other priorities as may be defined in its annual work programme in the light of needs identified in dialogue with the benefiting countries.

The Foundation's prime vocation is to become the focal point for both donors and the beneficiaries as regards information and expertise on matters concerning training assistance to Central and Eastern Europe. One important role of the Foundation will be in the field of project coordination, whereby it will complement policy coordination activities carried out by the Commission and contribute to:

- avoidance of duplication through information exchange; and
- matching of supply and demand by helping recipients to identify needs, and donors to tailor their offer of assistance.

The Foundation should therefore contribute to overall coordination within a light bureaucratic structure while not seeking to exert any monopoly over training aid initiatives, notably those organised bilaterally. This would give the Foundation an active role in the design, development and implementation of joint initiatives whether on a Community basis or on the basis of EC-third country actions. This would serve to reinforce the Community's role of overall coordination, thereby ensuring a rapid and cost-effective response to the needs of Central and Eastern Europe, while providing a real means of integrating all donor countries into a genuinely collective effort which would not exclude or cut across other useful activities.

Specifically, the Foundation shall:

- (i) provide assistance in the definition of training needs and priorities and in the implementation of measures of technical assistance in the training field, and to cooperate with designated bodies in Central and Eastern European countries as appropriate;
- (ii) act as a clearing house to provide the Community, the Member States and participating third countries, together with beneficiary countries and all other interested parties, with information on current initiatives and future needs in the training field, and serve as a channel through which offers of assistance can be filtered;

- (III) examine the scope for joint ventures of training assistance, for the setting up of specialised multinational teams for specific projects and for identifying operations which could be co-financed;
- (IV) arrange for appropriate specialised agencies or private bodies with the necessary expertise to implement and manage individual projects on a flexible, decentralised basis;
- (V) on behalf of the Commission, assist in establishing a system for the monitoring and evaluation of training assistance to Central and Eastern Europe;
- (VI) disseminate information and encourage exchanges of experience, by means of publications, meetings, etc.;
- (VII) undertake such other tasks as may be defined by the Commission in agreement with the Governing Board.

#### Management structure

5. This should be as light as possible.

- There will be a Governing Board which decides the rolling work programme of the Foundation (a three year forward planning process should be set up);
- The Foundation would then arrange, as its main working method, whenever necessary, specific meetings of those donor countries concerned on a specific project-by-project basis and the donor countries (and Community) would thus have the opportunity to specify their contribution, and any conditions attached to it, in a practical way;
- The Commission would preside the Board and would be responsible for indicating each year to the Foundation its expectations and budgetary plan (based in particular on its continuing chairmanship of the G24 Working Group on Training), so that the annual work programme presented by the Foundation could take these factors into account;
- Non-community countries could associate themselves with the Foundation's work, as could the social partners, represented at European level, and relevant international organisations.

#### The Budget of the Foundation

6. The budget of the Foundation will consist of the salaries and running costs and operational expenditure necessary for projects included in the annual work programme.

Each year, the Governing Board will adopt a draft budget for the Foundation and submit it to the Commission, which in turn will evaluate the vocational training needs in Central and Eastern Europe in the framework of the general financial orientations on economic aid to these countries and will establish on this basis the annual contribution for the budget of the Foundation to be included in the preliminary draft budget. Funding from other sources, including, where appropriate, matching funds from the benefitting countries will be allocated by the Foundation in accordance with the rolling work programme.

#### The Foundation's relationship with CEDEFOP

7. It is proposed to set up the Foundation as an autonomous body, but located on the premises of CEDEFOP (Jean Monnet House).

This safeguards the existing (tripartite) role of CEDEFOP as an intracommunity training agency. Apart from the active cooperation which will be established between the two bodies, the Foundation could in this way benefit from shared premises and facilities (interpretation, translation, meetings, documentation and data base, etc...) as well as from CEDEFOP's experience and contacts in the training field. An administrative agreement with CEDEFOP would be necessary for these different basic services.

#### Evaluation and Monitoring

8. The Commission will set up a review procedure of the work of the Foundation and undertake a first review before the end of 1992.

The Foundation could also be invited by the Commission to assist in establishing a suitable system of monitoring and evaluating training assistance to Central and Eastern Europe.

#### Timing

9. The indicative timetable is
  - transmission by the Commission to the Council: end January
  - opinion of the European Parliament: March/April 1990
  - adoption by the Council: May 1990
  - creation of ETF: June/July 1990.
10. It will be necessary for certain basic tasks to be accomplished during the period January-July 1990 if the Foundation is to become operational as soon as possible after its establishment (definition of plans for assistance in the training field as well as the creation of networks and fora for consultation). The Commission will also be adopting a number of projects in the area of educational and training assistance which can already be implemented in the course of 1990.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission<sup>(1)</sup>,

Having regard to the opinion of the European Parliament<sup>(2)</sup>,

Having regard to the opinion of the Economic and Social Committee<sup>(3)</sup>,

Whereas the European Council meeting at Strasbourg on 8 and 9 December 1989 called upon the Council to adopt, at the beginning of 1990, the necessary decisions for the establishment of a European Training Foundation for Central and Eastern Europe, acting on the basis of a proposal from the Commission;

Whereas the Council has adopted Regulation (EEC) No 3906/89<sup>(4)</sup> on economic aid to Poland and Hungary;

Whereas in this context the European Training Foundation would contribute to the development of the training systems of Central and Eastern European countries, starting with Poland and Hungary;

Whereas the European Training Foundation's activities form part of the overall programming of priorities and funding for Community assistance to Poland and Hungary;

Whereas the Community's experience in implementing a common policy for vocational training and its application can be applied to assist the development of training in other countries;

Whereas it is necessary to develop joint training initiatives for the benefit of Central and Eastern European countries, starting with Poland and Hungary;

Whereas there exist in the Community and in third countries regional or national, public or private facilities capable of cooperating in the development of training initiatives;

Whereas the status and structure of the European Training Foundation should facilitate a flexible response to the specific and differing requirements of the individual countries to be assisted, and allow it to carry out its functions in close cooperation with the existing national and international facilities;

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(1) OJ No

(2) OJ No

(3) OJ No

(4) OJ No L 375, p.

Whereas the European Training Foundation should be given legal personality, while maintaining a close institutional relationship with the Commission and respecting the overall political responsibilities of the Community and its Institutions;

Whereas the European Training Foundation should have close links with the European Centre for the Development of Vocational Training (CEDEFOP) including the sharing of premises and certain facilities;

Whereas the European Training Foundation shall be open to the participation of countries which are not members of the European Community and which share the commitment of the Community and the Member States to the provision of assistance to Central and Eastern Europe in the training field;

Whereas the Treaty has not provided the specific powers necessary for setting up a European Training Foundation;

HAS ADOPTED THIS REGULATION :

#### Article 1

This Regulation establishes the European Training Foundation (hereinafter referred as "the Foundation") whose objective is to contribute to the development of the vocational training systems of Central and Eastern European countries, starting with Poland and Hungary. It shall in particular seek to promote effective cooperation between the Community and the beneficiary countries in the field of vocational training and contribute to the coordination of assistance.

#### Article 2

For the purpose of achieving the objectives set out in Article 1, the Foundation shall:

- (I) provide assistance in the definition of training needs and priorities and in the implementation of measures of technical assistance in the training field, and to cooperate with designated bodies in Central and Eastern European countries as appropriate;
- (II) act as a clearing house to provide the Community, the Member States and participating third countries, together with beneficiary countries and all other interested parties, with information on current initiatives and future needs in the training field, and serve as a channel through which offers of assistance can be filtered;

- (III) examine the scope for joint ventures of training assistance, for the setting up of specialised multinational teams for specific projects and for identifying operations which could be co-financed;
- (IV) arrange for appropriate specialised agencies or private bodies with the necessary expertise to implement and manage individual projects on a flexible, decentralised basis;
- (V) on behalf of the Commission, assist in establishing a system for the monitoring and evaluation of training assistance to Central and Eastern Europe;
- (VI) disseminate information and encourage exchanges of experience, by means of publications, meetings, and the like;
- (VII) undertake such other tasks as may be defined by the Commission in agreement with the Governing Board.

### Article 3

The Foundation shall work in the training field, covering initial and continuing vocational training for young people and adults, paying appropriate attention to management training.

### Article 4

1. The Foundation shall have legal personality. It shall enjoy in all the Member States the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings. It shall be non-profit making. It shall share accommodation and facilities and other appropriate infrastructure, at the location of the European Centre for the Development of Vocational Training (hereinafter referred to as "the CEDEFOP"). The Foundation shall seek the cooperation of other Community bodies, in particular the CEDEFOP.
2. The Foundation shall be responsible for fulfilling the tasks set out in Article 2.
3. The Foundation shall publish periodic reports on its work.

### Article 5

1. The Foundation shall have a Governing Board consisting of one representative of each Member State and three representatives of the Commission. Each member of the Governing Board may be represented by an alternate representative.
2. The representatives of the Member States shall be appointed by the Member States concerned. The Commission shall appoint the members who are to represent it.

3. The term of office of representatives shall be three years. It shall be renewable.
4. The Governing Board shall be chaired by the Commission. It shall adopt its rules of procedure. Decisions of the Governing Board shall require a simple majority.
5. The Chairman shall convene the Governing Board at least once a year. He shall be responsible for informing the Board of other Community activities relevant to their work and of the expectations from the Foundation in the forthcoming year.
6. On the basis of a draft submitted by the Director, the Governing Board shall adopt, by 30 November each year at the latest, the Annual Work Programme of the Foundation for the following year in agreement with the Commission.
7. The Governing Board shall approve the setting up of ad hoc working groups on a project by project basis involving all the relevant financing countries.
8. The Governing Board shall, by 31 March each year at the latest, present a draft annual report on the activities of the Foundation for the previous year and their financing to the Commission. The Commission shall approve the annual report and submit it to the European Parliament, the Economic and Social Committee, the Member States and participating third countries as referred to in Article 15.

#### Article 6

1. The Director of the Foundation shall be appointed by the Commission from a list of candidates, with significant experience in the field of business management and/or training, submitted by the Governing Board. His term of office shall be five years, which shall be renewable. He shall be responsible for:
  - the preparation and organization of the work of the Governing Board, and of any ad hoc working groups convened by the Governing Board; in particular, he shall be responsible for the preparation of the draft annual work programme of the Foundation.
  - the day-to-day administration of the Foundation.
  - the preparation of the statement of revenue and expenditure and execution of the budget of the Foundation.
  - the preparation and publication of reports specified under this Regulation.
  - all staff matters.
  - undertaking the tasks referred to in Article 2.

2. He shall be accountable to the Governing Board for his activities.
3. The Commission may, for good and sufficient reason, having sought the opinion of the Governing Board, replace the Director.

#### Article 7

1. Representatives of the social partners at European level which are already active in the work of the Community Institutions may be associated with the work of the Foundation.
2. International organizations active in the training field may be associated with the work of the Foundation.

#### Article 8

1. All the estimated revenue and expenditure of the Foundation shall be set out in the annual budget which shall include an establishment plan.
2. Revenue and expenditure shall be in balance for each financial year which shall be the same as the calendar year.
3. The revenue of the Foundation shall include, without prejudice to finance from other sources, a subsidy from the Community budget as well as payments received for services performed.
4. The budget shall also include details of matching funds available for projects benefitting from financial assistance from the Foundation.

#### Article 9

1. The Director shall establish each year a proposed draft budget for the Foundation covering running costs and the proposed operational programme for the following financial year and shall submit it to the Governing Board.
2. On this basis, the Governing Board, by 15 February at the latest, shall adopt a draft budget for the Foundation and submit it to the Commission.
3. The Commission shall evaluate the vocational training needs in Central and Eastern Europe in the framework of the general financial orientations on economic aid to these countries. It shall establish on this basis the annual contribution for the budget of the Foundation to be included in the preliminary draft Community budget.
4. The Governing Board, after receiving the advice of the Commission, shall adopt the statement of revenue and expenditure at the beginning of each financial year, adjusting it to the several contributions granted to the Foundation and to its other resources.

Article 10

1. The Director shall implement the budget of the Foundation.
2. The checking of the commitment and payment of all expenditure and the recording and recovery of all revenue of the Foundation will be undertaken by the Financial Controller appointed by the Commission from a list of candidates submitted by the Governing Board.
3. By 31 March of each year at the latest, the Director shall submit to the Commission, to the Governing Board and to the Court of Auditors, the detailed accounts of all revenue and expenditure from the previous financial year. The Court of Auditors will examine these accounts in accordance with Article 206a of the Treaty.
4. The Governing Board shall be empowered to discharge the Director for the implementation of the budget.

Article 11

The Governing Board shall set down, following consultation of the Commission and of the Court of Auditors, detailed financial rules specifying notably the procedure for the establishment and implementation of the Foundation's budget.

Article 12

The Protocol on the privileges and immunities of the European Communities shall apply to the Foundation.

Article 13

The statutory personnel of the Foundation shall be subject to the rules and regulations which apply to the staff of CEDEFOP.

Article 14

1. The contractual liability of the Foundation shall be governed by the proper law of the contract in question.
2. In the case of non-contractual liability, the Foundation shall, in accordance with the general principles common to laws of the Member States, make good any damage caused by the Foundation or its servants in the performance of their duties. The Court of Justice shall have jurisdiction in disputes relating to compensation for any such damage.
3. The personal liability of servants towards the Foundation shall be governed by the relevant provisions applying to the staff of the Foundation.

Article 15

1. The Foundation shall be open to the participation of countries which are not members of the European Community, and which share the commitment of the Community and the Member States to the provision of assistance to Central and Eastern Europe in the training field, under arrangements to be laid down in conventions between the Community and themselves, following the procedure laid down in Article 228 of the Treaty.
2. The conventions shall in particular specify the nature and extent of the participation by these countries in any decision to enlarge or amend the scope of the Foundation's work, specifically with respect to the Central and Eastern European countries receiving assistance from the Foundation. They shall also include provisions on financial contributions and staff.
3. Participation of such countries in the ad hoc project working groups provided for in Article 5 (7) may be decided as necessary by the Governing Board without the need for a convention.

Article 16

The Commission shall establish a review procedure of the experience acquired in the work of the Foundation and shall undertake a first review before 31 December 1992.

Article 17

This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

FINANCIAL RECORD

1. BUDGET ARTICLE AND TITLE

- B 996
- "Aide à la restructuration économique de la Pologne et de la Hongrie"

2. LEGAL BASIS

- Article 235 of the Treaty establishing the European Economic Community
- Règlement du Conseil du 19 décembre 1989 relatif à l'aide économique en faveur de la République de Hongrie et la République populaire de Pologne.

3. CLASSIFICATION OF EXPENDITURE

- Non-compulsory expenditure
- Non-dissociated appropriations

4. DESCRIPTION

The European Training Foundation shall:

- (i) provide assistance in the definition of training needs and priorities and in the implementation of measures of technical assistance in the training field, and to cooperate with designated bodies in Central and Eastern European countries as appropriate;
- (ii) act as a clearing house to provide the Community, the Member States and participating third countries, together with beneficiary countries and all other interested parties, with information on current initiatives and future needs in the training field, and serve as a channel through which offers of assistance can be filtered;
- (iii) examine the scope for joint ventures of training assistance, for the setting up of specialised multinational teams for specific projects and for identifying operations which could be co-financed;
- (iv) arrange for appropriate specialised agencies or private bodies with the necessary expertise to implement and manage individual projects on a flexible, decentralised basis;
- (v) on behalf of the Commission, assist in establishing a system for the monitoring and evaluation of training assistance to Central and Eastern Europe;
- (vi) disseminate information and encourage exchanges of experience, by means of publications, meetings, etc.;
- (vii) undertake such other tasks as may be defined by the Commission in agreement with the Governing Board.

5. JUSTIFICATION

The European Council held in Strasbourg on 8 and 9 December 1989 asked the Council of Ministers to take the necessary decisions for the creation of a European Training Foundation for Central and Eastern Europe on the basis of the proposals from the Commission.

The present draft Regulation is responding to this request.

6. ESTIMATE OF FINANCIAL IMPLICATIONS OF THE FOUNDATION: NATURE OF EXPENDITURE AND METHOD OF CALCULATION

6.1. The Commission shall evaluate the vocational training needs in Central and Eastern Europe in the framework of the general financial orientation on economic aid to these countries. It shall establish on this basis the annual contribution for the budget of the foundation. This shall be managed in the concerned budgetary procedure within the framework of the financial perspectives incorporated in the Interinstitutional Agreement.

The estimation of needs for a first subsidy from the Community budget for the period starting 1.07.1990 to 31.12.1990 amounts to ECU 6 mio.

6.2. This subsidy can be detailed as follows :

a) **Staff, administrative and infrastructure cost of the Foundation**

Based on the CEDEFOP 1990 budget and assuming the staff posts detailed below, staff and running costs can be estimated at ECU 800.000 for the first five months of its existence, plus a start-up budget for equipment of ECU 200.000, for a total of ECU 1 mio.

Staff posts in the Foundation will be: 7 A  
5 B  
5 C  
1 D

This budget is based on the assumption that the Foundation will share accommodation facilities, and other appropriate infrastructure with CEDEFOP - notably no rent is included -, as per Article 4 of the present draft Regulation.

b) **Costs linked with training projects**

In order to provide the Foundation with a minimal operational budget for the first five months of its existence, that corresponds to the tasks set out in Article 2 of the present draft Regulation, a subsidy of ECU 5 mio has been estimated.

This amount corresponds to an equivalent of the estimated full cost of providing 100 specialized trainers during five months, i.e., 500 men/months at ECU 10.000 (including travel and subsistence costs).

7. IMPLICATIONS FOR REVENUE

There are no implications for revenue in the Community budget. Contributions from other donor countries will be entered in the Foundation budget, together with the subsidy from the Community budget and payments for services rendered by the Foundation.

8. TYPE OF CONTROL

8.1. Financial control : by the Commission's services and in particular by the Directorate General for Financial Control in regard to the regularity of the expenditure and the implementation of the budget;

8.2. Scientific and technical control : by the Governing Board and the services responsible in the Commission.

9. FINANCIAL IMPLICATIONS IN TERMS OF COMMISSION PERSONNEL

The additional personnel necessary in 1990 to cover the training aspects of Assistance to Central and Eastern Europe are:

- 4 A
- 2 B
- 3 C

The personnel needs set out above will be satisfied either by internal deployment of staff or within the framework of the budgetary procedure for 1990.

(NB: This covers also the "TEMPUS" proposal.)

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# DOCUMENTS

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