

# CONSOLIDATED ANNUAL ACTIVITY REPORT 2024 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2024 financial year as presented in the Consolidated Annual Activity Report.

## Analysis

The Consolidated Annual Activity Report records the **achievement** of the ETF's objectives for the year in accordance with the ETF **Annual Work Programme 2024**, the fourth year of and half way through the implementation of the ETF 2027 Strategy and its accompanying organisational structure.

The report demonstrates that the ETF proved to be a mature, agile and resilient organisation with high anticipatory and response capacity to challenges and shocks, including the Russian war of aggression towards Ukraine, the situation in Gaza, and the increasing fragilities in the EU neighbourhood. It remains relevant in responding to and supporting the transformation of human capital development (HCD) systems towards lifelong learning, including during or post-conflict, and as a key interlocutor in providing support to partner countries to adapt to **changing and emerging needs in HCD**.

The executive summary highlights the agency's ability to respond to the changing geopolitical landscape, needs of the partner countries, and the requests of the EC and the EU Delegations. This is done while continuing to expand its unique service delivery through its staff expertise and analysis, knowledge co-creation and country intelligence, policy advice and anticipation capacity, as well as partnerships and networks, all of which contributing to **the international dimension of HCD**. The ETF has fulfilled its mandate by delivering impact to partner countries, Commission services and HCD actors, and engaged with key stakeholders to shape its future positioning.

In 2024 the ETF was entrusted by EC services with **voluntary contribution projects**, which enabled the EU to expand its reach and impact, as well as ETF's global recognition and positioning. The ETF has successfully achieved its objectives set out in the 2024 work programme and consolidated its collaboration with other EU agencies and international organisations, including international financial institutions. Collaboration with all EU agencies was maintained through the network of EU Agencies and joint actions implemented with the other four agencies under the remit of DG EMPL.

The **rate of achievement** of its planned actions in its partner countries within the work programme is at 95.69% (and timely completion at 85.87%), which are well above respective targets of 90% and 80%. It once again reflects a high level of planning and implementation discipline, at the same time without compromising the Agency's ability to respond to the changing needs of the partner countries and the EC, thus contributing to the social wellbeing, stability and prosperity in the countries surrounding the European Union.

In terms of organisational performance, as measured by the **Key Performance Indicators (KPIs)**, the ETF was very effective in ensuring a continued and very high level of delivery of the annual work programme by having all KPIs measured in the year above or well above target. Hence, the year closure shows outstanding results in all areas of work with solid performance, which demonstrates the relevance of the work of the ETF.

In line with ETF's 2027 strategy, in 2024 it provided **support to the Commission services and partner countries** by combining and integrating the delivery of its three core services to generate value for stakeholders, which together enabled its contribution to the objectives of the von der Leyen Commission and the achievement of ETF's three strategic objectives: skills relevance and anticipation, skills development and validation, and performance and quality of education and training policies. These served as sound basis to provide policy advice to partner countries (i.e. reform of education

and training systems as well as participatory/inclusive governance systems) and the EC programming, as well as interventions in the wider Team Europe.

In parallel to ETF's work in its partner countries in the **EU Neighbourhood and Enlargement regions**, it has also worked on the preparation of the Africa Action Plan and on Africa related projects with a view of supporting the implementation of the wider EU-Africa strategy. The same took place in Centra Asia. Encouraged by the Commission opinion, the ETF used its agility in programming "to respond to the new European Commission priorities and to pursue opportunities to work beyond current partner countries or to engage in new priority thematic areas". This flexibility is considered a key asset of the agency.

In 2024 the ETF received 31 new requests from Commission Services. These stem from DGs and EU Delegations, throughout the implementation of the work programme. Addressing these ad-hoc requests is an important indication of the **flexibility of the ETF** in the implementation of its work programme and the priority given to the requests directly coming from the EU services, even when not initially planned. The ETF was involved in different stages of programme implementation, corresponding to a total EU investment of €289.7m, with ETF's direct input supporting €188.4m of this amount. The ETF's direct costs amounted to €144,268 for planned requests and €79,476 for unplanned, ad hoc support. The ETF contribution also provided methodology development and analysis that may contribute to future programming and EU interventions.

In **Ukraine**, the ETF has played a key role in supporting its recovery and EU integration by helping refugees enter EU labour markets, aligning learning resources with European standards, and facilitating qualification recognition. The ETF worked with the EC and Ukrainian authorities on a Joint Action Plan and a broader reconstruction strategy centred on skills. At the 2024 Ukraine Recovery Conference in Berlin, the ETF helped launch the Skills Alliance, bringing together over 50 partners to address urgent labour market challenges. This took place thanks to ETF's experience on the Youth Guarantee, combined with its long-standing support to Ukraine. The ETF also co-developed the ETF/EU Academy and a teacher training course awarding micro-credentials, supporting national education reforms through the UA re-emergency project. These results clearly demonstrate the value and appreciation of the content generated by ETF.

In terms of **reach**, in 2024 the ETF achieved a significant increase in overall reach and engagement on social media, as well as on its website and online community, OpenSpace. The ETF was invited to take part at the COP29 presenting at five panels, thus positioning itself as a global reference on skilling for the green transition. The ETF also played a pivotal role in the EU Year of Skills, particularly in promoting green and digital skills development in the EU's neighbouring countries. In partnership with DG NEAR's Young European Ambassadors on the #MySkills4You initiative, the ETF amplified the voices of young people from countries from across the EU neighbourhood.

The ETF also marked its **30th anniversary** reflecting its past legacy and envisioning the future with key partners and stakeholders, with an estimated total audience reach of over 16.5 million across the EU and its neighbouring countries. Social media engagement reflected this strategic outreach strengthening ETF's positioning as a key actor in skills development and amplifying its influence on the future of work. Media relations with EC services, the EEAS, the EUDs, and other international organisations, highlights the efforts in building strategic partnerships that can help to enhance visibility.

The ETF closed two ongoing **evaluations**, one on its operational work and another on the mid-term review of its 2027 strategy. In addition, the external evaluation commissioned by DG EMPL to all

agencies under its remit was closed, including for ETF, EU-OSHA, Cedefop and Eurofound, as a separate evaluation was commissioned for ELA, which is still ongoing. The ETF was praised for its ability to adapt VET governance to changing skills demands, to enhance labour market policies and practices, and to contribute to EU external relations policy through advice. Highlights outlined by the EC include: “all data produced by the ETF on country intelligence are not available anywhere else”, “expertise in EU and PC policies does not exist at such scale at EU or PC level”, and “ranked highest in terms of representing the Commission’s external dimension in PCs”.

The **mid-term review** of ETF’s 2027 strategy was completed defining four strategic goals for ETF as its strategic drive, and recalibrating the organisational structure and principles to support these goals. These foster a more integrated link between planning and programming through four strategic goals: global knowledge hub on human capital development, asset to EU and Member States, long-term reference and support to partner countries, and reference EU agency. Ultimately, it reflects a focus on delivering impact for partner countries, EU services, EU Member States (MS), the wider human capital development (HCD) landscape, EU agencies, and ETF staff.

**The operational achievements of the Agency** are outlined in **Part I** of the report measuring performance under the ETF three strategic objectives and across its thematic activity areas: i) skills demand analysis, ii) active labour market policies and transition measures, iii) a- modernisation of qualifications and establishment of qualification systems and b- ACQF II, iv) a- vocational excellence provision models and b- international dimension of centres of vocational excellence, v) innovative teaching and learning, vi) engaging enterprises in skills development, vii) lifelong learning policies and system change, viii) quality assurance and governance mechanisms, and ix) DARYA. Achievements in these areas confirm the successful accomplishment of objectives. A few highlights in 2024 were:

- Skills relevance and anticipation: i) ETF strengthened its global recognition in green skills, playing a key role at COP29 and launching a peer learning initiative in the EU Education Area; ii) ETF was appointed chair of the AIG on skills anticipation and matching, reinforcing its expertise in the field; iii) live foresight events provided insights into platform work and future skills needs; iv) engagement in the Skills Alliance for Ukraine was widely recognised, supporting in developing a Youth Guarantee approach tailored to (post)war conditions and EU accession; v) studies on gender, disability and active labour market policies helped shape further support for Ukraine and other partner countries; vi) joint e-survey with Eurofound provided new insights into NEET support strategies across the ETF’s geographical remit; vii) a new version of ESCO was launched in collaboration with the EC; viii) ETF policy advice was incorporated in the Palestinian NQF White Paper, contributing to skills recognition in EU migration policies; ix) ACQF II supported the development and implementation of NQFs, digital credentials and governance structures to improve skills mobility across Africa; x) in Central Asia, the ETF conducted a feasibility study on qualifications cooperation, launching employment and tracer surveys and creating a multilingual qualifications glossary to support regional skills integration through DARYA.
- Skills development and validation: i) VET reform of North Macedonia supporting the creation of Regional VET Centres, while in Moldova, CoVEs became central to VET governance, aligning with new legislation; ii) work on the internationalisation of vocational excellence was showcased at COP29 and in the European Year of Skills, highlighting the role of the green transition in VET; iii) ETF’s self-assessment tools, developed in collaboration with the EC, reinforced country intelligence on vocational excellence; iv) research and good practice in innovation in teaching and learning, digitalisation and green skills were widely shared, with tools such as SELFIE, SELFIE for

teachers, DERF, and SCAFFOLD, thus enabling knowledge uptake across partner countries, the EU and beyond, including China; v) in Central Asia, the SCAFFOLD methodology was used to train thousand educators, improving teaching practices across the region; vi) ETF also expanded its work in the Western Balkans agri-food sector, connecting it with the Eastern Partnership (EaP) countries, facilitating regional cooperation on skills shortages, ensuring sustained skills development in the sector, and enabling the translation of results into joint EU funding applications under ERASMUS+, Horizon Europe and EIT; vii) analysis of smart specialisation skills in Albania was integrated into the country's growth plan; and viii) the SME index for the EaP region was completed and published by the OECD.

- Performance and quality of education and training policies: i) publication of the Cross-Country Monitoring Report on Education, Skills, and Employment: Trends for Development 2024, demonstrating the value of the ETF's evidence-based intelligence; ii) the Torino Process completed its biennial monitoring, launching a new web gateway for easy access to its findings; iii) Osnabrück deliverables and migration fiches; iv) country fiches and policy reviews to inform EU interventions; v) social dialogue initiatives, mainstreaming the green and just transition agenda; vi) advocacy for adult learning resulted in nine Ukrainian cities joining UNESCO's global network of learning cities, helping implement Ukraine's law on adult education and supporting post-war recovery and EU integration; and vii) facilitation of engagement with youth, employers, ministries, EU MS, and the EC, strengthening education governance structures in Central Asia and other partner regions.

The above achievements also confirm the successful **utilisation of resources**, which are outlined in the activity-based budget tables presented in Annex V for the year. Overall, the actual budget expenditure is in line with the planned resource allocation with very small variations in a few budget lines, which can be justified by the adaption of the work programme implementation to respond to new requests, changing needs and priorities of the partner countries and the EC.

**Part II** of the Report presents the effective management of the human and financial resources and confirm the maturity and stability of the ETF. Of the €23,807,037 contribution from the European Commission for its subsidy in 2024, the ETF achieved:

- A commitment appropriation rate for subvention funds of 99.77% (99.85% in 2023) demonstrating that the ETF continues to perform very well on financial indicators.
- Rate of outturn well above target at 97.24% (99.87% in 2023). Timely payments rate within deadline at 94.1% (2023 at 95%). The rate of payment appropriations cancellation was the only KPI below target at 3.11% (2023 at 0.35%) due to the late arrival of additional funds from negative salary adjustments following a considerable decrease in the *coefficient correcteur* for Italy, which required increased commitment transactions during a period typically focused on payments. Although the ETF was able to adapt quickly and absorb these funds, thus ensuring a high level of programme delivery while absorbing most of the budget effectively, many of the activities were launched late in the year pushing related payments into 2025.
- A lower level in Carry Forward from 2023 into 2024 coupled with an extension of ongoing activities made so that out of the €2.08m "reste à liquider" (RAL) from previous years (€2.15m in 2023) the ETF has paid 83.0% (90.7% in 2023), with €131,175 being declared "lost opportunity" (compared to € 64,223.18 in 2023) and the remaining to be finalised and paid during 2025.

- The job screening exercise demonstrates an increase in the overall allocation of staff to the core operational job category to 75.74% in 2024 (77.52% in 2023 and 74.41% in 2022) with a corresponding reduction in administrative support and neutral functions.
- The average vacancy rate of ETF staff in authorised posts is 3% due to retirements in 2024 but below the target level of <5%, with a structured recruitment plan in place for 2025.
- An assessment of the outcomes of audits of the ETF by the European Court of Auditors and the Internal Audit Service indicate the Agency's high level of compliance with its regulatory framework, in particular financial and procurement procedures, and 100% incidence of recommendations under the responsibility of the ETF implemented within agreed deadlines for five consecutive years.

**Parts III & IV** provide the assessment and assurance of the effectiveness of the system of internal control that the ETF uses to ensure its effective and efficient functioning as an EU agency. The results of the 2024 **assessment of internal controls are positive** with the overall internal control system assessed as effective. The assessment was done in cascade, based on a thorough review of all 17 Internal Control Principles, followed by an assessment of the 5 components. Improvement actions have been developed for 2025 in the spirit of continuous improvement.

Details are also provided of the building blocks towards the **Director's declaration of assurance** that the ETF used the resources assigned to the activities described in the report for their intended purpose and in accordance with the principles of sound financial management. In line with the ETF established materiality criteria and threshold, there are no reservations on ETF performance.

Given the high level of achievement of operational results and the positive outcomes of the annual review of the internal control system and organisational performance, the 2024 Consolidated Annual Activity Report concludes that there is reasonable assurance without reservation that the **ETF used the resources for their intended purpose**.

## Assessment

The Governing Board takes note of the 2024 Consolidated Annual Activity Report and:

**Congratulates** the successful implementation of the 4<sup>th</sup> year of the ETF 2027 strategy, as measured by the overall achievement in organisational performance via the KPIs and by the mid-term review of its strategy, including adjustments forward geared towards impact delivery via four strategic goals.

**Recognises** the three decades of experience of the ETF, as celebrated in its 30<sup>th</sup> anniversary, which enabled a high level of achievement of completion of activities (95.7% in 2024), as well as the high quality of ETF work leading to impact in partner countries, HCD landscape and EC programming.

**Encourages** the continued involvement of the ETF in providing support to the European Commission external actions at the request of the European Commission Services and EU Delegations.

**Supports the evidence** from commissioned evaluations, both internal and external, of the relevance, impact and added value of the work of the ETF in partner countries confirming its impact delivery, while being widely recognised as a knowledge source in the development of Human Capital reforms.

**Welcomes** the insights and intelligence generated as well as evidence provided which enabled the ETF to expand its global recognition on HCD and led to everlasting impacts and reforms across

partner countries and regions, including via the Youth Guarantee, skills anticipation for the green transition, and contributions to the European Year of Skills.

**Distinguishes** ETF partnerships which enabled knowledge co-creation, contextualised solutions, accelerated digital transformation, sustainability, and impact delivery aligned with EU and EU MS priorities, thus positioning ETF as key player in HCD in the context of EU external relations policies.

**Commends** the ETF's efforts to actively engage with around 8 000 stakeholders in partner countries while reaching out to over 16.6 million people across the EU and its neighbouring countries, and to cooperate with the EC, EU MS and international actors active in the field of HCD.

**Appreciates** the active engagement with the network of EU agencies and the close collaboration with the four agencies under the remit of DG EMPL, which enables mutual efficiencies as well as to share best practices in terms of ETF advancements in its digital transformation, sustainability, anticipatory planning, and strategic intelligence and innovation to improve its global positioning and preparedness for the future.

**Praises** the Agency for the sustained high level of performance in resource management in terms of commitment and payment, even under the exceptional circumstances of the Russian war of aggression towards Ukraine, the situation in Gaza and of increasing fragility in the EU neighbourhood, and the negative salary adaptation, and calls on the ETF to maintain its performance in this regard.

**Takes account** of the comprehensive internal control systems in place, which has concluded that ETF has once again no reservations or critical issues to report for 2024.

**Urges** the European Commission to utilise the Agency as a resource for upscaling reach and selected methodologies, intelligence, diagnosis and policy advice for countries with the support of dedicated funds in accordance with the ETF's regulation and the scope afforded by its financial regulation.

**Stresses** the importance of ensuring adequate staff and financial resources allowing the Agency to implement its tasks.

**Confirms** that the information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2024 have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

In light of the above, the **Governing Board adopts the ETF Consolidated Annual Activity Report 2024**, and requests that it is forwarded, together with this analysis and assessment, to the European Parliament, the European Council, the European Commission, the European Economic and Social Committee and the Court of Auditors.