



European Training Foundation

CONSOLIDATED ANNUAL ACTIVITY REPORT 2018



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THE ETF IN BRIEF

The European Training Foundation (ETF) is the European Union (EU) agency that supports the EU's external action in the area of education, training and skills. Currently the ETF works at country and regional level in the EU Neighbourhood, enlargement countries, and Central Asia, and contributes to the EU's Pan-African policies and programmes.

In its partner countries¹, the ETF contributes to the development of human capital by improving skills policies and systems, with a view to promoting employability and social and economic inclusion. Through the Torino Process, the ETF produces regular reports on the status of and priorities for skills policies and the performance of systems. Furthermore, the ETF gathers thematic and country intelligence to ensure sound, evidence-based and participatory input to the development and evaluation of policies, and the design of projects and programmes.

The ETF's thematic strengths include: modernising qualifications, including alignment with the European Qualifications Framework (EQF); the analysis of skills gaps and skills needs through quantitative and qualitative methods; improving the relevance of skills with a focus on work-based learning, key competences, inclusion and excellence; and promoting teacher and trainer development.

The ETF has established itself over 25 years as a centre of expertise in these policy areas, and works closely with the European Commission and the European External Action Service (EEAS) and the EU Delegations in supporting policy dialogue and programme implementation. It also supports the EU candidate countries in making progress towards the five Riga Medium-Term Deliverables (MTDs) agreed by the EU Member States and candidate countries in 2015.

Lifelong learning is central to the ETF's work. It has been identified by the UN Sustainable Development Goals (SDGs), the European Consensus on Development, and the ILO's Global Report on the Future of Work as essential to sustainable growth and inclusive and stable societies. It contributes to social and economic stability and legal migration in the EU and its neighbourhood.

The Governing Board of the ETF is chaired by Joost Korte, the European Commission's Director General for Employment, Social Affairs and Inclusion. It includes representatives of each EU Member State, the European Commission, and observers from the European Parliament and ETF partner countries. The ETF is the only EU agency funded under the external chapter of the EU budget.

The ETF collaborates actively with other EU agencies, in particular Cedefop, the EU agency for vocational education and training policies within the EU, and Eurofound, the agency for the improvement of living and working conditions. At international level, the ETF works closely with the ILO, UNESCO, EBRD, as well as bilateral and multilateral aid organisations.

¹ Albania, Algeria, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Egypt, Georgia, Israel, Jordan, Kazakhstan, Kosovo (this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ opinion of the Kosovo declaration of independence), Kyrgyzstan, Lebanon, Libya, Moldova, Montenegro, Morocco, North Macedonia, Palestine (this designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual position of the EU Member States on this issue), Russia, Serbia, Syria, Tajikistan, Tunisia, Turkey, Turkmenistan, Ukraine and Uzbekistan.

EXECUTIVE SUMMARY

The report provides evidence of the successful implementation of the ETF's 2018 Annual Work Programme².

a) Key results and progress towards the achievement of objectives

The ETF achieved the objectives set out in the 2018 Work Programme. In the context of EU external relations policies it provided support to partner countries with a 91% activity completion rate, which demonstrates a high level of planning and implementation, as well as an ability to respond to the changing needs of the partner countries and respond to requests from the European Commission and the EU Delegations.

Key achievements from the activities implemented during the year are highlighted below. More detail on ETF operational achievements is given in Section 1.

Geographical outreach

The ETF continued to engage partner countries in the reform of their human capital development systems using a differentiated approach driven by the ability of countries to engage in reform processes and needs analyses.

In the countries where the ETF is active, a positive trend of 86% of countries showed progress in their human capital development policies as measured by the annual qualitative country progress indicators (CPIs) in the areas of qualifications, governance, employability, VET provision, entrepreneurial learning and policy analysis and monitoring.

South Eastern Europe and Turkey

The European Commission's New Enlargement Strategy and Regional Economic Area Multi-Annual Action Plan (REA MAP) of 6 February 2018, moving education and employment up on the policy agenda, is the overall framework for ETF interventions at regional level. The work of the ETF has also been guided by the assessment of the Economic Reform Programmes (ERP) and the EU Regular Progress Report of April 2018 that recognised the progress made in the area of VET and skills development. At the same time, they requested efforts to modernise VET systems and address the issue of skills mismatch.

In 2018, the ETF continued co-operation with the Regional Co-operation Council through expertise input on skills development to the Employment and Social Affairs Platform (ESAP) and the Monitoring Committee of the South Eastern Europe 2020 Strategy.

The ETF has continued to provide input to the Berlin Process with regard to work-based learning and digital skills and continued its expertise input to DG Employment, Social Affairs and Inclusion (EMPL) and organised the European Alliance for Apprenticeship (EAfA) meeting for the Western Balkans and Turkey in Albania in September together with DG EMPL and the Albanian Government.

² This Consolidated Annual Activity Report has been prepared in accordance with Article 13 of the ETF Regulation and in the format defined by the EU agencies in cooperation with the Commission in 2014

The ETF has provided expertise input to DG NEAR to support the implementation of REA MAP. This has included input to the Digital Agenda and the REA MAP Mobility. The ETF has provided input to DG EAC on the regional VET Mobility Scheme Design which is an important component of MAP REA and which shall prepare countries for ERASMUS +. The ETF has provided input to the Youth Lab meeting for the Western Balkans and Turkey held in Skopje organised by DG NEAR and JRC with regard to skills developments.

The ETF has continued to be part of the Western Balkans Platforms on Education and Training & Research and Innovation (7th Ministerial meeting) and as follow-up will deliver expertise input through the Torino Process at the Ministerial meeting in June 2019 with a focus on VET.

Southern Eastern Mediterranean

In 2018, the ETF's strategy for the Southern and Eastern Mediterranean was discussed and validated to guide strategic actions in the region. In addition, the following key actions were implemented:

The ETF has continued to provide technical advice, including participation in steering committee meetings, during the inception and implementation phases of the Youth Employment for Mediterranean (YEM) regional project implemented by UNESCO.

In the region, the ETF has contributed to regional peer learning on work-based learning (with UNESCO), and on employment, integration of refugees and migrants with the Union for Mediterranean (UfM). The ETF has also presented the results of the SBA Assessment related to the human capital dimension in the UfM Expert Technical Meeting on Industrial Cooperation.

The ETF provided input to the ARLEM youth entrepreneurship competition and award and contributed to the Euro-Mediterranean Summit of Economic and Social Councils that took place in Turin.

Eastern Partnership

In the Eastern Partnership countries, the ETF has been active in providing input for the EaP Platform 4 meetings. In particular, ETF reports on youth transition have been used to shape some actions of the platform. The ETF is part of the EU4Youth and EU4Digital steering committees and is the reference point for the service contractors for the skills development dimension. Under Platform 2, the ETF has continued its work for the Make it Match initiative, leading on the organisation of the seminar for all EaP countries: improving skills anticipation in the era of digital data and industry 4.0. Furthermore, the ETF has identified indicators for monitoring two dimensions of deliverable 18 (youth employment and VET attractiveness). Other actions at regional level included a regional project on work-based learning and the implementation of the youth transition study, which aimed at taking stock of the countries' institutions and stakeholders in the development of effective policies and structures to facilitate youth transition to work and to foster youth employability. The ETF prepared the Eastern Partnership regional report on the basis of six country reports as part of a regional initiative to map school-to-work transition and a review the youth policy framework and measures in the Eastern Partnership region.

Central Asia

The ETF contributed to the actions of the Central Asia Education Platform (CAEP) under DG DEVCO, with expert input to the CAEP regional conference on education-business cooperation, as well as in a number of CAEP webinars. It has also provided input to CAEP newsletters. The ETF continued to moderate the working group on evidence-based policy making/data collection. In this role, the ETF

prepared the content and delivered two regional workshops (organised by CAEP), on the topics of career guidance and management (Almaty, May) and on tracer studies (Bishkek, December). Both workshops were preceded by preparatory webinars with Central Asian participants and involved expert participation from Latvia (both workshops) and Poland (second workshop) in order to share practical experience on the two themes in two EU Member States that play a leading role in CAEP. Furthermore, both workshops also presented approaches at EU level in the themes covered. In December 2018, DG DEVCO requested ETF support for the identification and formulation of a possible new programme on skills development in Central Asia.

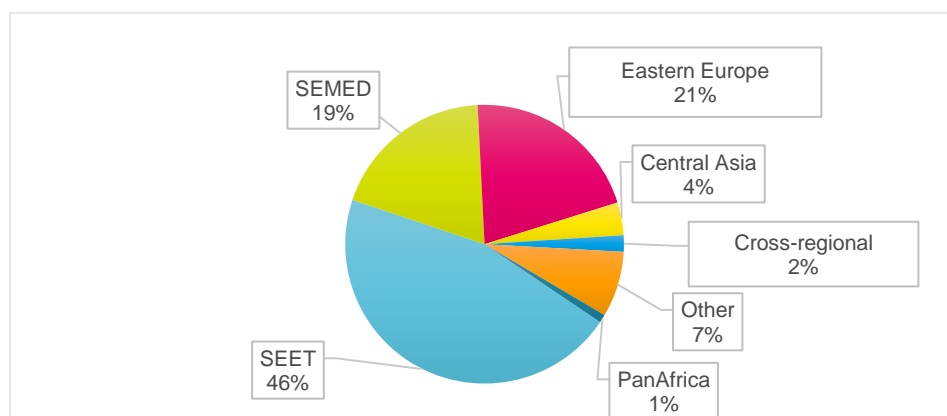
Support to EU assistance in the context of EU external policies

As in previous years, the ETF contributed to EU policy dialogue in monitoring the progress of reforms in the Enlargement region through input to the monitoring of Riga mid-term deliverables (in close cooperation with Cedefop) and input to the Commission assessment of the national Economic Reform Programmes (ERPs, as a 'light' European Semester approach) and contributions to relevant bilateral Sub-Committees (Acquis Chapters 26 and 19) under the coordination of DGs NEAR and EMPL. Furthermore, the ETF has updated the Neighbourhood Country fiches, provided inputs and advice to cluster meetings with Georgia, Moldova and Ukraine, to the People-to-People sub-committee meetings with Armenia and Azerbaijan and to a number of sub-committee meetings with the Southern and Eastern Mediterranean countries.

With regard to ETF support to EU assistance in the context of EU external policies, in 2018, the ETF was involved in the identification, formulation, implementation, monitoring and evaluation of EU external programmes in skills and human capital development and employment amounting to approximately €955 million. The European Commission and the EU Delegations in the partner countries submitted a total of 106 requests for assistance from the ETF. The requests have continued the trend from 2016-17, becoming more substantial and long-term or regular annual requests. The EC increasingly recognises the ETF's added value in supporting reforms in the partner countries through larger scale EU interventions and makes use of the ETF's country intelligence and evidence-based analysis for monitoring reforms and supporting EU bilateral and regional sector policy dialogue.

The majority of the requests received in 2018 were for Southern Eastern Europe and Turkey (45%) followed by the Eastern Partnership countries (22%) and the Southern and Eastern Mediterranean region (19%). Confirming the good performance of previous years, the ETF received positive feedback from EU services on the quality of ETF support with 100% of respondents acknowledging the high quality, usefulness and timeliness of ETF support. Of the 106 requests:

GEOGRAPHICAL DISTRIBUTION OF EU REQUESTS



Stakeholder engagement

Stakeholder engagement is an integral part of the participatory approach of the ETF method of work which enables networks to be built and trust to be established between national and international institutions and the ETF. Over 2,000 stakeholders were directly involved in ETF workshops and conferences. Additionally, over 2,500 policy makers and experts participate in the ETF's various networks and communities of practice. Through social media and multi-media over 170,000 people were reached.

ETF expertise outreach

The thematic expertise of the ETF is acknowledged by the fact that in 2018 the ETF received 94 invitations from other external development actors (e.g. ILO/UN, OECD, GiZ, British Council, EBRD - excluding EU institutions) and made expert presentations on thematic/policy issues at 76 workshops and conferences, nine of these were as key note speakers.

The ETF participated in the European Vocational Skills week which was promoted by the European Commission and held in Austria as part of the Austrian Presidency of the EU. As part of the week's activities, the ETF conducted a good practice call for excellence in entrepreneurship. An award was presented to the Subotica School for Chemical Technology, Serbia for teaching entrepreneurial skills through real life business initiatives.



In November 2018, the ETF held an international conference for more than 350 delegates from 50 countries. The focus was on specific challenges and opportunities of transition and development countries in facing global transformation and finding sustainable and inclusive solutions for socioeconomic development and cohesion.

A key area of work, presented at the conference and where the ETF has made progress in 2018 is how to exploit the potential of big data analytics to real-time intelligence on emerging skills needs in the labour market.

ETF Post 2020 Strategy

As part of the development of the ETF post 2020 strategy, stakeholders from the EC, EU Member States, international development actors and partner countries were consulted in two rounds of a Policy Delphi exercise as part of the evaluation of the ETF functions. The evaluation findings, (see Annex 9) confirm the relevance of the work of the ETF and the impact and added value of the actions in the partner countries. The ability of the ETF to continue delivering on its mandate with a high level of quality will have budgetary implications on its operational budget in the medium term.

b) Key Performance Indicators (KPIs)

The ETF, as it enters its 25th year of operation, has once again achieved a very high level of performance in all of its organisational areas in 2018. This is evidenced by the fact that in 14 out of the 15 Key Performance Indicators (KPIs) the agency is above or well above target. Additionally the productivity and quality indicators provide evidence of sound quantitative and qualitative performance in all areas. Conclusions drawn from external audit and evaluation reports and internal monitoring also support the assessment of the maturity and stability of the agency.

The comparative table of the 15 KPIs presented on the following page provides an overview of achievements for the period 2017 and 2018. The table consists of 11 KPIs used for the assessment of Directors and benchmarking between agencies and four operational KPIs targeting the key activities of the ETF's work in the partner countries.

- The progression of partner countries within a policy stage or to the next stage in at least one policy area was 86%, a significant improvement from 2017 (80%). This is well above the target of 70% and demonstrates the relevance of the ETF's work in the countries.
- The activity completion rate and the timely achievement of activities are above target at 91% and 94%, a sound achievement bearing in mind that the context in which the ETF operates is dynamic and can at times be volatile in terms of social and political developments. The networks and trust that the ETF has established in the partner countries enables the agency to plan, adapt and respond appropriately without compromising the implementation of activities.
- The level of satisfaction from the European Commission services for the quality, timeliness and usefulness of the support received from the ETF addressing specific requests from EU Delegations and EU services is 100% (rated either very good or good)
- Through the implementation of its human capital development activities in the countries the ETF has actively engaged 91% of its key country stakeholders in 28 countries. The dissemination reach in terms of the number of people reached through digital media, website downloads and international and regional events was also above target at 99.6%.
- In terms of financial management performance, the ETF has maintained its high level of budget discipline and management which has resulted in a high level of achievement in all financial indicators. The financial indicators with regard to the rate of cancellation of payment appropriations at 0.11% and the total amount to be reimbursed (€21,745.18) are at the best levels they have been in the last six years. Cancellation of carryovers of an amount of €10,235 has also significantly improved from last year where it was €42,925. The 99.99% commitment rate and the timely payments rate at 93%, are also well above target.
- The rate of implementation of audit recommendations is 100% for the third year in a row, illustrating the commitment from the management to follow up on audit recommendations.
- The results of the job screening exercise in 2018 demonstrate how the ETF has gradually managed to increase the overall allocation of staff to the core operational job category from 47%

in 2014 to 56.3% in 2018 while reducing administrative support and neutral functions. The related indicator for administrative support vs operational staff ratio was 19%, similar to (18%) in 2017, well below the target of < 30%.

- The average vacancy rate of ETF staff in authorised posts is 1%, well below the target of 5% and an improvement from 2017 (3%). The only indicator in which there has not been an improvement is the staff engagement indicator at 55%, less than when the last survey was conducted in 2015 when it was 56%. Measures have already been put in place to address the areas the survey results highlighted for improvement.

KPIs FOR ETF OVERALL PERFORMANCE

KPIs		Description and target	2018	2017
Activity completion rate ^{3*}	😊	Rate (%) of completion of ETF Work Programme activities: Target >90%	91%	93%
Timely achievement of activities of WP*	😊	Rate (%) of ETF Work Programme activities achieved on time: Target 80%	94%	88%
Timely submission of WP/SPD to EC*	😊	The Annual WP/SPD submitted on time to the EC: Target 100%	100%	100%
Administrative support, / operational staff ratio*	😊	(Administrative support and coordination job type category)/(Operational job type category / Neutral job type category): Target <30%	19%	18.08%
Level of satisfaction of EC requests	😊	Rate (%) of positive feedback from EC project requests implemented in Year: Target 80%	100%	100%
Countries' policy development progress	😊	Rate (%) of countries successfully progressing within stage or to next stage of policy development: Target 70%	86%	80%
Stakeholder engagement	😊	% of key country stakeholders participating in ETF activities / N. of Stakeholders: Target 90%	91%	-
Dissemination reach	😊	Weighted sum of: no people reached through digital media, downloads and events (baseline 2017)	99.6%	99.5%
Average vacancy rate*	😊	% of authorised posts of the annual establishment plan which are vacant at the end of the year, including job offers sent before 31 December: Target <5%	1%	3%
Staff engagement*	😊	Rate (%) of staff engagement from satisfaction survey within the agency. (every two years): Target >2% increase from previous round	55%	56% (in 2015)
Commitment appropriation implementation*	😊	Rate (%) of implementation of Commitment Appropriations: Target >98%	99.99%	99.93%
Payment appropriations cancellation rate*	😊	Rate (%) of cancellation of Payment Appropriations: Target <2%	0.11%	0.29%
Timely payments*	😊	Rate (%) of payments executed within the legal/contractual deadlines: Target >90%	93%	94%
Rate of outturn*	😊	Total payments in year N and carry-forwards to Year N+1, as a % of the total EU funding received in Year: Target >96%	99.94%	99.93%
Audit recommendation implementation*	😊	Rate (%) of external and accepted internal audit recommendations implemented within agreed deadlines: Target >90%	100%	100%

* KPI's for Directors & benchmarking

c) Key conclusions on financial management and internal control

In accordance with its governance arrangements, the ETF conducts operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting a high level of professional and ethical standards.

The ETF has adopted a set of internal control principles and corporate performance KPIs based on international good practice, aimed to ensure the achievement of operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. The ETF has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and function as intended. (Please refer to Section 2.1.3 for further details).

The 2018 annual review of the internal control system and organisational performance provide reasonable assurance to the ETF management as to the level of compliance with all internal controls, on the correct functioning of the systems in place and on organisational performance. Overall the results are positive as all of the Internal Control Principles were assessed as effective or present and functioning. No principles were assessed as having critical weaknesses.

Additionally, the ETF uses a set of corporate performance KPIs to track and monitor organisational performance. They include the KPIs for Directors of EU decentralised agencies and other already existing corporate performance KPIs. They show that in 2018, the ETF used the resources provided by the EU to deliver its activities in due time, at an appropriate level of quantity and quality against agreed benchmarks and targets.

In addition, the ETF systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives (see Section 2.1 for further details).

In conclusion, the ETF's management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer has signed the Declaration of Assurance

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF OBJECTIVES

1.1 Support to EU assistance in the context of EU external policies

Objective: EU policy dialogue on HCD issues is enhanced in partner countries through ETF policy and thematic contributions

In the scope of the EU external relations, ETF has continuously supported the EC services (headquarters and delegations) on the programming, formulation and implementation of actions at regional and bilateral levels related to human capital development (i.e. input to IPA multi-beneficiary programmes, Eastern Platform programmes, Central Asia Education Platform, and several other national programmes, in particular on Budget Support operations), on policy dialogue mechanisms (sub-committees, cluster meetings, Mobility Partnerships meetings, amongst others), on thematic expertise (EaP Make it Match network, Work Based Learning Forum, mapping of the Centres of Vocational Excellence, etc.), and on policy analysis (Small Business Act Assessment, RIGA Mid-Term Deliverables, Economic Reform Programmes in the Western Balkans and Turkey).

During the year, ETF contributed to EU policy dialogue in monitoring the progress of reforms in the Enlargement region through input to Riga reporting (in close cooperation with Cedefop) and input to the Commission assessment of the national Economic Reform Programmes (the light European Semester approach) and contributions to relevant bilateral Sub-Committees (Acquis Chapters 26 and 19) under the coordination of DGs NEAR and EMPL. Furthermore, the ETF has up-dated the Neighbourhood Country fiches, provided inputs and advice to Cluster meetings with Georgia, Moldova and Ukraine, to the People-to-People sub-committee meetings with Armenia and Azerbaijan and to a number of sub-committee meetings with the Southern and Eastern Mediterranean countries.

As in 2017, the joint seminars between the EC (EMPL, NEAR)/EU Delegations and the ETF, the practice was continued with a joint seminar with EU Delegations from the Eastern Partnership in October 2018. This resulted in potential new ways of cooperation, identification of potential new requests and agreement on how to improve cooperation to the benefit of all parties involved.

Key achievements through the 106 requests for support from EU services and Delegations that the ETF received during 2018 were:

- **Georgia:** After 2 years of intensive join work with the EUD Georgia, the Financing Agreement of the EU Sector Reform Performance Contract 'Skills Development for Better Employability' (Euro 55M) was signed. The ETF confirmed through this exercise its expertise value on all the aspects of preparation of a budget support: identification of needs, ensuring complementarities with other donors, intense sector policy dialogue with national stakeholders and negotiations of indicators and targets of the budget support, drafting of formal documents such as AD, policy matrix, indicator passports and complementary measures: Twinning, Call for Grants and TA.
- **Ukraine:** ETF successfully accompanied the EUD in Ukraine in the feasibility study and formulation of the large-scale (Euro 38M) EU project in VET 'EU4Skills: Better Skills for Modern

Ukraine' which was signed in December 2018. ETF provided mainly content and methodological advice and it is foreseen that the ETF will continue this role in 2019 as support to the implementing agencies through the EU Delegation.

- **Tajikistan:** ETF involved in the identification and formulation of a new EU intervention in the country. At the request of the EU delegation, an outline for the implementation strategy of the Action was prepared leading to a project concept note.
- **Serbia:** Setting-up and conduct of Sector Reform Performance Contract (Education Reform in Serbia Euro 30M) policy dialogue. ETF has supported the design of the policy dialogue agenda through comments to the National Report on the Education Development, other national monitoring reports, the EU delegation disbursement request note to DG NEAR, and the agenda of the high-level policy dialogue meeting in October in Belgrade.
- **Jordan:** mid-term programme evaluation of budget support in Jordan (Skills for Employment and Social Inclusion Euro 51M). The mid-term programme evaluation of budget support is compulsory. It was the first time ETF was requested to do one. The exercise was conducted by adapting the methodology of the Budget Support Evaluation Steering Group of the OECD DAC Network in Development Evaluation (looking at budget support inputs, direct outputs, induced outputs, outcomes and impact).
- **Egypt:** ETF has continued the content monitoring of the larger scale EU TVET II Programme in Egypt
- **Azerbaijan:** Provision of content and methodological advice for the implementation of the EU Education Support Programme (Euro 19M), including monitoring and advising the implementation of grant schemes at VET Centres.

Inputs to project and programme design have also been delivered in Kosovo, Montenegro, North Macedonia, Albania as well as to the design of the Call for Proposals for the second tranche of the EU Facility for Refugees in Turkey (FRIT) in the field of entrepreneurship, employment, training and the creation of economic opportunities.

The ETF has also developed methodologies and tools related to the EU external assistance support, such as the governance/financing credibility (GOV/FIN CRED) assessment methodology that aims at assessing the relevance and credibility of national strategies in the field of human capital development in the Governance and Financing dimensions. This methodology is now ready to be replicated in other countries where the EU is investing or planning to invest in Budget Support programmes.

1.2 Policy analysis and system wide progress monitoring

Objective: To improve policy making in VET by strengthening institutional capacity for the generation and use of evidence throughout the policy making cycle (design, implementation, monitoring and evaluation) and to develop a culture of policy monitoring, feedback and improvement.

Torino Process: Preparations for the Torino Process (fifth round) were successfully completed during the year with a high level of stakeholder involvement in the design of the revised analytical framework and implementation modalities. This was done through an external evaluation conducted in 2018 (see

Annex 9) experts and stakeholders' workshops and the meeting with national coordinators. Key new features designed and agreed in 2018 include a higher policy relevance dimension of the Torino Process agreed with each country and EU delegations according to the specific country needs, a reinforced role of the ETF with a new assessment phase which adds to the self-assessment of countries taking part to the process, and the reinforced participatory and ownership approach with a renewed commitment by each country through the nominated Torino Process national coordinators.

In 2018, preparations and capacity building sessions have already been carried out in Algeria, Libya, Russia Federation, Jordan and Kazakhstan. Furthermore in 2018 ETF hosted the meeting of Torino Process national coordinators.

Riga: As part of its policy analysis and progress monitoring activities, the ETF was involved in the monitoring of the Riga mid-term deliverables in the candidate countries in partnership with Cedefop, including contributing to the joint mid-term report and playing an active role in the Advisory Committee and Directors General of Vocational Training meetings (DGVVT).

Finally the ETF in 2018 has continued data collection for all countries to support its policy analysis and policy advice role. In 2018 ETF has completed the Key indicators publication, and has also initiated a national data collection exercise covering a total of 13 countries. The latest aimed at increasing the quality of data available as well as strengthen the network with national statistics offices in the area of education and training and labour market data. The results of the 2018 data collection will be used for the Torino process reports in 2019.

In 2018 ETF published the following reports

- [A Guide to Policy Analysis](#) - ETF experience in policy analysis and operational guidance to ETF partner countries on policy analysis techniques and their use at different stages of the policy cycle. This Guide is used for capacity building of national stakeholders.
- [Torino Process guidelines](#)
- [Key indicators on Education, Skills and Employment](#)
- [Reforms in Education and Training in ETF partner countries: A cross-country digest of reforms implementation and risks](#)
- [Progress towards Riga conclusions medium-term deliverables: Albania, North Macedonia, Montenegro, Serbia, Turkey](#)
- [European cooperation in VET: one process, many stops \(Joint publication with CEDEFOP\)](#)

1.3 VET Governance

Objective: to improve VET system governance by empowering stakeholders to design, formalise and implement coordination mechanisms at national, regional, sectoral and local levels.

In the field of governance, in 2018 the ETF contributed to the progress of reforms and better governance arrangements at horizontal (social partnership), vertical (sub-national level actors) as well as at the legislative and financial levels. ETF has been active in more than 15 countries in the area of

governance targeting at least one of the axes mentioned above. At the request of DGNEAR, the ETF developed the methodology for Governance and Financing credibility assessment of VET strategy, and successfully piloted and concluded a study in Montenegro. The Methodology is now ready for further use, representing a solid basis for country assessment. In 2018 a VET financing methodology and three VET financing policy notes have been published. They have been used for capacity building in countries as well as for the training jointly delivered with the ITC/ILO. In 2018 the ETF published the cross-country review of VET governance in partner countries.

Policy advice in the area of governance has been delivered in Serbia, with focus on sectorial coordination, in Morocco on VET financing, in Moldova on sector development, in Ukraine and Tunisia on decentralization, in Serbia on sub national governance and in Ukraine on centres of excellence.

The study on Public Private Partnership (PPP) has been launched in 2019 with field visits in 4 countries.

Under the governance actions, the ETF has launched and completed in 2018 a survey on Civil Society Organizations (CSOs) in South Mediterranean countries focusing on the role of CSOs in the policy cycle.

The ETF provided input to the design and delivery of a TAIEX workshop on school autonomy in Tunisia.

Key products and publications produced were

1. Good multilevel governance for vocational education and training
2. Support to VET financing – Policy guidance note: Formula funding , Financial incentives for companies , training levies
3. A guide to ETF financing prism
4. Financing vocational education and skills development
5. Governance Arrangements for Vocational Education and Training in ETF Partner Countries: Analytical Overview 2012–17
6. Activating regional vocational education and training councils together : the case of Ukraine

ETF cooperation with external actors in the area of governance has been very positive in 2018. The ETF continued its cooperation with the International Institute of Administrative Sciences – European Group for Public Administration (IIAS-EGPA), presenting its experience in the area of Public Private partnership and decentralization at the IIAS Congress 2018. The ETF contributed to the OECD new framework on skills governance. Furthermore, in 2018 cooperation with Eurofound in the area of social dialogue has been reinforced through knowledge exchange and peer review of products.

1.4 VET provision and quality assurance

Objective: to support partner countries to improve both initial and continuing VET in terms of VET provision and quality assurance. The project will do so by enhancing work based learning, improving quality assurance mechanisms and making continuing professional development of teachers and trainers in VET more effective.

The ETF objective to support partner countries to improve initial and continuing VET in terms of provision and quality assurance is a key area of development for most countries. In 2018 the ETF was active in all regions and bilaterally contributed to advance in this area of work in a total of 16 countries through bilateral policy advice, regional peer learning and evidence collection. In candidate countries the support was directly linked to the RIGA Mid-term deliverables, numbers 1, 2 and 5. All five candidate countries have been actively supported by the ETF work through the demonstration projects in Work Based Learning and Continuing Professional Development of teachers and trainers to make progress towards the achievements of objectives set in 2015.

In 2018, countries made good progress in the area of WBL including candidate countries increasing their commitment in participating in the European Alliance for Apprenticeship. In SEMED countries the ETF cooperated with UNESCO.

In 2018 the ETF implemented a survey on CPD and the VET Profession (culture, leadership, working conditions) in 9 countries (Albania, Algeria, Montenegro, Tunisia, Belarus, Moldova, Turkey, Serbia, Kosovo).

The ETF delivered in 2018 an increased number of inputs in the Digital skills/Digital Online learning expertise domain, including providing support to the launch and appointment of SELFIE coordinators in the Western Balkans, and providing expertise input to events and reports. The ETF took part to the launch of the platform 'Compass' for digital skills development and career guidance.

The ETF contributed to 5 Thematic Working Groups the European Commission (ET 2020): VET, Adult Learning, EQAVET, VET Providers, DOL/DSC. Two large regional / cross-country events and related reports EAFA-European Apprenticeship Alliance for Candidate Countries Albania and Annual Forum on WBL for EaP region Georgia.

Sixteen partner countries participated in the Forum for Quality Assurance in Vocational Education and Training (VET), from South-Eastern Europe and Turkey⁴ and the Southern and Eastern Mediterranean⁵. The purpose of the Forum is to support its member countries to modernise and improve quality assurance in VET in accordance with the development of their VET systems and derived from their own existing policies and practices by providing the context and means for peer learning through transnational co-operation.

The Forum work plan is inspired by EU policy for quality assurance in VET and the EU Network, EQAVET. A meeting was held in Turin in July, 2018 to discuss progress with QA in the countries and in November the countries attended the EQAVET meeting in Vienna for the first time with EU MS as part of the VET Skills week.

Key outputs include:

- Financing work-based learning as part of vocational education and training: A handbook for policy makers and social partners,
- Work-based learning: How ready are we? A tool for ETF partner countries
- Position Paper on Digital skills and competences and Digital and Online Learning (DOL)
- Continuing Professional Development of VET teachers and trainers in the Western Balkans and Turkey

⁴ Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, Serbia, Turkey

⁵ Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Tunisia

- Factsheets on WBL in Candidate Countries
- Factsheets on Digital skills and online learning
- Work-based learning: A handbook for policy makers and social partners in ETF partner countries

1.5 Qualifications and qualification systems

Objective: to support countries to improve their qualifications and qualification systems to make NQFs a tool to modernise both initial and continuing VET for lifelong learning, employability and competitiveness.

Globally, the context for qualifications systems development is rapidly changing with learning becoming more skills oriented with more provision outside formal learning systems. Qualification reforms are becoming more systematically understood as a structural reform process in education and training. In the field of credentials, there is an increase in the digitalisation of recognition of qualifications, especially in higher education and the internationalisation of standards. The role of the private sector is becoming more important as an alternative to public provision. For instance, sectoral organisations rather than ministries play a leading role in identifying skills needs, developing standards and in assessment and certification.

ETF assisted 14 countries to progress implementation of their systems of qualifications and validation of non-formal learning, via policy analysis and capacity building, to develop, adapt and adopt methodologies and tools such as standards and registers. ETF steered EU projects, through inputs to TORs to upcoming projects in Ukraine and through analysis, advice and engaging project staff in EU experts networks for ongoing projects in Azerbaijan and Belarus.

Progress was made in Albania to update NQF legislation; in Kosovo and North Macedonia to introduce new regulations and procedures in VNFIL, enabling more providers to be accredited for this function increasing the benefits to people in gaining more qualifications quicker.

Georgia: modernising its qualifications register, through recoding in order to boost public and employer understanding of the country's qualifications and assisting international comparison.

Azerbaijan and Ukraine: further updating and application of occupational standards, which will increase labour market relevance of qualifications. In Ukraine, ETF was critical in setting up the new Qualifications Agency, now enshrined in law – a dedicated body which will accelerate NQF implementation and improve governance of the qualification system.

Central Asia: experts and stakeholders engaged through online seminars from all 5 countries, including employers, in analysing states of progress of their NQFs, using ETF developed self-assessment tool.

In EU support, two projects monitored, in Azerbaijan, advising on the new NQF law adopted in 2018; and advised the EU Delegation in Morocco on a Twinning Fiche.

Country progress is analysed and recorded in updates of 24 NQF Inventory country chapters, which remains a critical source of accurate information on Partner Country NQFs, for ETF's use in informing programmes in the countries, and in contributing to international knowledge and discussion.

ETF, in cooperation with the Council of Europe, provided a 2-day peer-learning event on Level 5 curricula and qualifications. This was organised with the CoE as both organisations work on NQFs and Level 5 is the main area of convergence. The event enabled 50 experts from 14 partner countries, from all 4 regions, to identify links between levels of qualifications and to identify gaps in provision. The outcome was that countries established sets of priority actions.

ETF contributed 4 country chapters - for Turkey, Kosovo, North Macedonia and Kosovo (these last three for the first time) for the new edition of the European Inventory on Validation, so giving the countries' policy makers and experts for the first time an external state of play analysis to inform policy choices in future.

The Qualifications Platform saw an increase in external blogs, engaging a wider number of members in discussions. Member numbers rose to more than 850.

In the EQF, the ETF advised Turkey on changes to its revised referencing report, so the country met Advisory Group's requests. Analysis provided to DG EMPL colleagues on future third-country links to the EQF, identifying policy options and criteria for prioritizing countries. In the World Reference Levels Group, chaired by UNESCO, inputs were provided to development of a draft global tool to facilitate understanding and recognition of skills and qualifications; the tool will also be available for use in the ETF partner countries when ready for dissemination.

1.6 Employment, skills and employability (including skills and migration)

Objective: to support partner countries to improve both initial and continuing VET in terms of labour market intelligence and skills for employability

In 2018, the ETF worked with 16 countries to support the development and use of labour market intelligence as an input to their employment and VET policy.

The highlight for the year in the work on employability for the ETF was the international conference 'Skills for the Future: Managing Transition' which brought together over 330 participants from over 50 countries held in Turin in November, 2018. In preparation for the conference, a survey was conducted on the future of work involving all partner countries and resulted in a report, "Getting ready for the future" on the perceptions of stakeholders about the future of work from transition and developing countries.

In 2018, the ETF started its work on mapping needs of countries to move towards future skills, the use of big data for labour market analysis and the impact of technology on skills demands in partner countries. These studies will be completed in 2019.

In the Eastern Partnership region, within the framework of Platform 2, the ETF facilitated knowledge exchange and peer learning between countries in – Skills anticipation in the area of digital data and Industry 4.0 in September in Dublin.

The ETF has actively contributed to country actions in Kosovo, Bosnia & Herzegovina, North Macedonia, Azerbaijan, Ukraine, Moldova, Algeria. An employers' survey has been launched in Lebanon after consultation and training of local stakeholders. 2018 Country fiches for SEMED and EAP completed. Development of an e-learning tool on skills anticipation ongoing.

Eastern Partnership Platform 2: Thematic workshop of Make it Match - Skills anticipation in the era of digital data and Industry 4.0, event successfully held in Dublin on 26 -27 September. Report on Big Data for labour market information /intelligence systems finalised. TAIEX events in Tunisia on "Skills Anticipation in the context of migration".

The ETF prepared in 2018 reports on youth transition in EaP countries as well as a synthesis report published on the Eastern Partnership website. Furthermore in 2018 seven studies on mismatch have been prepared and will be published in 2019 (Egypt, North Macedonia, Georgia, Montenegro, Morocco, Moldova, Serbia).

There is increased information and awareness of five relevant PCs on Mobility Partnership and its skills dimension, as a result of our activities. These are Jordan and Lebanon as a result of ETF MISMES activities from last year; in Tunisia, two TAIEX workshops on skills anticipation and matching in the context of the Mobility Partnership were organized and launched a debate about the need to further develop migrant support measures; in Moldova as per ETF contribution to the Local Cooperation Platform on the Mobility Partnership (June 2018 Chisinau); and Turkey as per ETF consultations for designing Facility for Refugees in Turkey (June 2018). As a result of our activities, as well as other EU-related funding and initiatives (e.g. 'Pilot Projects on legal Migration' initiative by DG HOME), skills-related measures for migrants and refugees have been developed in Jordan, Morocco, Tunisia and Turkey during 2018.

Key outputs

- Policies supporting youth transition to work in the Eastern Partnership countries
- Youth transition to work in Georgia, Moldova, Belarus
- Getting ready for the Future

1.7 Entrepreneurial learning and enterprise skills

Objective: to support partner countries to improve both initial and continuing VET in terms of entrepreneurial learning and enterprise skills

The ETF is active mainly through evidence collection (the Small Business Act –SBA- assessment) and only in a few countries directly involved in the implementation of policy actions as a result of improvements needed as identified by the SBA.

There is a fast growing interest in partner countries towards the adoption of entrepreneurship as a key competence (Albania, Bosnia & Herzegovina, Egypt, Armenia, Serbia, Tunisia, Kazakhstan and Kyrgyzstan), and development of mechanisms and working groups giving a positive acceleration towards adoption of entrepreneurship as a key competence (Georgia, Lebanon and Belarus).

In 2018, the ETF carried out the SBA assessment in all countries in the Western Balkans and Turkey. Preliminary scores were presented at a regional meeting at OECD in July. The SBA reports are published by the OECD.

During the year, the ETF promoted the good practice in entrepreneurial learning and awarded the ETF entrepreneurship award bringing together innovators from the EU and partner countries. The ETF also promoted VET and skills to be recognised as a framework condition in innovation ecosystems and therefore in strategies that target growth and competitiveness.

Key outputs:

- The SBA report for SEMED was published in 2018 and the findings presented at a regional conference in July (Tunis).
- Preparations for 2019 SBA assessment in EaP began with consultation with partner countries on questionnaires and data.
- The ETF has provided bilateral support SBA follow-up actions in Bosnia and Herzegovina, Montenegro, Moldova, Tunisia, Ukraine and Georgia.
- The ETF supported the commission in formulating its support to Belarus, specifically on linking VET and skills to national growth and competitiveness efforts.

1.8 ETF added value

Through external evaluations, as well as the consultation conducted by the ETF in 2018 in the framework of the development of the strategy post 2020, evidence on the areas of added value generated by the ETF are constant across groups and evaluations exercises. Evaluations commissioned by the ETF in 2018 were on the Torino Process and a meta-analysis of evaluations for the period 2014 – 2017 which included two rounds of stakeholder consultation in the form of a Policy Dephi (See annex 9).

The Torino Process evaluation concluded that the Torino Process remains a relevant and much-needed tool for the partner countries across all four geographic regions to improve VET policy analysis capacity, to empower stakeholders to participate in policy dialogue and to reflect on VET development priorities. The Torino Process country reports have been used to monitor VET-related reforms and often are the main source of up-to-date information on developments in the VET systems.

The meta-evaluation⁶ aimed at drawing lessons on the added value of the ETF and the feedback of stakeholders on the functions and products delivered by the Agency. 10 take-away have been identified as pointers for the ETF to retain for its future. Among those the following have a key importance:

- Unique mix. The combination of competences and approaches set the ETF apart from other organisations in the field of human capital development because of its thematic and geographical

⁶ [ETF meta evaluation 2018](#)

expertise; the capacity to involve stakeholders and create regional networks; long-term and continuous involvement in partner countries; and the European dimension of its work and the complementarity with Commission services and other EU agencies.

- Ability to deliver. The ETF's actions were relevant to the needs of the partner countries by collecting information and conducting in-depth analyses in several key areas of human capital development despite dynamic and sometimes unstable political environments.
- EU policies complementarity. The ETF's objectives and actions were highly complementary with EU policies and activities in the partner countries, as well as with those of other international actors in the field such as the EBRD, OECD, ILO, and the World Bank, as well as development agencies from EU Member States.

Based on evaluation results and feedback from stakeholders, the report adds that ETF has been particularly useful in supporting the Commission and EU Delegations during the different phases of the EU external assistance project cycle, including in the formulation, implementation, monitoring and evaluation of cooperation programmes. The ETF has been successful in supporting policy dialogue between the EU and partner countries. e.g. the ETF supported ministerial collaboration at regional level in Eastern Europe through the Eastern Partnership, and in Central Asia under the Astana Declaration by providing support to planning and implementation of the Central Asia Education Platform (CAEP). In the South, it has done so through the Union for the Mediterranean, and in South Eastern Europe and Turkey, through involvement in monitoring and reporting on the Riga deliverables under the Copenhagen Process. The ETF's interventions facilitated VET policy developments and had a visible impact on the reform process in several partner countries. Without the ETF, these developments would have taken place more slowly, differently or, possibly – not at all.

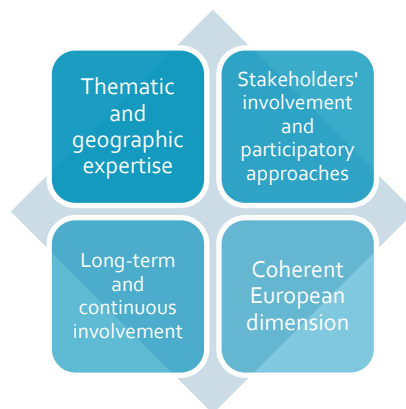
The most recent External Evaluation⁷ commissioned by the EC on the work of the ETF concluded that:

- Even though it has very limited resources per partner country, the ETF achieves effective interventions relevant to the needs of those countries across a broad range of activities and the organization's existence remains justified with respect to the objectives assigned to it;
- Overall the ETF is highly coherent with EU policies and its activities in partner countries are highly complementary with those of others. Indeed, it goes beyond ensuring that its own activities are complementary and helps partner countries to ensure that the different pieces of the complex jigsaw puzzles of development assistance fit together well.
- The ETF is well respected by other international and multinational agencies. It has a solid reputation for its expertise and is invited to participate as a full partner in global projects, conferences etc. It is a knowledge co-creator and 'punches above its weight' given its size.
- Overall, the size of the ETF's budget and human resources are appropriate and proportional to what the ETF is expected to achieve in specific terms, i.e. given the specific requests made of it. However, they are insufficient for the ETF to fulfil its mandate in its fullest sense across all partner countries.
- In terms of cost effectiveness, alternatives to the ETF are unlikely to be preferable and indeed they have a high risk of being less effective especially in the short to medium term.

⁷ [ETF External Evaluation 2016](#)

Furthermore, the external evaluation notes that ‘the added value created by the ETF mainly lay in four specific fields: the thematic and geographical expertise and the synergies it achieves between the two; its capacity to involve stakeholders and create regional networks; its long-term and continuous involvement in partner countries; the European dimension of its work and the complementary nature of its activities with respect to the Commission services and other EU agencies’

ADDED VALUE OF THE ETF COMPARED TO OTHER RELEVANT ACTORS



Source: European Commission (2016), External Evaluation of the European Training Foundation. Final Report by the EFECTIV Consortium.

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains how the ETF delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and all other relevant information that support the ETF management’s assurance on the achievement of the financial management and internal control objectives. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes relevant to the ETF.

The second subsection deals with other components of organisational management: human resources, information management and external communication.

2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director. The reports produced are:

- Quarterly Management Report

- Annual Progress and Performance Report
- The annual assessment and review of internal controls by the ETF management and internal control coordinator
- Evaluation reports
- Ex-post audit reports
- The observations and recommendations reported by the Internal Audit Service (IAS)
- The observations and the recommendations reported by the European Court of Auditors (ECA)

BUDGET MANAGEMENT

Overall Budget ETF (EU Contribution) (€)	2018	2017	2016	2015	2014
	20,144,018	20,144,089	20,146,132	20,153,042	20,158,053

Out of the €20 144 017.91 available as EU contribution (€20 144 000 as EU funds and €17.91 as accumulated interest), in 2018 the ETF has committed 99.99% (compared to 99.93% in 2017, 99.99% in 2016 and 99.89% in 2015), paid 98.07% (97.97% in 2017, 97.66% in 2016, 96,04% in 2015) and has performed 7 budgetary transfers (7 in 2017, 7 in 2016, 9 in 2015).

OVERALL ETF BUDGET 2018 (EU CONTRIBUTION)

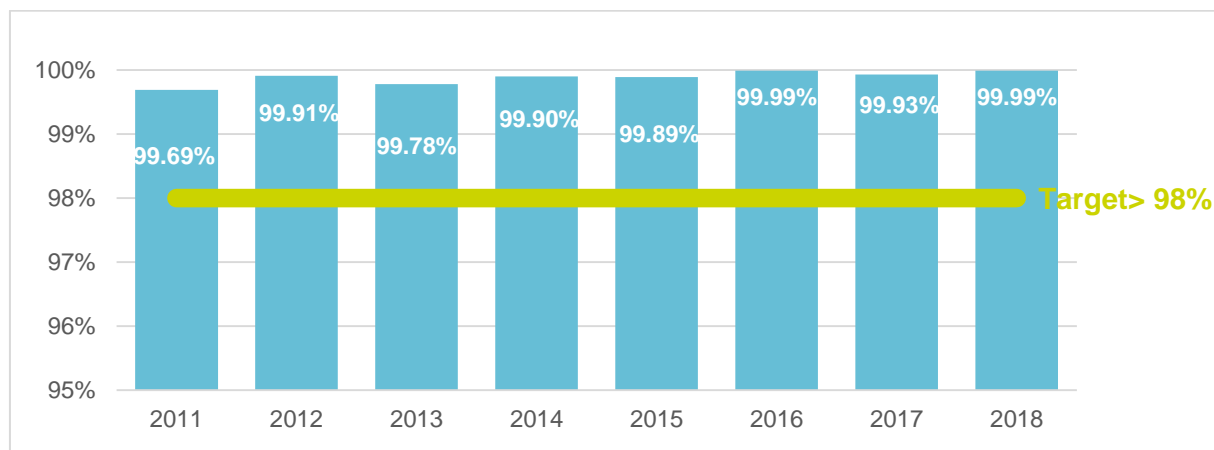
	2018	2017	2016	2015	2014
Overall Budget ETF (EU Contribution)	20,144,018	20,144,089	20,146,132	20,153,042	20,158,053
Committed (C1)	20,141,889	20,128,994	20,144,796	20,130,677	20,137,595
Rate (%) of implementation of Commitment Appropriations	99.99%	99.93%	99.99%	99.89%	99.90%
Rate (%) of cancellation of Payment Appropriations	0.11%	0.28%	0.44%	1.85%	0.934%
Rate of payments executed within the legal/Contractual deadline	93.3%	94.0%	91.3%	85.0%	78.6%
Rate (%) of outturn (Total payments in year N and carry-forwards to Year N+1, as a % of the total EU funding and fee income, where applicable, received in Year N).	99.94%	99.93%	99.99%	98.51%	99.47%
Payments Executed out of year's budget (PAY C1+ PAY C8T3) / Budget	98.07%	97.97%	97.66%	96.04%	94.85%
Overall CF+RAL into N+1	8.53%	9.09%	10.12%	11.55%	13.14%
Amount CF+RAL into N+1	1,719,011	1,831,540	2,039,124	2,326,674	2,679,538
CF in N+1 - T1	0.7%	0.6%	1.2%	1.4%	1.5%
CF in N+1 - T2	14.7%	16.9%	18.4%	16.1%	36.2%
Total CF (T1&T2)	2.5%	2.6%	3.1%	3.3%	6.4%
RAL in N+1 - T3	27.8%	30.8%	30.3%	36.4%	32.4%
Number of Transfers	7	7	7	9	8
Transferred budget	4.2%	5.4%	6.1%	8.2%	7.1%
Lines with more than 3 transfers	11	13	15	10	15
Number of transfers in the last 2 months	3	3	3	5	4
Amount committed last two months for T2	8.1%	26.7%	24.0%	22.4%	34.8%
Amount committed last two months for T3	12.0%	10.6%	11.0%	14.5%	12.6%
Cost of GB meetings (2 or 3* per year)	116,555.00	152,100.64*	199,589.56	226,811.15	189,781.92
Total to be reimbursed:	21,745.18	57,010.39	87,703.81	373,397.00	188,193.47

COMMITMENT AND PAYMENT RATES

Budget 2018	Available Budget (€)	Committed (€)	%	Paid (€)	%	Carry Forward/ RAL into 2019 (€)	%	Carry Forward/ RAL from 2017 Paid (€)	%
Title 1	13,345,153	13,343,844	99.99%	13,256,732	99.3%	87,112	0.7%	71,899	92%
Title 2	1,978,114	1,977,880	99.99%	1,687,216	85.3%	290,665	14.7%	313,674	99%
Title 3	4,820,751	4,820,164	99.99%	3,529,290	73.2%	1,290,874	26.8%	1,282,042	89%
Grand Total	20,144,017	20,141,889	99.99%	18,473,238	91.7%	1,668,651	8.3%	1,667,615	91%

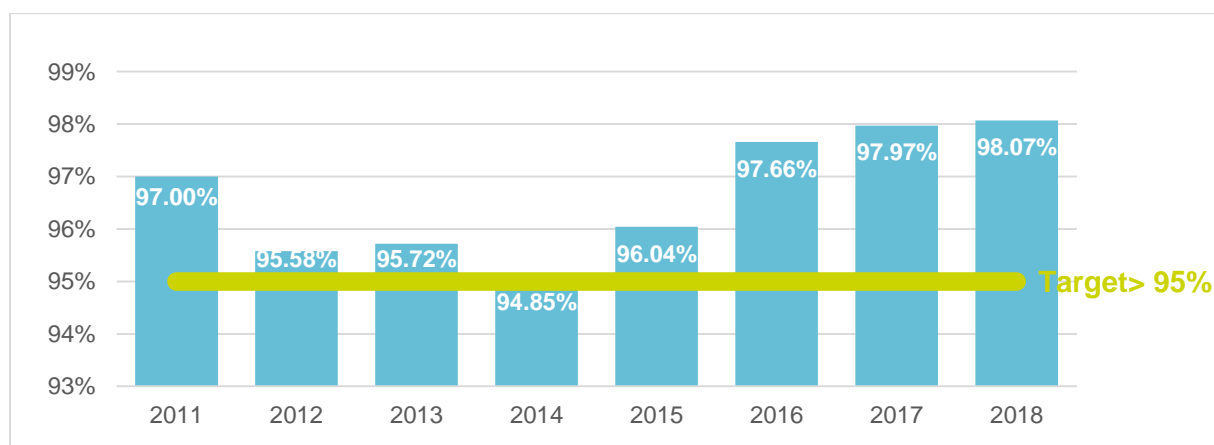
The 2018 commitment rate (99.99%) maintains the excellent level of previous years and indicates the continued upholding of high standards for budget management, planning and monitoring.

COMMITMENT RATE EVOLUTION



The overall payment rate (97.97%) is similarly the highest in recent years, and confirms the benefits of the increased monitoring of payments.

PAYMENT RATE EVOLUTION



Transfers

The ETF carried out seven budgetary transfers (compared to seven in 2017, seven in 2016, nine in 2015), maintaining the improvement from previous years. The overall amount transferred was less than in previous years (4.2% in 2018, 5.4% in 2017, 6.1% in 2016 and 8.2% in 2015). This is attributed to the fact that a list of reserve activities was maintained during the year.

Payment Times

The ETF continued to respect payment times with only 59 out of 880 payments being paid after the deadline (6.7%). This is also in line with the improvements of previous years (6% in 2017, 8.7% in 2016 and 15% in 2015).

Amount returned to the EU budget (Budget outturn)

The amount to be reimbursed to the EU budget is €21,745.18€, representing 0.11% of the total EU contribution, which is the lowest the ETF has returned in recent years (€57,070 in 2017, €87,703 in 2016; €373,397 in 2015; €188,193 in 2014). This is a very good result, considering that the threshold which would have an impact on budget negotiations is 5% (1 M€).

Carry Forward and RAL 2018-19

Overall, the carry forward (Titles 1 and 2) has decreased from 6.4% in 2014-15; 3.3% in 2015-16, 3.1% in 2016-17 and 2.6% in 2017-18 to 2.5%, which is an indication of the improved alignment of the ETF's administrative activities and their payments to its annual cycle and increased monitoring of open commitments and follow-up of payments. The RAL (reste à liquider) is also reduced compared to previous years, 27.8% compared to 30.8% in 2017-18, 30.3% in 2016-17; 36.4% in 2015-16; 32.4% in 2014-15 and 34.0% in 2013-14.

In Title 1, the €87,112 (0.7%) carried forward is at a similar level as the 2017 figure of €78,436 (0.6%), 2016 (€155,186 - 1.2%); 2015 (€180,398 - 1.4%) and 2014 (€183,350.40 - 1.5%), attention threshold 10%, and is linked mainly to:

- Learning and development €36 176 (€41,823 in 2017-18, €72,972 in 2016-17)
- Payment for end of year interim support , relocation and reception services for €29,837 (€11,703 in 2017-18, €47,683 in 2016-17)
- Administrative missions €7,546 (€10,206 in 2017-18, €13,548 in 2016-17)
- Other smaller amounts which represent social activities €4,691 (€7,940 in 2017-18, €7,394 in 2016-17), medical expenses €3,578 (€2,283 in 2017-18)

In Title 2, the €290,665 (14.7%) represents a continuation of the excellent performance of 2017 (€317,371 - 16.9%), 2016 (€313,450 - 18.4%) and 2015 (€316,442.29 -16.1%) (attention threshold 20%) and is derived mainly from:

- Building maintenance €70,712 (€170,718 in 2017-18, €45,509 in 2016-17)
- Software development €108,412 (€68,002 in 2017-18, €69,409 in 2016-17)
- Hardware €66,687 (€6,092 in 2017-18)
- Telecommunications €5,073 (€49,549 in 2017-18, €37,140 in 2016-17)
- Other smaller amounts represent furniture €5,750, stationery €6,484, mailing €500

The achievement of maintaining a below-threshold carry forward level for Title 2 can be attributed to the anticipation of activities, as well as to precise contract management and monitoring of activities and payments.

The main items of expenditure which have generated unspent carry forward in previous years (training, telecommunications) were followed up more closely and the amount of their carry forward into 2019 has been kept under control.

In Title 3, the RAL of 27.8% is for the first time below the threshold of 30% - (32.4% in 2014, 36.4% in 2015, 30.3% in 2016 and 30.8% in 2017), mainly due to the considerable reduction in open mission claims payments, and better planning/scheduling of activities. The operational RAL largely concerned activities completed in 2018 but which would be paid only in 2019 (52.9%) or activities already planned for 2019 (40.7%) with only 6.5% the result of delays.

2018 BUDGET IMPLEMENTATION OVERVIEW

	Title	Subvention 2018	Committed in 2018	Paid in 2018	To be paid in 2019 (RAL)	Done in 2018 pending payment	of which	
							To be implemented in 2019	
							planned	delayed
Admin (CF)	T1	13,345,153	99.99%	99.3%	0.7%	0.5%	0.2%	0.0%
	T2	1,978,114	99.99%	85.3%	14.7%	8.3%	6.4%	0.0%
	T1+T2	15,323,267	99.99%	97.5%	2.5%	1.5%	1.0%	0.0%
Operational (RAL)	T3	4,820,751	99.99%	73.2%	27.8%	14.7%	11.3%	1.8%
	T3 – pre-2017	1,435,732		89.3%				
Overall ETF		20,144,018	99.99%	98.1%	8.5%	4.6%	3.5%	0.4%

Cancellation of carry overs from 2017

At the end of 2018, the cancelled carry overs amounted to €10,235 which is a considerable improvement compared to previous years (€42,925 in 2017, €87,788 in 2016; €53,404 in 2015; €85,129 in 2014).

In order to reduce the amount of cancelled appropriations, the ETF has implemented a series of measures such as:

- budget reallocation - out of the list of reserved activities which could receive funding should there be appropriations available, the ones which generate a reduced carry over and with the highest likelihood to be paid are preferred.
- appropriation management - the ETF implements its Title 3 budget as differentiated appropriations thus generating "Reste à Liquider"(RAL) rather than carry forward; unpaid RAL does not lead to cancellation of appropriations, as long as the payment appropriations allocated for them are re-assigned to other ongoing payments.

- re-evaluation of commitments - in the last months of the year (usually December) all open commitments are re-evaluated, so that only the amount actually needed is carried over.
- risk assessment - in the case of some commitments where the incertitude is higher (missions, events, utilities), a risk assessment is made and commitments reduced so that they cover the most likely expenditure/participation, taking the conscious risk therefore that in N+1 there might be a small additional commitment.
- planning of activities - the start and end date of activities are critically assessed and activities are planned so that the general carry overs are reduced.

Cost effectiveness and efficiency of controls

Based on an examination of the most relevant key indicators and control results, the ETF has assessed the cost effectiveness and efficiency of controls related to financial, budget and procurement management.

Legality and regularity of the transactions

ETF has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

Ex-ante control systems are in place with the definition and regular review of the financial circuits and related controls' roles and responsibilities. Segregation of tasks, risk management, avoidance of conflict of interests, adequate audit trails and procedures are control activities integrated in the ETF control strategy. It includes a variety of checks, supervision arrangements and where appropriate a balance of approaches to mitigate risks, considering manual and automated controls, and preventive and detective controls.

In 2018, ETF continued to receive clean opinion from the Court of auditors on the legality and regularity of the transactions.

Results of ex-ante verification show a relatively low of risk of errors with a proportion of 8% of transactions being stopped for correction or refused.

Fraud prevention, detection and correction

ETF has developed and implemented its own anti-fraud strategy since 2014, elaborated on the basis of the methodology provided by OLAF.

Considering the benefits resulting from the control strategy, namely low risk of fraud, favourable auditor's opinion, low reputational damage, low number of errors, the budget related control strategy is considered effective overall.

In 2018, developments in financial management were guided by the overall objective of increased efficiency, digitalisation of processes and assessment of risks inherent to financial transactions and systems.

The payment process continued to be improved with a reduction in the length of the process and the removal of paper copies for processing invoices. The E-procurement project progressed with the receipt of electronic invoices (e-invoicing) and preparations for the receipt of electronic offers for open tenders (e-tendering and e-submission).

The average Time-to-award was 1.9 months in 2018, which is an improvement compared to previous years (2.2 months in 2017).

The ex-ante control strategy can be said to be efficient overall, but has been revised at the end of 2018 in order to further differentiate the level of controls to the risk-profiles of the amounts processed.

Inter-institutional tenders

Synergies with other institutions (EC or agencies) on procurement has been sought with a systematic ad-hoc opportunity assessment to all procurement needs. The ETF was part of 26 inter-institutional contracts, has participated in 1 tender launched by another institution and has opened 2 ETF tenders to other agencies.

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. The ETF's assurance building and materiality criteria are outlined in Annex 4. Annex 5 outlines the internal control principles and indicators used to measure the performance of the control systems.

Results of internal transactional ex-post controls

The outcomes of the 2018 ex-post controls on financial transactions with a risk-based sampling of commitments and payments confirm that:

- The expenses included in the payment transaction sample, reflecting expenditure incurred between 1 January and 31 December 2018 through light workflow for low risk transactions, were properly documented and duly authorised;
- The funds were used for their intended purpose and disbursed in accordance with the ETF regulatory framework and the principles of sound financial management; and
- The control system set up for low risk payments and budgetary commitments level 2 on level 1 is considered well designed and is operating effectively in all material respects.

The exercise also included the ex-post verification of a sample of approved mission orders to assess the level of compliance with the new mission rules introduced in April 2018.

Results of risk management process

The 2018 risk management process was embedded into ETF activities at various levels: high level macro level risks were assessed during the programming of the 2018 work programme, this led to the development of the ETF risk register for 2018. In addition, risk assessments were embedded into the planning of projects to ensure that activities planned for the next year took into account any risks which could hinder the achievement of the results. Operational level risks identified throughout the year were assessed and monitored on a quarterly basis to ensure mitigating actions were implemented where necessary.

The above approach to risk management in the ETF enables a comprehensive and consistent control over the potential risks which may affect the achievement of the organisational objectives at strategic, organisational and operational levels.

Considering the ongoing instability in some ETF partner countries, monitoring the particular risks is very important. The ETF needs to be prepared in case the perceived level of risk changes in a given country.

Overall, the risk management exercise in 2018 showed that the risk profile of the organisation is medium/low. The same risk profile was recorded in last three years.

Analysis of registered exceptions

The combined value of all four exceptions/non-compliances for 2018 is €93,139.86 that represents 0.46% of the total budget 2018. (in 2017 there were 6 exceptions/non-compliances with a total value of €47,382.93 representing 0.24% of the total 2017 budget (two non-compliances were registered for 2016 with a financial value of 0.07% of the total 2016 budget).

2.1.2 Audit observations and recommendations

This section reports and assesses the observations, opinions and conclusions reported by auditors in their reports as well as the limited conclusion of the Internal Auditor⁸ on the state of internal control, which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

The ETF has never received any critical recommendations from controlling bodies and 2018 was no exception.

European Court of Auditors (ECA)

Audit on legality and regularity of transactions: ECA carried out an audit site visit in October 2018 on the legality and regularity of transactions for the financial year 2018. ECA will finalise the 2018 audit by carrying out an audit desk review in March 2019. The 2017 final audit report issued in 2018 by ECA for the ETF contained a clean unqualified audit opinion.

Audit on ETF accounts 2018: The financial audit on ETF accounts for 2018 was carried out by PKF Littlejohn LLP in February 2019. This audit was outsourced through the inter-institutional framework contract on audits and controls.

Internal Audit Service (IAS)

Audit on Human Resources Management and Ethics in the ETF: The audit site visit took place in November 2018. The final audit report is expected at the end of April 2019.

Follow up on IAS audit 2017 on Progress Monitoring in VET through the Torino Process in the ETF: All four outstanding IAS audit recommendations (3 ranked as 'important' and 1 ranked as 'desirable') were fully implemented by the ETF in 2018 and formally closed by IAS in February 2019.

The ETF does not have any outstanding open audit recommendations issued by IAS.

⁸ The ETF is audited by both internal and external independent auditors: its internal audit is the Commission Internal Audit Service (IAS) and the European Court of Auditors (ECA).

The information above confirms the trend of positive audit results on the ETF and is a strong indicator of ETF performance to support the management assurance on the achievement of internal control objectives⁹.

2.1.3 Assessment of the effectiveness of the internal control systems

The ETF has carried out an annual assessment of its internal controls since 2004. The assessment helps the ETF to ensure compliancy, report on the effectiveness and obtain reasonable assurance that control systems in place in the ETF function correctly, and that any potential weaknesses are addressed in the form of corrective actions.

2018 is the first full year of implementing the revised internal control framework, as the ETF Governing Board adopted the 17 Internal Control Principles in November 2017¹⁰ ready for implementation as of 2018. The revised framework aims to provide a robust yet proportional internal control system that is tailored to the ETF environment. In January 2018, the ETF developed and approved the methodology and first set of IC indicators to monitor the internal control principles¹¹. The 2018 annual assessment has been strengthened as it is supported by regular monitoring of ICP indicators, and is based on a management assessment of each principle and a review and assessment by the Internal Control Coordinator at the level of components (groups of principles) and an overall assessment and conclusion.

The results of the annual assessment of the effectiveness of the internal control systems based on the internal control principles are positive. (See Annex 11) All Internal Control Principles were assessed as either 1 (effective system in place) or 2 (is present and functioning). 11 out of 17 (65%) were assessed as category 1 and 6 out of 17 Internal Control Principles were assessed as category 2. No principles were assessed as having critical weakness (principle not present and functioning / ineffective system).

From examining the results of the management assessment of each principle, and the review and assessment of the Internal Control Coordinator, it is clear that the results are positive and the ETF's internal control system is present and functioning well, only minor improvements are needed. The results of the assessment are in line with priorities set for 2019.

2.1.4 Conclusions on the impact as regards assurance

The information reported in sections 2.1, 2.2 and 2.3 stem from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and completely covers the budget delegated to the ETF.

The declaration of assurance of the ETF Authorising Officer in the 2017 Annual Activity Report did not contain any reservations.

9 Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 30).

10 GB/17/DEC/014

11 ETF/18/DEC001

Based on the criteria established by the ETF policy to define the materiality criteria for the Director to base his decision as to whether a reservation should be included in the annual declaration of assurance in the context of annual activity reporting, **the ETF has no reservations to report for 2018.**

Overall Conclusion

In conclusion, management has reasonable assurance that, overall suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5 Declaration of assurance

Declaration of assurance in cascade¹² by (Sub) Delegated Authorising Officers

In 2018, budgetary implementation powers were delegated by the Authorising Officer through a Director's Decision¹³, which allocated the different budgetary areas, including specific budget lines, to the delegated and sub delegated authorising officers ((S)DAOs). In line with ETF rules and procedures on the deputising mechanism and the presence of managers on the ETF premises¹⁴, it introduces a second level of back-up for delegated authorising officers, in order to reduce the number of transactions to be approved by the Director and ensure transactions are dealt with by the most informed authorising officer available.

The decision is accompanied by individual delegations, signed by the Director, the authorising officer by delegation and his/her back-up. The signature of the act confirmed the acceptance of the charter of the authorising officer by delegation.

To reinforce the assurance cascading process, in an annex to each declaration of assurance signed by (S)DAOs, the (S)DAOs are required to report/account for the use of their respective budgetary powers and issue a special declaration at the end of the year to confirm their compliance with the charter. The statement of the (Sub) Delegated Authorising Officers (see template in Annex 1) aims also at informing the flow between ETF Managers and the Director on internal control matters in the context of the preparation of the Annual Activity Report.

The Director has reasonable assurance that, overall suitable controls are in place and working as intended; risks are appropriately monitored and mitigated; and necessary improvements and reinforcement measures are being implemented. As a result, there have not been reasons to introduce any reservation for the year 2018.

¹² Annex 1 – Declaration of assurance in cascade

¹³ ETF/12/DEC/002 Issue 5

¹⁴ ETF/12/DEC/003



DECLARATION OF ASSURANCE

I, the undersigned, Cesare ONESTINI, Director of the European Training Foundation in my capacity as Authorising Officer,

- declare that the information contained in this Consolidated Annual Activity Report 2018 gives a true and fair view¹⁵,
- state that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal as reported in this report, among others:

- the end of year declaration of assurance issued by (Sub) Delegated Authorising Officers based on the knowledge gained from daily operation and management supervision activities;
- the results of the annual review and management self-assessment of the internal control system and organisational performance;
- the results of the internal transactional ex-post exercise;
- the progress and follow-up of risk management activities;
- the results and follow-up of ex-post audits and controls;
- the results of ex-post evaluations and the monitoring of ETF activities;
- the recommendations of the Internal Audit Service, the accompanying action plans and their follow-up; and
- the lessons learnt from the reports of the Court of Auditors for the years prior to the year of this declaration.

I confirm that I am not aware of anything not reported here which could harm the interests of the institution.

13.05.2019



¹⁵ True and fair in this context means a reliable, complete and correct view on the state of affairs in the institution.

2.2 Other organisational management dimensions

Other organisational management dimensions are outlined in this section, such as human resources management, stakeholder relations, governance, information management and ICT systems as well as facility management.

2.2.1 Human resource management

In accordance with its 2018 Work Programme focussing on three main pillars whose overall scope were to contribute to overall staff performance and efficiency and thus the ETF's, the following main achievements were reached:

Investing in learning and development for staff and managers and promoting staff well-being and engagement:

Learning and development

- Implementation of learning and development programmes both in line with the anticipation of expertise needs 2016-2020 and ETF's management team requests and priorities;
- All staff participated in at least one of the 144 (141 in 2017) learning and development activities offered; satisfaction rate on quality of the training courses delivered reached 86% (84% in 2017);
- A newly appointed manager received internal info session on people management best practices, rules and procedures, on top of a compulsory external training;
- Information sessions for all staff and dedicated sessions for managers who became fully responsible for the assessment and approval of their staff training requests were delivered following the introduction of the new Learning and Development framework.

Staff well-being

- Continuous encouragement for staff to undergo extended annual check-up programmes and regularly meet the ETF Medical Advisor.
- Extension of the services provided in the area of psycho-social support, introduced for the first time in the ETF in late 2016;
- Part of the time of one staff member is now used to lead physical activity classes which are open to all staff outside of core hours with the aim of enhancing both physical and psychological health;
- Selection and training of the new group of confidential counsellors in the context of the protection of the dignity of people were organised and information campaign regarding staff support in this area was renewed.

Adapting and designing human resources policies that promote modern HR management practices, support the sustainable development and performance of the organisation and encourage the efficient and effective use of its expertise :

- A bridging HR Strategy that will lead towards an ETF HR Strategy in 2019 once the overall ETF strategy has been finalised and presented to all staff;
- A new staff engagement survey was launched and results presented to all staff. Follow-up actions will be managed during 2019-2020;
- The concept of voluntary mobility at horizontal level was introduced. Following the three calls of expressions, five staff have changed jobs;
- A revised traineeship policy was drafted and the first call launched;

- The following main guidelines for internal use were reviewed: managing performance, selection principles for recruitment boards, the use of interims, start of service, learning and development.
- Efforts were also made in the area of internal communication and a new Intranet was developed. The use of ETF social network tool was also encouraged for sharing/accessing easily information and decisions.

Ensuring full compliance with the regulatory framework and adoption of the Commission's human resources management system:

Regulatory framework

The following implementing rules were adopted by the ETF Governing Board during 2018:

- Middle Managers (update),
- Advisers (new),
- Whistleblowing (new),
- Outside activities and assignments/occupational activities after leaving the service (update)
- Framework for Learning and Development at the ETF (new)
- Guide to missions and authorised travel (update)
- Temporary occupation of management post (update)
- Teleworking in the ETF (update)

As in previous years no comments from auditing bodies nor complaints from staff were received.

HR management systems

Improvement of existing HR software (ALLEGRO) for continuous efficiency gains for end users were made or adaptation to new rules (i.e. new learning and development framework);

The implementation of the Commission HR management system (SYSPER) continued with the completion of all steps foreseen for the year (preparatory work for the creation of ETF architecture, data extraction from existing system for importing in the Commission systems etc.).

Health, safety and security

In 2018 the new Security Officer took office. The crisis management team was revamped, the team was trained and the crisis management policy finalised and disseminated to all staff.

A second round of the Hostile Environment Awareness Training (HEAT) was offered to all staff, in addition to first aid training.

Collaboration with the European Union External Action (EEAS) continued for the risk assessment of threat level four countries. A draft memorandum of understanding between the ETF and the EEAS was under negotiation and will be finalised in 2019.

The planned air quality analysis started at the end of 2018 will run until mid-2019 to ensure a continued healthy work environment.

2.2.2 Data protection, Ethics and Integrity

Data Protection

2018 set a key milestone for Data Protection as the new General Data Protection Regulation (GDPR) Regulation 2018/1725 entered into force and the ETF made a major effort in ensuring compliance by

the deadline, to fully align its records on processing of personal data and related privacy statements into the new format requirements. This was complemented by a series of trainings and awareness raising events organised for the ETF staff but also hosting colleagues from other agencies and institutions. The EDPS kindly supported the ETF compliance process with advice as well as offering dedicated training sessions on the incoming changes.

In the course of the year, the data protection function was carried out by the Data Protection Officer and Deputy Data Protection Officer.

Ethics and Integrity

In the course of the 2018, the ETF consolidated the investments made in 2017 in the Ethics and Integrity area which aimed at improving transparency as well as preventing fraud and wrong doings:

- the role of the European Anti-Fraud Office Correspondent and Ombudsman Correspondent was combined with the role of Ethics and Integrity Correspondent in order to have one central channel through which staff could report wrongdoings while ensuring independence and confidentiality.
- a dedicated intranet section was established to provide staff with detailed information on the topic and related ETF policies, particularly in the area of conflicts of interests, whistle-blower protection and harassment.
- a new Code of Good administrative behaviour, inspired from the Ombudsman model, was adopted and disseminated to staff through awareness raising events;
- a full programme of induction and training for managers and staff members was also established;
- all documents relating to the area of ethics and integrity has been compiled and made available within a dedicated intranet section.

In the course of the year 2018, the ethics and integrity function was carried out by the ETF Legal Advisor (also wearing the hat of Ethics and Integrity Correspondent).

2.2.3 Facilities and ICT management

Facilities management

Area	Indicator and Target	Achievement 2018	Achievement 2017
Facilities	Annual reduction of building cost/m2 (target >1% after correction for inflation and energy costs)	2%	1.85%

In 2018 the separation of the utilities systems was completed and a contract for the provision of gas supply was signed. It is estimated that with the new system the ETF will save 15% in electricity and 10% in gas consumption.

A new contract with the Regione Piemonte for the establishment of a new cost sharing agreement beyond 2018 in addition to the continuation of the extraordinary maintenance was proposed.

ICT management

Area	Indicator and Target	Achievement 2018	Achievement 2017
Information and Communication Technologies	Availability of IT critical systems (target >99%)	99.6%	99.8%
RUN vs GROW ICT	budget ratio target <75%	70.8%	63.1%

Migration of the data centre to the cloud started during the year with the move of the PBX and partly of Office 365. With the implementation of new telecommunications contract, the ETF can now monitor the consumption of mobile phones. A mobile device was tested with a view to replacing existing thin clients and the first batch of mobile devices was ordered. PM² methodology was used to carry out the related business case. A digital innovation report was drafted with external consultants and disseminated.

An additional online meeting room was made available to satisfy the growing number of requests. There were 151 online meetings held in the meeting rooms in 2018, compared to 115 in 2017.

Business Continuity Plan

In 2018 the Business Continuity Plan was kept up to date including related process maps and procedures.

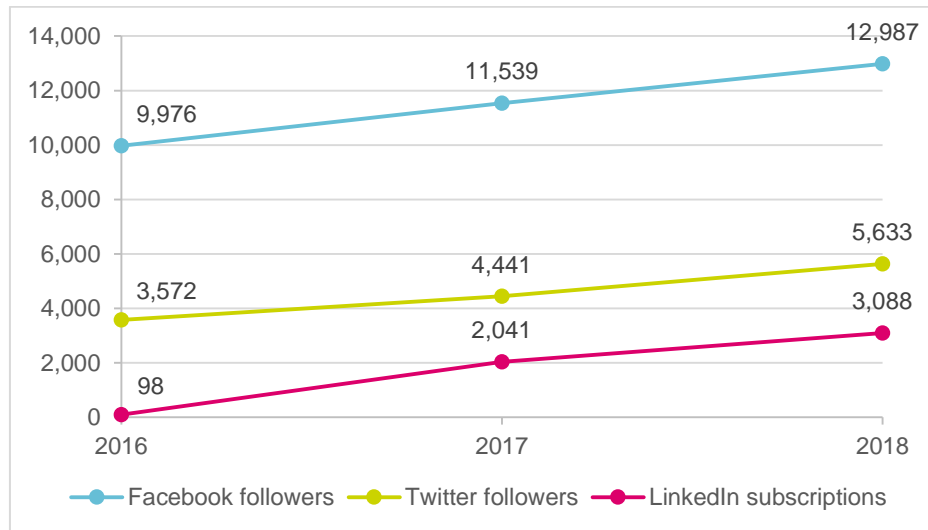
2.2.4 External communication activities

The Skills for the future conference with more than 350 delegates from over 50 countries was held in Turin in November, 2018. The success in the communication impact of the conference was seen mainly in the social media reach through use of video in Facebook live. The videos posted reached in some cases over 60,000 views. As a result of the social media use around the conference, ETF Facebook influence grew by 900% compared to the pre-conference phase to a reach of 173,175 persons and to 52,765 post engagements (the reached audience was extremely targeted - per interests, age and geographic location) Additionally there was extensive coverage in the Italian media and collaboration with Politico with over 5,000 people following the conference via live stream.

The #Skills4Future tag was used around 1,200 times and is still currently being used by other users not directly linked to the ETF conference, but rather to the topic. This is key indicator of success as it means that the ETF has generated a trend around the topic.

In order to further improve the ETF communication outreach the new ETF website was launched in 2018. This will enhance dissemination and networking through integrating the website and social media.

SOCIAL MEDIA GROWTH 2016 - 2018



The communication and dissemination indicators used to monitor external communication currently within the ETF focus on more traditional media and do not yet take into account the new approaches being introduced. New indicators still need to be developed to better capture the new methods for comparable data in the future.

The table below summarises the communication and dissemination indicators compared to 2017.

COMMUNICATION AND DISSEMINATION INDICATORS			
		2018	2017
Multimedia	Number of page views*	2,408,938	4,614,552
	Website visits*	528,103	861,754
	Number of unique visitors to the website	293,368	444,667
	Number of downloads of PDFs ⁺	351,319	837,236
	Video production	47	38
	Web news items	85	50
	Facebook live reach – no of impressions	173,175	-
Publications	in house printing (number of sheets)	239,262	400,000
	External/offset printing (number of prints)	11,800	15,660
	Number of papers reviewed by Editorial Board	5	8
	Live & Learn	3	3
Events	Number of participants in international and regional events	953	979

With the migration to the new website, the web statistics for 2018 more accurately reflect the actual number of visitors. By excluding web crawlers, the resulting figures are significantly lower than in 2017. The reduction in PDF downloads is also attributed to the launch of the new website as users may need time to adjust to the new organisation of the site.

* Method of calculating website visits decrease attributed to new method of calculation to screen out traffic from webcrawlers.

ANNEX 1 - TEMPLATE 2018 CASCADING DECLARATION OF ASSURANCE BY (SUB) DELEGATED AUTHORISING OFFICER

2019-xxxx

I, the undersigned,

FULL NAME

In my capacity as (Sub) Delegated Authorising Officer for the period:

1 January 2018 – 31 December 2018

In accordance with Director Decision ETF/12/DEC/002 (issue 5)¹⁷ and with the ETF Charter of Tasks and Responsibilities of Authorising Officers by (Sub) Delegation,

State that I have reasonable assurance that:

- the resources assigned to the activities delegated under my responsibility have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions¹⁸ including *the provisional nature of operations which might be subject to future clearance of accounts or closure procedures*;
- there have been no known irregularities, problems, existing or potential, involving management or employees who have a significant role in internal control or that could have a material effect on the assurance declaration and that could be subject to a reservation in the Annual Activity Report 2018¹⁹. (Delete if not applicable and report in Table 4 of Annex A on material/significant reservation and on measures taken or proposed to solve problems identified).

This reasonable assurance is based on my own judgement and on the information at my disposal, in particular:

- Results of management information gained from daily operations and management supervision activities;
- Results of the risk management process and its follow up;
- Results of the annual review and management self-assessment of internal control systems and performance management framework²⁰
- Results of the ex-post audits and controls and their follow up;
- Results of ex post evaluations and their follow up;
- Observations of the Internal Audit Service and their follow up; and
- Findings of the Court of Auditors for the years prior to the year of this declaration.

I confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Signature:

Date:

¹⁷ ETF/12/DEC/002 issue 5 Delegation of (Sub) Authorising Officers for Budget Implementation

¹⁸ Annex A contains information on budget execution rates, exceptions registered, negotiated procedures without prior publication of a contract notice (ex. article 134 RAP2012) and issues of material/significant reservation related to the respective DAO for 2018.

¹⁹ ETF/09/DEC/018 issue 2 (03/02/2012) ETF Policy on Materiality Criteria

²⁰ ETF/17/DEC/005 (26/04/2017) ETF Performance Management Framework

[Enc.](#) Annex containing budget execution rates, registered exceptions, negotiated procedures without prior publication of a contract notice (ex. article 134 RAP2012) and issues of material/significant reservation related to the respective (S)DAO in 2018.

Annex A

[Full Name] Head of XXX

Table 1: Budget Execution 2018

Table 2: Exceptions registered in 2018

Table 3: Negotiated procedures without prior publication of a contract notice (ex. article 134 RAP2012)

Table 4: Problems that could be subject to reservation in the Annual Activity Report 2018

TABLE 1: BUDGET EXECUTION 2018²¹ BY DELEGATED AUTHORISING OFFICER

Committed (€)	Paid (€)

TABLE 2: EXCEPTIONS REGISTERED IN 2018

Exception Ref.	Subject	Type of exception	Value (€)
Total Value (€)			

TABLE 3: NEGOTIATED PROCEDURE WITHOUT PRIOR PUBLICATION OF A CONTRACT NOTICE (EX. ARTICLE 134 RAP2012) IN 2018

Contract N°	Negotiated procedure ex article 134 RAP Ref.	Contractor Name	Type of purchase	Value (€)
Total Value (€)				

TABLE 4: PROBLEMS THAT COULD BE SUBJECT TO RESERVATION IN THE AAR 2018

Identified existing or potential problems/reservation	Measures taken or proposed to solve problems identified	Materiality/Significance

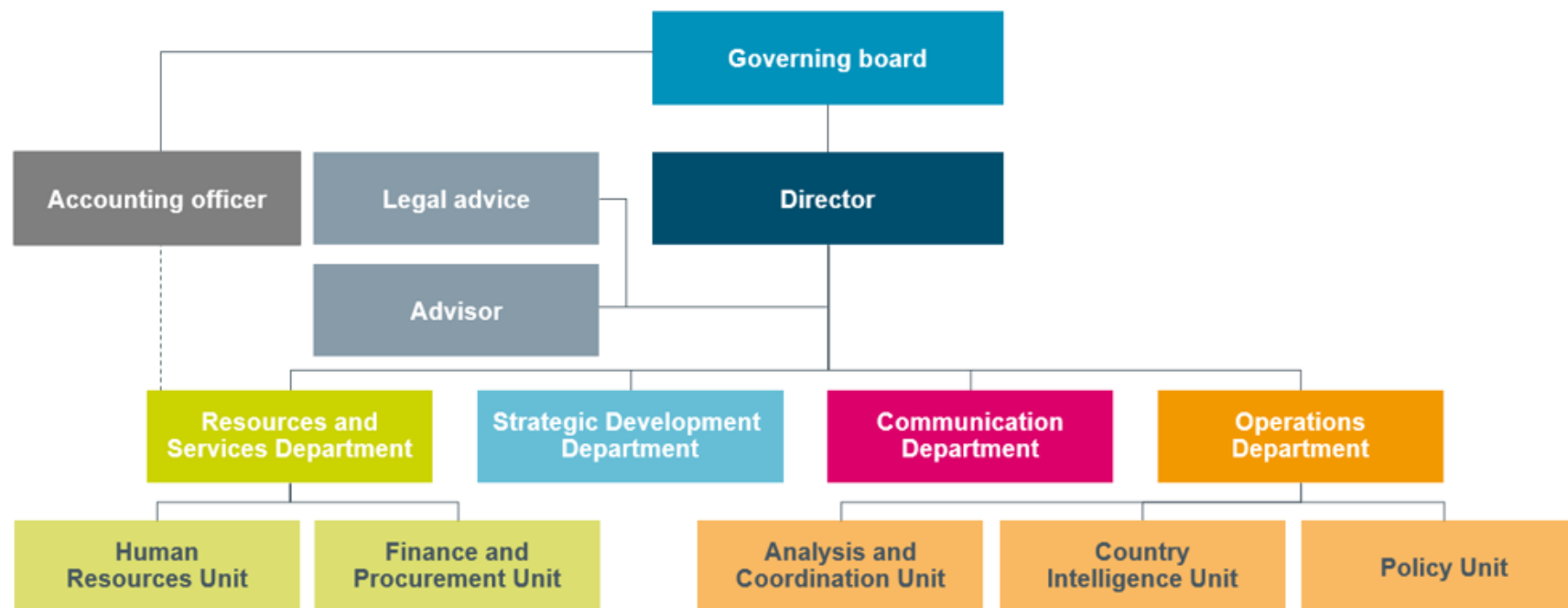
Signature:

Date

²¹ C1 funds of 2018; C8 relates to funds carried forward from 2018 to 2019

ANNEX 2 - HUMAN RESOURCE MANAGEMENT

ETF ORGANISATIONAL STRUCTURE



A) ESTABLISHMENT PLAN – TEMPORARY AGENTS

Category and grade	Establishment plan in voted EU Budget 2018		Filled as of 31/12/2018*	
	officials	TA	officials	TA*
AD 16		0		0
AD 15		0		0
AD 14		1		1
AD 13		4		3
AD 12		14		4
AD 11		8		9
AD 10		6		11
AD 9		12		13
AD 8		9		8
AD 7		2		5
AD 6		0		0
AD 5		0		1
Total AD	0	56	0	55
AST 11		3		1
AST 10		5		0
AST 9		9		8
AST 8		6		9
AST 7		4		0
AST 6		3		3
AST 5		0		5
AST 4		0		4
AST 3		0		0
AST 2		0		0
AST 1		0		0
Total AST	0	30	0	30
AST/SC1				
AST/SC2				
AST/SC3				
AST/SC4				
AST/SC5				
AST/SC6				
Total AST/SC	0	0	0	0
TOTAL	0	86	0	85

*including 1 AD7 recruited as per art. 38.2 of the Financial Regulation to offset the effect of part time work.

B) CONTRACT AGENTS

Function group	Posts filled as of 31/12/2018
FGIV	9
FGIII	22
FGII	8
Total	39

C) LOCAL AGENTS

Function group	Posts filled in as of 31/12/2018
ALN2	1
Total	1

Job screening exercise

In accordance with Article 38.1 c) of its Financial Regulation, since 2014 the ETF has been carrying out a job screening exercise in line with the methodology received from the European Commission. The results of the job screening exercise in 2018 demonstrate how the ETF has gradually managed to increase the overall allocation of staff to the core operational job category from about 47% in 2014 to 56.3% in 2018 while reducing administrative support and neutral functions.

In addition, the related target KPI set for administrative support and coordination (< 30%) is met 19% for 2018.

The following table presents the outcome of the job screening exercise in 2014-18 for statutory staff.

Job type (sub category)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)
Administrative support and coordination	22.18	23.83	18.56	18.15	19
Administrative support	15.68	16.69	14.55	14.23	13.3
Coordination	6.50	7.14	4.01	3.92	5.7
Operational	61.65	62.78	69.47	70.31	70.47
Top level operational coordination	3.76	3.01	2.27	2.31	2.17
Programme management and implementation	46.99	50.00	55.08	56.46	56.28
Evaluation and impact assessment	3.38	4.51	4.55	4.62	3.88
General operational	7.52	5.26	7.58	6.92	8.17
Neutral	16.16	13.38	11.97	11.54	10.47
Finance/Control	15.41	12.63	11.59	10.77	9.69
Linguistics	0.75	0.75	0.38	0.77	0.78

Gender balance

The data below refers to **posts occupied** on 31/12/2018 and not FTEs, therefore 126 (85 TAs, 39 CAs, 1 SNE and 1 LA).

Contract (Function Group)	F	M	Total
Temporary Agents (AD)	31	24	55
Temporary Agents (AST)	24	6	30
Local Agents (AL/N2)		1	1
Contract Agents (II)	5	3	8
Contract Agents (III)	20	2	22
Contract Agents (IV)	6	3	9
Seconded National Expert (SNE)	1		1
Grand Total	87	39	126
TA, CA, LA, SNE	F	M	Total
AD associated level	38	27	65
AST associated level	49	12	61
Total	87	39	126
Managerial positions	F	M	Total
Middle Managers	4	1	5
Senior Managers	2	3	5
Total Managers	6	4	10

Geographical balance

The data provided below refers to **posts occupied** on 31/12/2018 and not FTEs, therefore total number of staff -126 (85 TAs, 39 CAs, 1 SNE and 1 LA).

Nationality ²²	Total	%
AT	4	3%
BE	8	6%
BG	1	1%
CY	1	1%
CZ	1	1%
DE	6	5%
DK	1	1%
EE	3	2%
ES	6	5%
FI	3	2%
FR	5	4%
GR	2	2%
IE	3	2%
IT	51	40%
LU	1	1%
LV	2	2%
MA	1	1%
MK	1	1%
NL	4	3%
PL	2	2%
PT	2	2%
RO	5	4%
SL	1	1%
TN	1	1%
TR	1	1%
UA	2	2%
UK	8	6%
Grand Total	126	100%

²² Austria (AT), Belgium (BE), Bulgaria (BG), Cyprus (CY), Czech Republic (CZ), Germany (DE), Denmark (DK), Spain (ES), Estonia (EE), Greece (GR), France (FR), Finland (FI), North Macedonia (MK), Hungary (HU), Italy (IT), Ireland (IE), Luxembourg (LU), Latvia (LV), Morocco (MA), Netherlands (NL), Portugal (PT), Poland (PL), Romania (RO), Slovenia (SL), Tunisia (TN), Turkey (TR), United Kingdom (UK), Ukraine (UA).

ANNEX 3 - DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS

BALANCE SHEET	31/12/2018	31/12/2017
<i>NON-CURRENT ASSETS</i>		
Intangible fixed assets	1,276,653.87	1,315,649.42
Property, Plant and Equipment	736,917.00	718,264.00
<i>CURRENT ASSETS</i>		
Receivables and recoverables	158,611.51	165,330.76
Pre-financing	154,109.83	176,590.68
Cash and cash equivalents	363,912.08	440,842.03
TOTAL ASSETS	2,690,204.29	2,816,676.89
<i>CURRENT LIABILITIES</i>		
Payables	1,209,187.93	-1,181,867.20
TOTAL LIABILITIES	1,209,187.93	-1,181,867.20
<i>NET ASSETS</i>	1,481,016.36	1,634,809.69
Accumulated surplus/deficit	1,634,809.69	1,858,612.54
Economic result of the year	-153,793.33	-223,802.85

STATEMENT OF FINANCIAL PERFORMANCE	2018	2017
Operating revenue	20,129,403.71	20,091,198.16
Operating expenses	-20,281,078.59	-20,313,713.85
Financial expenses	-300.46	-199.36
Extraordinary losses - exchange rates	-1,817.99	-1,087.80
ECONOMIC RESULT OF THE YEAR	-153,793.33	-223,802.85

CASH FLOW STATEMENT	2018	2017
Cash and cash equivalents at beginning of the year	440,842.03	613,542.25
Net decrease in cash and cash equivalents	-76,929.95	-172,700.22
Cash and cash equivalents at year-end	363,912.08	440,842.03

BUDGET RESULT ACCOUNT	2018	2017
Revenues	20,146,935.71	20,161,249.30
Expenditures	-20,135,329.02	-20,217,426.79
Outturn for the year	11,606.69	-56,177.49
Adjustment for carry forward from previous years	1,300.05	42,925.35
Appropriations carried forward and cancelled	8,934.73	71,125.85
Exchange gains/losses	-1,740.15	-863.32
Balance for the financial year	20,101.32	57,010.39
Balance carried over from previous year	57,010.39	87,703.81
Amount reimbursed to the EC	-57,010.39	-87,703.81
Amount related to 2018 to be reimbursed to EC	20,101.32	57,010.39

ANNEX 4 - MATERIALITY CRITERIA

ETF Policy on Materiality criteria to establish reservations in the annual declaration of assurance of the ETF director in the Consolidated Annual Activity Report²³

Legal Basis

Article 47 of ETF Financial Regulation²⁴, 'Consolidated *Annual Activity Report*'

1. The authorising officer shall report to the Governing Board on the performance of his duties in a form of a consolidated annual activity report containing:
 - (a) 'Information on:'
 - (b) 'A declaration of the authorising officer stating whether he has a reasonable assurance that unless otherwise specified in any reservations related to defined areas of revenue and expenditure:'

ETF/05/DEC/01 and ETF/11/DEC/001 Director's decisions establishing a Register of Exception and subsequent revisions;

ETF Internal Control Principle²⁵ (ICP) N°12 'We deploy control activities through corporate policies that establish what is expected and in procedures that put policies into action' adopted by the GB in November 2017.

EC annual guidelines and practice applied at the Commission level for annual activity reporting stating that only material reservations can be used to qualify the annual declaration and even in case no reservation is issued, the AAR should explain the materiality criteria considered applicable to their operations.

Purpose

The aim of this policy is to define the materiality criteria for the ETF Director to base the decision where a reservation should be included in his/her declaration of assurance in the context of annual activity reporting.

The concept of materiality

The concept of materiality provides the ETF Authorising Officer (and the Delegated Authorising Officers) with a basis for determining significant deficiencies that should be subject to a formal reservation to his/her declaration. Deciding whether a deficiency is significant is a matter of judgment by the Authorising Officer, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he/she should identify the overall impact of a deficiency and judge whether it is material enough so that the non-disclosure of the deficiency is likely to have an influence on the decisions or conclusions of the users of the declaration.

In order to ensure coherence with those criteria commonly followed within the EC and to avoid the risk that the reservations included in the ETF Annual Activity Report would not be understood or interpreted in a correct manner by readers of the report, the ETF has decided to apply the same

²³ ETF/09/DEC/018-issue 2 of 03/02/2012 ETF Policy on materiality criteria to establish reservations in AAR

²⁴ GB/13/DEC/014 Financial Regulation of the ETF and GB/14/DEC/023 Implementing Rules

²⁵ GB/17/DEC/014 ETF Internal Control Principles

common approaches as regards the assessment and quantification of significant deficiencies and materiality thresholds.

Types of significant deficiencies

Deficiencies leading to reservations should fall within the scope of the declaration of assurance: they should relate to the reasonable assurance concerning the use of resources, sound financial management or legality and regularity of underlying transactions.

The following provides a non-exhaustive list of types of possible deficiencies to be considered in this context:

- *Significant occurrence of errors in the underlying transactions* (legality and regularity) detected during the controls or supervision exercises. Different parameters can be considered, such as the frequency of errors and the financial impact of these errors etc.
- *Significant control system weaknesses*: Controls can also detect major system weaknesses for which the financial impact as such is not easy to calculate but which indicate weaknesses as to the design and the effectiveness of the control systems.
- *Insufficient audit coverage and/or inadequate information from internal control systems*. These include situations where the ETF may not be aware of specific control weaknesses, because it has not performed enough controls in that area to support a definitive conclusion and it does not have compensating evidence from other sources.
- *Critical issues outlined by the European Court of Auditors, the Internal Audit Service and OLAF*. These issues may relate to significant occurrence of errors, weaknesses in the control systems or insufficient audit coverage or inadequate information from internal control system. In these cases, consideration should also be given to alternative sources of evidence (e.g. the management's own information).
- *Significant reputational events*: Reputational events having a significant impact on the declaration of assurance i.e. the use of resources, sound financial management and the legality and regularity of underlying transactions.

Deciding whether something is material involves making a judgment in both **qualitative and quantitative terms**.

Qualitative assessment

In qualitative terms, when assessing the significance of any deficiencies, ETF should take into account the following factors:

- The nature and scope the deficiency;
- The duration of the deficiency;
- The existence of compensatory measures (mitigating controls which reduce the impact of the deficiency);
- The existence of effective remedial actions to correct the deficiencies (action plans and financial corrections) which have had a measurable impact.

Quantitative assessment

In order to make a judgement on the significance of a deficiency, it is essential to quantify the potential financial impact ("monetary value of the identified problem"/"amount considered erroneous"/"the amount considered at risk") in monetary terms.

The ETF standard quantitative materiality threshold is 2% of its overall budget. This means that when a detected deficiency has an exposure risk value representing 2% (or more) of ETF total budget ("at risk"/"exposure") a reservation should always be reported in the annual declaration of the ETF director.

For each reservation in its CAAR, ETF should report its precise nature, explain the cause and quantify as much as possible its significance in budgetary terms and in terms of impact on the assurance declaration. The CAAR should also set out the corrective measures put in place by ETF to mitigate, manage and correct the deficiency as far as possible.

Final provision

This policy complements and is complemented by the provision of the ETF Decision establishing a register of exceptions and the related procedure (ETF/11/DEC/01) concerning the materiality criteria which falls under the objective and scope of that procedure. In particular, the purpose of the register of exception procedure is to ensure that the ETF Director and (Enlarged) Management Team (delegated and sub delegated authorising officers) register any significant deviations to regulations and report them to the Governing Board and Discharge authorities in accordance with the principle of transparency.

This procedure covers deviations to the provision of the ETF Regulatory Framework. In particular to:

- The ETF Financial Regulation, its Implementing Rules and the Vademecum on Public Procurement;
- The Staff Regulation and its Implementing Rules and policies;
- The ETF founding Council Regulation;
- The Data Protection Regulation; and
- Decisions/Procedures adopted by the ETF and the ETF Governing Board.

For the purpose of this procedure exception means all circumstances where overriding of controls or deviations from the established and in force ETF regulatory framework. The 'exception' must be documented, justified and approved at an appropriate level before any action is taken.

A deviation to the ETF Regulatory Framework shall be registered if it falls under one of the following categories:

- Significant Financial Risk: All instances of overriding of controls or deviations to regulations which have a direct financial impact of equal to or greater than € 1,000. In particular
 - If a deviation leads to a financial impact equal to or greater than € 1,000 EUR and below € 50,000 should be signed and approved by the responsible DAO;
 - If the deviation leads to a financial impact of equal to or greater than € 50,000 should be signed and approved by the Authorising Officer (Director)
 - If the deviation is equal or exceeding 2% of ETF total budget should be reported by the Director in the AAR in line with the underlying policy.
- Significant Reputation Risk: All deviations to regulations which have an impact on the reputation of the ETF or on the perception of staff, in particular concerning deviations from Data Protection Regulations and the ETF Staff Regulation and its Implementing Rules and corresponding policies
- System Weakness: Repeated deviations due to a control system weakness.

The provisions of this policy are subject to regular review

ANNEX 5 - ETF INTERNAL CONTROL PRINCIPLES AND INDICATORS - 2018

Internal Control Principle (ICP)	ETF Internal Control Principle Indicators	Target
1. We demonstrate a commitment to integrity and ethical values.	1.1 No of annual awareness raising initiatives in the ETF on ethics, integrity and conflict of interest and/or fraud (target: at least 1 per year in one or more areas) 1.2 % of newcomers who take part in the induction programme on ethics, integrity and conflict of interest, and who meet the Head of HR on ETF values, expected behaviours 1.3 Managers and Team Leaders are promoting a fair, flexible and respectful workplace	1 per year 90% 90% of respondents agree
2. ETF Management exercises oversight of the development and performance of internal control.	2.1 (Y/N) The ETF Consolidated Annual Activity Report (CAAR) includes the Declaration of Assurance of the Director as an annex. The (Sub) Delegated Authorising Officers (S(Y/N) (S)DAOs sign a cascading declaration of assurance covering their areas of responsibility.	Yes
3. Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.	3.1 (Y/N) The ETF has clear rules of procedure in place 3.2 (Y/N) Financial circuits: roles and tasks clearly defined	Yes Yes
4. We demonstrate a commitment to attracting, developing, and retaining competent individuals in alignment with objectives.	4.1 No. of L&D activities 4.2 Satisfaction rate and relevance of L&D activity to the job from feedback received upon participation in L&D activities taking place at ETF 4.3 % of authorized posts of the annual establishment plan filled at end of year, including job offers sent before 31st Dec	2017 80% 95%
5. We hold individuals accountable for their internal control responsibilities in the pursuit of objectives.	5.1 All Managers have internal control responsibilities in their Job Description 5.2 Appraisal reports concluded (target 100% staff have their report concluded)	100% 100%
6. We specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.	6.1 (Y/N) The ETF Performance Management Framework (PMF) includes a number of performance enablers that help the ETF to measure performance 6.2 (Y/N) Risk management in the ETF is embedded in the planning process and is assessed at all levels of the ETF (macro and activity level) 6.3 ETF KPI 11 (Commitment Appropriation Implementation 6.4 ETF KPI 12 (Payment Appropriations cancellation rate) 6.5 ETF (KPI 13) Timely Payments Rate (%) of payments executed within the legal/contractual deadlines	Yes Yes (draft Risk Register by Sept) 98% <5% >80%
7. We identify risks in relation to the achievement of its objectives across the organisation and analyses risks as a basis for determining how the risks should be managed.	7.1 Timely completion of ETF Risk Register based on objectives of WP for the year N+1 (target: draft risk register for year N+1 included in draft SPD in Sep of year N) 7.2 (Y/N) Risks have been monitored and mitigated at the appropriate level according to the approved ETF risk management methodology	Draft WP N+1 includes draft risk register Yes

Internal Control Principle (ICP)	ETF Internal Control Principle Indicators	Target
8. The ETF considers the potential for fraud in assessing risks to the achievement of objectives.	8.1 (Y/N) The risk of fraud has clearly been included in the scope of the risk assessment exercise 8.2 (Y/N) The ETF has an up to date anti-fraud strategy (not older than 3 years)	Yes Yes
9. The ETF identifies and assesses changes that could significantly impact the internal control system.	9.1 (Y/N) The preparation of the PD includes a review of the ETF risk register	Yes
10. We select and develop control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.	10.1 (Y/N) The ETF defines performance actions in line with the CHECK phase of the performance Management Framework. 10.2 (Y/N) Business continuity arrangements identified in the ETF Business Continuity Plan are tested regularly (target: at least once a year) 10.4 (Y/N) 4 eyes principle has been ensured in all financial workflows	Yes 1 test every year Yes
11. We select and develop general control activities over technology to support the achievement of objectives	11.1 (Y/N) The ETF has an up to date ICT strategy in place (not older than 3 years) 11.2 No. of information security breaches/incidents	Yes 0
12. We deploy control activities through corporate policies that establish what is expected and in procedures that put policies into action.	12.1 (Y/N) Exceptions reported have been reviewed and reported every quarter 12.2 (Y/N) Evaluation results are followed up and embedded in the ETF Improvement Plan	Yes Yes
13. We obtain or generate and use relevant quality information to support the functioning of internal control.	13.1 (Y/N) Dashboard is used as an internal information system as a basis for monitoring and quarterly progress reporting and including information risk identification and management	Yes
14. We communicate information internally including objectives and responsibilities for internal control necessary to support the functioning of internal control.	14.1 Y/N Internal Communication Policy is up to date (not older than 3 years) 14.2 (Y/N) whistleblowing procedure in place, easily accessible to all staff (on intranet) 14.3 (Y/N) Staff members are aware of the ICPs	Yes Yes Yes
15. The ETF communicates with external parties about matters affecting the functioning of internal control.	15.1 (Y/N) The ETF has an up to date Communication Policy in place (not older than 3 years) 15.2 No. of publications, news, articles and blogs published (P) dissemination reach (Q)	Yes 2017
16. We select, develop, and perform ongoing and/or separate assessments to ascertain whether the components of internal control are present and functioning.	16.1 (Y/N) The ETF annual audit plan is approved by MT 16.2 (Y/N) The results of the regular monitoring and annual assessment of internal controls in the ETF are integrated and followed up in the ETF Improvement Plan	Yes Yes
17. We assess and communicate internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management as appropriate.	17.1 (Y/N) The results of the continuous and specific assessments have been properly disclosed in the Consolidated Annual Activity Report (CAAR) 17.2 KPI 15 (audit recommendation implementation) Rate (%) of external and accepted internal audit recommendations implemented within agreed deadlines	Yes 90%

ANNEX 6 - COLLABORATION WITH EUROFOUND

Actions	Activities	Status of implementation
1. Cooperation – European Company Survey	ETF and EF will undertake preparatory work for the analysis of results of the Company Surveys, particularly in relation to the candidate countries.	In December 2018 Eurofound informed ETF that the scope of the survey will no longer cover the candidate countries – no cooperation in this action
2. Participation in activities and exchange of information	Social partnership Exchange of information and knowledge on the concept of social dialogue in EU especially representativeness by mutual participation in relevant events and meetings organised by Eurofound/ETF. A knowledge sharing seminar (KSS) or webinar is also to be organised. Eurofound to peer review ETF analysis of forms of public-private partnerships in VET. Editorial Review Board Eurofound was invited to participate in the ETF editorial review board and has done so over the last three years.	Knowledge sharing sessions on social partnerships at EU level and in EU MS, at ETF in January and April; Eurofound peer reviewed the ETF study “PPP for skills development” and contributed to the study Advisory Committee in April; Capacity building workshop in October in Brussels: ETF and EF worked together on respective background papers; <i>Social partners’ capacity building has been identified as area for further expertise exchange also in 2019</i> Editorial Review Board Eurofound Representative on the ETF editorial board
	Quality Assurance in Analytical work Cooperation on sharing of information on practices to enhance quality of methodologies and results of analyses. ETF will organise a training in February 2018 to share experience on policy evaluation, policy analysis and quality assurance with the participation of external experts. Additionally, a webinar on the same topics is planned for the end of 2018. Eurofound to participate and share experience of own work. Contact person ETF: Manuela Prina / EF: Stavroula Demetriades	Online exchanges and online meeting in May
3. Development of Programming Document	Exchange of draft work programmes before their approval by the respective Administrative Boards. Both agencies will refer to each other’s work and cooperation where appropriate.	Exchange of work programmes as per plan; Eurofound’s WP2019 circulated in Nov 2017 (internal document GR-17-17748). WP2020 shared with ETF in November 2018 and commented by the ETF Similarly, ETF shared their 2018 work programme in 2017. The ETF WP 2019 was adopted by the ETF GB on 23 November 2018 Additionally, Eurofound attended ETF’s “Vision” stakeholder seminar (Turin, June 2018) - to compare and learn from each other’s practices on developing the WP and promote common approaches.
4. Organisation of the annual consultation	Organisation of an annual meeting (possibly teleconference) to discuss and assess progress on the above and other relevant issues.	Annual consultation took place and the draft joint work programme 2019 was agreed in Q3-2018

ANNEX 7 - COLLABORATION WITH CEDEFOP

Core Themes	Specific themes for 2018	Exchange of information and good practice	Joint actions	Knowledge sharing seminars	Status of Implementation
Vocational education and training system development and provision	VET policy reporting	Exchange of information and experience on EU and third country policy and operational issues	ETF and Cedefop will continue working together on the Monitoring of the MTDs in candidate countries and MS respectively. ETF and Cedefop will continue close collaboration within the ACVT/DGVT platforms to ensure follow up of all related Riga activities within the agenda of each EU presidency.	Thessaloniki KSS on 20/6/2018 on TTT and learning outcomes Torino KSS on 14/12/2018 on Big Data and Policy Reporting.	VET policy reporting: ACVT/DGVT meetings (joint background notes) Riga monitoring of progress
	Work-based and work-placed learning		Cooperation within the frame of the ET2020 Working Group on VET and the Inter-Agency Working Group on WBL learning and quality assurance in VET. Mutual contributions to events on Work-based learning and quality assurance in VET		Mutual contributions to Interagency Group (indicators on WBL developed); CEDEFOP contribution to ETF Annual WBL Forum for EaP Region in Georgia (October) ; ET2020 Working Group on Adult Learning
	Qualifications development		Cooperation in monitoring NQF developments in Europe Cooperation (also with UNESCO) will continue on global qualifications frameworks developments, including in co-producing, with UNESCO the fourth edition of the Global NQF Inventory. Coordination with Cedefop in engaging SEET countries in assembling VNFIL Inventory Participation in joint seminars		Global NQF inventory (thematic chapters + 24 PC chapters provided by ETF); Mutual participation to events; cooperation between EQAVET network and ETF Forum for QA in VET
	Skills matching and anticipation/identification		Co-operation will continue in the area of skills matching, with a special focus on anticipation		Skills Matching: mutual participation in events on the Future of Skills (future of work) technical working group and Skills for Future conference in Turin, Anticipation and foresight seminar in Thessaloniki)
	Migration and skills		Exchange on methodologies and tools on labour market integration and skills validation/recognition of migrants Mutual contribution to events		Co-operation on VET items for the self-reflection tool for digital competence (SELFIE)
Strategic issues	Participation in the Governing Board meetings		Cedefop: Sept or Oct 2018 ETF: Jun and Nov 2018		Joint Progress Report 2017 sent to the EP Annual work programme 2019 agreed Cedefop and ETF attended GB meetings

ANNEX 8 - ACTIVITY BASED BUDGETING

The ABB for operational activities is broken down into seven thematic areas. Overall, actual expenditure vs planned has a high level of correlation with slight variations. The same applies to the geographic regional planned vs actual expenditure for 2018.

PLANNED BUDGET BY OBJECTIVE 2017 - 2020

Specific Objective area (budget in m€)	Planned budget (m€)				Planned %	2018	
	2017	2018	2019	2020	2018	Actual (m€)	%
Specific Objective area 1: Evidence based policymaking and governance systems	6.59	6.59	6.72	6.85	33%	6.00	30%
Specific Objective area 2: VET provision and quality assurance	4.35	4.35	4.44	4.53	22%	4.09	20%
Specific Objective area 3: The modernisation of qualifications and qualifications systems	3.55	3.55	3.62	3.70	18%	3.84	19%
Specific Objective area 4: Employment, skills and employability (including skills and migration)	3.64	3.64	3.71	3.79	18%	3.98	20%
Specific Objective area 5: Entrepreneurial learning and enterprise skills	2.02	2.02	2.06	2.10	10%	2.23	11%
Total ETF	20.14	20.14	20.55	20.96	100%	20.14	100%

OPERATIONAL ACTIVITIES 2017 & 2018

	2017				2018			
Operational activities 2018 Projects	Planned budget (m€)	%	Actual (m€)	%	Planned budget (m€)	%	Actual (m€)	%
Support to EU assistance in the context of EU external policies	2.22	11%	1.56	8%	1.65	8%	1.16	6%
Policy analysis and system wide progress monitoring	3.63	18%	3.01	15%	3.59	18%	3.24	16%
VET governance	2.82	14%	2.95	15%	2.45	12%	2.41	12%
VET provision and quality	3.22	16%	3.99	20%	4.00	20%	3.86	19%
Qualifications and qualifications systems	3.63	18%	3.6	18%	3.26	16%	3.62	18%
Employment, skills and employability (including skills and migration)	2.82	14%	3.25	16%	3.34	17%	3.75	19%
Entrepreneurial learning and enterprise skills	1.61	8%	1.77	9%	1.85	9%	2.10	10%
Total ETF	20.14	100%	20.13	100%	20.14	100%	20.14	100%

GEOGRAPHIC BREAKDOWN BY REGION 2017 & 2018

	2017				2018			
Geographical region	Planned budget (m€)	%	Actual (m€)	%	Planned budget (m€)	%	Actual (m€)	%
South Eastern Europe and Turkey (SEET)	7.33	37%	6.91	34%	7.93	39%	7.17	36%
South and Eastern Mediterranean (SEMED)	5.51	27%	4.79	24%	4.39	22%	5.46	27%
Eastern Europe (EE)	5.83	29%	6.27	31%	7.12	35%	5.60	28%
Central Asia (CA)	1.48	7%	1.99	10%	0.71	4%	1.91	9%
Total ETF	20.14	100%	20.13	100%	20.14	100%	20.14	100%

ABB ANALYSIS OF COSTS PLANNED VS ACTUAL BY COUNTRY

Geographical region/Country	2017				2018			
	Planned budget (m€)	%	Actual (m€)	%	Planned budget (m€)	%	Actual (m€)	%
SEET	7.33	36%	6.91	34%	7.93	39%	7.17	36%
Albania	1.08	5%	1.16	6%	1.27	6%	1.22	6.0%
Bosnia and Herzegovina	0.9	4%	1.02	5%	1.02	5%	0.94	4.6%
Kosovo	0.95	5%	0.65	3%	0.95	5%	0.65	3.2%
Montenegro	1.01	5%	0.93	5%	1.07	5%	1.05	5.2%
Serbia	1.22	6%	1.23	6%	1.32	7%	1.26	6.3%
Turkey	1.19	6%	1.11	6%	1.40	7%	1.13	5.6%
North Macedonia	0.99	5%	0.82	4%	0.95	5%	0.93	4.6%
SEMED	5.51	27%	4.79	24%	4.39	22%	5.46	27%
Algeria	0.54	3%	0.39	2%	0.52	3%	0.62	3.1%
Israel	0.44	2%	0.23	1%	0.14	1%	0.29	1.4%
Jordan	0.8	4%	0.56	3%	0.43	2%	0.56	2.8%
Lebanon	0.59	3%	0.59	3%	0.50	2%	0.63	3.1%
Libya							0.37	1.8%
Morocco	1.03	5%	0.76	4%	0.66	3%	0.43	2.1%
Occupied Palestinian Territory	0.54	3%	0.29	1%	0.18	1%	0.45	2.2%
Tunisia	0.97	5%	1.47	7%	1.25	6%	1.41	7.0%
Egypt	0.6	3%	0.5	2%	0.63	3%	0.71	3.5%
EE	5.83	29%	6.27	31%	7.11	35%	5.60	28%
Armenia	0.44	2%	0.55	3%	0.32	2%	0.56	2.8%
Azerbaijan	0.74	4%	0.69	3%	1.01	5%	0.70	3.5%
Belarus	0.61	3%	0.71	4%	0.28	1%	0.68	3.4%
Georgia	0.64	3%	0.93	5%	1.17	6%	0.69	3.4%
Moldova	1.08	5%	1.07	5%	0.96	5%	1.00	5.0%
Russia	0.44	2%	0.26	1%	0.10	1%	0.34	1.7%
Ukraine	1.88	9%	2.06	10%	3.39	17%	1.64	8.1%
CA	1.48	7%	1.99	10%	0.71	4%	1.91	9%
Kazakhstan	0.33	2%	0.47	2%	0.17	1%	0.56	2.8%
Tajikistan	0.31	2%	0.4	2%	0.11	1%	0.40	2.0%
Turkmenistan	0.35	2%	0.36	2%	0.11	1%	0.30	1.5%
Uzbekistan	0.25	1%	0.45	2%	0.11	1%	0.41	2.0%
Kyrgyzstan	0.25	1%	0.31	2%	0.11	1%	0.24	1.2%
Total ETF	20.14	100%	20.13	100%	20.14	100%	20.14	100%

ANNEX 9 - EVALUATION AND OTHER STUDIES FINALISED DURING THE YEAR

ABB activity:	Policy Analysis and system progress monitoring – The Torino Process
Type of evaluation:	Interim Evaluation - ETF Torino Process Evaluation
Summary of performance related findings and recommendations:	<p>The evaluation covered the third (2014-2015) and fourth (2016-2017) rounds of Torino Process implementation spanning 25 partner countries. The main findings were that the Torino Process remains a relevant and much-needed tool for the partner countries across all four geographic regions to improve VET policy analysis capacity, to empower stakeholders to participate in policy dialogue and to reflect on VET development priorities. The Torino Process country reports have been used to monitor VET-related reforms and often are the main source of up-to-date information on developments in the VET systems.</p> <p>Throughout the different stages of the Torino Process around 1,140 stakeholders were engaged and involved in the policy dialogue on VET by fostering country ownership and empowering multiple new actors at partner country level. The effect has been that this group of stakeholders now forms a vibrant VET community able to facilitate the exchange of experiences within countries and also across borders.</p> <p>The self-assessment modality has stimulated partner country ownership by increasing capacity and self-confidence and in particular in the third and fourth rounds the capacity to conduct evidence-based assessments. The Torino Process has also strengthened the abilities of national stakeholders to influence national strategies and legislation in VET. In many countries, the government is no longer the sole contributor to VET legislation, but social partners have increasingly grown able to formulate and present feedback on VET policy initiatives.</p> <p>Additionally, the Torino Process supported the understanding of specific challenges and the identification of specific needs for VET reforms in each partner country, which has been used time and again by the EU and other international donors in programming their support, in exchanging information with other donors (very often during TRP events) and adjusting their investment plans.</p> <p>The added value of the ETF Torino Process was that it addressed important issues that were not sufficiently considered or well thought-out at national level in the partner countries; it supported participation of stakeholders in policy making; it fostered an evidence-based policy culture and it encouraged VET policy learning within and between the partner countries. The highest added value was for the Eastern Partnership countries and Russia, which were involved to a very high extent in the Torino process. In South East Europe and Turkey, the EU candidate countries were reporting and monitoring progress under the Copenhagen process, therefore, the TRP generated lower added value. In the period under review, many Central Asian and Southern and Eastern Mediterranean countries could not benefit equally well from the Torino process due to political instability or uncertainty in the countries.</p> <p>The key recommendations arising from the report are that the ETF should consider to:</p> <ul style="list-style-type: none"> ■ Incorporate the Torino Process under the umbrella of the EU political dialogue and collaboration frameworks (as it was already done under the Astana Declaration and the 'Platform 4' of the Eastern Partnership) would raise further the profile of the Torino Process and would provide a much-needed additional political support to VET policy and governance reforms in the partner countries. ■ Involve EU institutions and international donor organisations (e.g. World Bank, EBRD and major development organisations of the EU Member States) during the early stages of Torino Process planning. ■ Present country data collected through Torino process so that it is easy to find, search and compare. ETF should also consider developing aggregate measurements on the development of partner countries' VET systems such as a VET development index
Report:	https://europa.eu/!CT66Qf

ABB activity:	Evaluation
Type of evaluation:	Meta-analysis of ETF evaluations including Policy Delphi with stakeholders
Summary of performance related findings and recommendations:	<p>A meta analysis of ETF evaluations carried out between 2014 – 2017 was conducted to synthesise lessons learned from previous evaluations. The exercise identified 10 key areas in which the ETF was identified as making a key contribution:</p> <ul style="list-style-type: none"> i) The combination of competences and approaches set the ETF apart from other organisations in the field of human capital development because of its thematic and geographical expertise; the capacity to involve stakeholders and create regional networks; long-term and continuous involvement in partner countries; and the European dimension of its work and the complementarity with Commission services and other EU agencies. ii) The ETF's actions were relevant to the needs of the partner countries by collecting information and conducting in-depth analyses in several key areas of human capital development despite dynamic and sometimes unstable political environments. iii) The ETF's objectives and actions were highly complementary with EU policies and activities in the partner countries, as well as with those of other international actors in the field such as the EBRD, OECD, ILO, and the World Bank, as well as development agencies from EU Member States. iv) The ETF has been particularly useful in supporting the Commission and EU Delegations during the different phases of the EU external assistance project cycle, including in the formulation, implementation, monitoring and evaluation of cooperation programmes. v) The ETF has been successful in supporting policy dialogue between the EU and partner countries. e.g. the ETF supported ministerial collaboration at regional level in Eastern Europe through the Eastern Partnership, and in Central Asia under the Astana Declaration by providing support to planning and implementation of the Central Asia Education Platform (CAEP). In the South, it has done so through the Union for the Mediterranean, and in South Eastern Europe and Turkey, through involvement in monitoring and reporting on the Riga deliverables under the Copenhagen Process. vi) The ETF's interventions facilitated VET policy developments and had a visible impact on the reform process in several partner countries. Without the ETF, these developments would have taken place more slowly, differently or, possibly – not at all. vii) The ETF's support to governance has made a considerable contribution to building capacity of teams of VET reformers in partner countries through the design and implementation of innovative coordination mechanisms based on partnerships between key actors in the VET system. viii) The ETF's contribution has been the strongest in the areas of VET governance and policy-making, VET provision and quality assurance, and qualifications and qualification systems. In these areas, the ETF is believed to be the main driver, or to have provided important support to policy change in the partner countries ix) Unlike other international actors, the ETF combined long-term and continuous involvement in partner countries, thematic and geographical expertise, a participatory approach empowering a broad range of stakeholders to participate in policy dialogue and added a European dimension to its reform work. Rather than offering piecemeal solutions to reforming separate institutions and policies, the ETF helped the partner countries see the links between the different parts and elements of their education and labour market systems and to support their development in a consistent and mutually reinforcing way. x) The ETF extended its reach by successfully implementing large EU assistance projects such as the GEMM and FRAME projects. The achievements of the GEMM project included new methodological tools for mapping and analysing VET governance applied in Southern and Eastern Mediterranean countries. The FRAME project in the Western Balkans developed a 'roadmap for skills 2020', reviewed institutional arrangements, improved regional cooperation and provided support to ongoing VET reforms in the region. <p>POLICY DELPHI – stakeholder consultation main findings</p>

<p>Summary of performance related findings and recommendations:</p>	<p>Two rounds of stakeholder consultation were conducted to obtain feedback on the current and future work of the ETF from: partner countries, EC services, MS and international donor organisations</p> <p>Stakeholders demonstrated consensus that the strongest added value of the ETF is its thematic expertise and recognised the ETF's contribution to modernisation of VET systems.</p> <p>The top thematic concerns of the ETF stakeholders are: youth employment and skills shortages and mismatches and the (cross-) country reports are the most important products of the ETF.</p> <p>Recommendations for areas of improvement for the ETF were:</p> <ul style="list-style-type: none"> ■ Provide more direct support to PCs in their reform process by working on fewer topics per country – focusing on the most high-stakes high impact strategic policy issues. ■ Gradually strengthen in-house thematic expertise in employment, labour market, and skills (through professional development and replacing retiring expert staff with several additional labour/ development economists). ■ Eliminate fragmentation in data collection activities across the ETF strategic projects. All data collection should be integrated / centralised and continue drawing on support from PC stakeholders, including departments of statistics and research organisations ■ Develop a client-friendly online information database with PC statistics and policy monitoring information ■ Pivot the ETF's VET modernisation projects to support labour market reforms ■ Get better at policy analysis (mainly through professional development) and focus on the quality of data ■ Maintain the high standard in organising workshops and events and engaging stakeholders in policy dialogue. <p>Recommendations for the future strategy of the ETF were:</p> <ul style="list-style-type: none"> ■ Focus on employment and skills ■ Prioritise PCs based on EU policy priorities, but also based on the countries' readiness to use the ETF support effectively. ■ Focus mainly on the current PCs, but gradually extend ETF reach to other EU priority countries covered by EU external assistance. ■ Improve synergies and complementarity with EU MS and international development actors in PCs.
<p>Report:</p>	<p>https://europa.eu/!RK47dD</p>

ANNEX 10 - COOPERATION WITH INTERNATIONAL AND BILATERAL ORGANISATIONS

ETF cooperation with international and bilateral organisation contributes to the fulfilment of ETF functions as outlined in its mandate²⁶, more specifically:

- to facilitate the exchange of information and experience among donors engaged in human capital development reform in partner countries; and
- to disseminate information and encourage networking and the exchange of experience and good practice between the EU and partner countries and among partner countries in human capital development issues

During 2018 the ETF has regularly engaged with international and bilateral development actors at the European, international and partner country level, to extend the reach of the work of the ETF as well as to ensure that its interventions are relevant to the partner context, complement the interventions of other actors and are sustainable.

The non-exhaustive list, in the table below, highlights, some of this cooperation:

Organization	Focus of Cooperation
Agence Francaise developpement (AFD)	Cooperation at country level in all countries where the organisations are active.
Anna Lindh Euro Mediterranean foundation for dialogue between Cultures	Cooperation to promote civil society organisations participation and share knowledge in the field of human capital development and intercultural dialogue
Asian Development Bank (ADB)	Cooperation in Central Asia countries, Knowledge exchange and expertise input for publications and events
Asia-Europe Meeting education secretariat (ASEM)	Presentation of Global Inventory on Qualification Expertise input on EU cooperation in VET in third countries
Belgium Development Agency (ENABEL)	Regular exchange once a year both at institutional and operational level. Cooperation at country level in all countries where the organisations are active.
British Council (BC)	Regular exchange once a year both at institutional and operational level. Cooperation at country level in all countries where the organisations are active.
Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP)	Cooperation to strengthen the multi-level governance of the human capital development systems in the context of the neighbourhood policy;
European Bank for Reconstruction and Development (EBRD)	Cooperation on social inclusion and public private partnership. Joint action in Turkey. Cooperation at country level
Euro-Mediterranean Regional and Local Assembly (ARLEM)	Cooperation to strengthen the territorial dimension of Euro-Mediterranean cooperation and multi-level governance in the neighbourhood policy
German Development Agency Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)	Regular exchange once a year both at institutional and operational level. Cooperation at country level in all countries where the organisations are active.

²⁶ Art.2 (paragraph c, d and f) of the ETF Regulation No 1339/2008,

Organization	Focus of Cooperation
Inter-Agency Group (UNESCO)	ETF is a member of the IAG active in the working group on WBL, and cooperating with other agencies in the area of skills anticipation and big data analysis
International Institute of Administrative Sciences - European Group for Public Administration (IIAS-EGPA)	Peer reviewing the Analytical Framework under the Torino process; Contributing to ETF debates, dialogues, platforms through its permanent study groups; Contributing to the ETF initiatives on governance and policy leaders capacity building inter alia through conferences, training sessions, round tables, study visits
International Labour Office (ILO)	Seventh guide on skills anticipation and matching, specifically on the use of Big Data to feed labour market information.
International Training Centre of the International Labour Office (ITCILO)	Cooperation in jointly organised capacity building initiatives and trainings on career guidance, Quality apprenticeships, VET financing; ad hoc expertise input and cooperation in areas of common interest as matching and anticipation of skills, skills for the future and migration.
KulturKontakt Austria	Work-based learning (Albania), Social inclusion
Lux Dev	Regular exchange once a year both at institutional and operational level. Cooperation at country level in all countries where ETF is active.
Organisation for Economic Co-operation and Development (OECD)	Entrepreneurial Learning, Small Business Act, governance concept of skills system governance
Regional Cooperation Council Secretariat (RCC)	Cooperation in the fields of human capital as well as economic and social development in South Eastern Europe, in particular in the following areas: social inclusion; sustainable development; adult education; evidence based policy making; governance; labour market need and employability; entrepreneurial learning
United Nations Educational, Scientific and Cultural Organization (UNESCO)	Enhanced complementarity and effectiveness of the conceptual approaches, methodologies, tools adopted and deployed. In particular in the areas of policy analysis, Qualifications and learning outcomes, Work based and work place learning. Global NQF Inventory, a co-production between the ETF, Cedefop and UNESCO, which surveys and analyses trends globally in qualifications frameworks. Dissemination of the joint study on work-based learning in Arab countries participation 4th Euro-Mediterranean Employment and Labour High-level Working Group Meeting (informal economy)
UNESCO-UNEVOC International Centre for Technical and Vocational Education and Training	Cooperation for exchange of knowledge, ETF contributes to Leadership academy and UNEVOC global events
World Bank (WB)	Cooperation in the area of skills anticipation and matching Knowledge exchange on Human Capital Indicator and measures for policy analysis in development and transition countries
Union for the Mediterranean Secretariat (UfM)	Information sharing on analytical work and country and regional intelligence, e.g. exchange of findings of country and regional or sub-regional work, methodologies, practices, publications
UNIMED	Knowledge exchange and mutual participation to events in the area of employment, qualifications, skills anticipation, entrepreneurial learning
UNICEF	Knowledge exchange in the area of policy analysis, key competences
African Union	Knowledge exchange in the area of qualifications (linked to the ETF work at PanAfrican level) and skills anticipation

ANNEX 11 - ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

The results of the annual assessment of the effectiveness of the internal control systems based on the internal control principles are positive. All Internal Control Principles were assessed as either 1 (effective system in place) or 2 (is present and functioning). 11 out of 17 (65%) were assessed as category 1 and 6 out of 17 Internal Control Principles were assessed as category 2. No principles were assessed as having critical weakness (principle not present and functioning / ineffective system).

The table below reports the average scores of the management assessment of each principle and the adjusted score of the Internal Control Coordinator.

	2018 assessment of 17 Internal Control Principles			
	1. Effective system principle present and functioning, minor improvements needed score 1.5 or below	2. Partially effective system (moderate weakness) principle is present and functioning, some improvements needed score 1.6 - 2.5	3. Partially effective system (major weakness) principle is partially present and functioning, major improvements needed score 2.6 - 3.5	4. Ineffective system in place Principle is not present and functioning. Critical weakness score above 3.6
Average score (%)	9 (53%)	5 (29%)	3 (18%)	0 (0%)
Adjusted score (%)	11 (65%)	6 (35%)	0 (0%)	0 (0%)

The four principles re-assessed by the Internal Control Coordinator are:

■ Attracting, developing and retaining staff

ICP 4: 'We demonstrate a commitment to attracting, developing and retaining competent individuals in alignment with objectives'. (average score: 2; adjusted score: 1.5). Re-assessed severity from moderate to minor as attracting, retaining, developing staff will be key areas of focus of the update of the ETF HR Strategy which is pending the new ETF Strategy 2021-2027

■ Control activities over technology

ICP 11. 'We select and develop general control activities over technology to support the achievement of objectives' (average score: 3, adjusted score: 2.5). Re-assessed severity from major to moderate as very limited if any damage to ETF IT systems was experienced from the two ICT security breaches in 2018 and security measures were upgraded towards the end of 2018. The signing of a new SLA with CERT-EU is foreseen in 2019.

■ Control activities through corporate policies

ICP 12. 'We deploy control activities through corporate policies that establish what is expected and in procedures that put policies into action' (average score: 2.63, adjusted score: 1.00). The score was re-assessed as the focus of the supporting text (desk review) on the questionnaire was erroneously on DMS. This led to an incorrect management assessment. Following a review of this principle, the 'summary of controls' was corrected and the principle was re-assessed by the ICC as 1 (effective system in place) as the principle and characteristics relate to control procedure to ensure objectives are reached, exception reporting and evaluation of activities.

- **Communicate information internally, including objectives and responsibilities for internal control'**
ICP 14. 'We communicate information internally, including objectives and responsibilities for internal control, necessary to support the functioning of internal control' (average score: 3.0, adjusted score: 2.5). Re-assessed severity from major to moderate as the 2018 review of COMM resulted in a change of overall responsibility for internal communication and the review of SDD resulted in the transfer of the function of Internal Control Coordinator from SDD to RSD. Deficiencies partly addressed in 2018 through the introduction of WorkPlace and the creation of a new intranet. Is a key point in the follow up to the staff engagement survey with actions starting February 2019.

Following an assessment at the level of Internal Control Principles, the ICC also carried out an assessment of the internal control components. The results are positive, 4 out of 5 components were assessed as category 1: the components are present and functioning well, only minor improvements needed. Only one component (4. Information and communication) had a score of 2 (component is present and functioning but some improvements are needed).

The table below outlines the actions arising from the assessment.

ICP	Adjusted score	Actions
1. We demonstrate a commitment to integrity and ethical values	2.0	Actions planned for Q1-2019 on awareness raising and training in area of ethics, integrity and fraud
5. We hold individuals accountable for their internal control responsibilities in the pursuit of objectives	2.0	Managers are fully aware of the need to aim for an equal approach to staff appraisal during the appraisal exercise for 2018.
6. We specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives	2.0	The corporate objectives will be further clarified in the new ETF strategy planned for adoption by ETF GB in June 2019. This will be reflected in future objectives at every level and indicators.
11. We select and develop general control activities over technology to support the achievement of objectives	2.5	Although CERT-EU actively intervened on the occasion of two security breaches in 2018, very limited if any damage to ETF IT systems was experienced. Security measures were upgraded towards the end of 2018. The signing of a new SLA with CERT-EU foreseen in 2019.
14. We communicate information internally, including objectives and responsibilities 15. We communicate with external parties about matters affecting the functioning of internal control	2.5 1.63	A review in 2018 of the COMM Department resulted in a change of the overall responsibility for internal communication. Deficiencies partly addressed in 2018 through the introduction of WorkPlace and the creation of a new intranet. Is a key point in the follow up to the staff engagement survey with actions starting February 2019.

ANNEX 12 - PERFORMANCE TABLES

In 2018, the ETF contributed to the overall objectives of the EU in the field of human capital development by projecting the external dimension of EU VET skills policies in the partner countries as can be seen by the achievement of the outcomes in the thematic areas in which the ETF works.

The table below outline the outcomes and indicators of achievement for each of the ETF thematic areas according to the ETF 2018 Work Programme²⁷

OPERATIONAL ACHIEVEMENT 2018

Outcome	Indicator	Achievement 2018
EU SUPPORT		
The relevance, efficiency and effectiveness of EU interventions in the partner countries on human capital development is enhanced with the ETF's support to programming and project design, implementation and monitoring	80% of the EU services supported for policy dialogue, programming/project design monitoring and evaluation and implementation assess the ETF contribution positively	100% of the respondents to the survey in 2018 have assessed ETF's contribution positively
EU policy dialogue on HCD issues is enhanced in partner countries through ETF policy and thematic contributions	The ETF is requested to support the implementation, monitoring or evaluation in 50% of its partner countries	ETF has been requested to support implementation, monitoring or evaluation in 58% of partner countries (15 out of the 26 countries eligible for EU support).
POLICY ANALYSIS AND SYSTEM WIDE PROGRESS MONITORING		
The information basis and evidence sources are strengthened across ETF partner countries	Increased availability of indicators and information available across partner countries (quantity and periodicity improved)	Closure of 2017 ETF data collection inventory. First KIESE completed and released. National Data Collection concluded in 13 countries. Network of key contacts for statistical data collection on VET, skills and employment has been set up at national level across partner countries.
A policy evaluation framework for VET is available and used by partner countries in the 5th round of Torino Process	Number of countries taking part to the 5th round of the Torino Process is maintained against the 4th round of implementation	TRP5 nearly 100% with Libya and Algeria joining for the first time (only country not yet taking part: Turkmenistan) Preparatory actions for TRP5 in Libya, RF, KAZ, JOR and Algeria implemented. TRP5 launched in all SEET and RF

²⁷ ETF Work Programme 2018 <https://europa.eu/uG88GC>

VET GOVERNANCE

VET governance reviews inform policy options for good and multilevel governance including financing in selected partner countries.

Increased capacity of social partners and other civil society organisations to take an active role in VET governance at national and/or territorial level in selected partner countries

Policy development and implementation of VET decentralisation is strengthened and human resources is key asset in territorial strategies for sustainable development in selected regions/countries.

ETF analysis on the financial sustainability of VET strategy informs decision on potential new EU intervention,

Social partners and other civil society organisations increased participation by 20% in VET governance actions in selected partner countries

Targeted countries introduce mechanisms for national and sub-national coordination in VET (85% of targeted countries)

New methodology on assessing governance and financing credibility of VET strategies developed, tested, and completed in Montenegro

Cross-country review of VET governance in PC (inventory) peer reviewed internally and externally, and published on the website. Institutional cooperation and coordination in Serbia

Expert advice on VET system financing in Morocco informed donor-proposed actions.

In Moldova, capacity building 1) the light versions of the sector reports 2) the strategic plan for each sector and a Roadmap on implementation.

Sectors more committed in PPP and in WBL, in Serbia.

PPP for skills development analysis carried out. New actors involved in the case studies analysis with partially new advisory committee network.

Focus group implemented in Tunisia and interviews in Palestine.

In UKR elaborated concept and approach to centres of excellence and held focus groups on CoE in 5 regions.

In Serbia, Vojvodina discussed its sub-national level's role into the national dual education reform.

Expert input in the design and delivery of a TAIEX workshop on school autonomy in Tunisia.

Design and delivery of a workshop on implementing regionalisation in Tunisia, input to EU project Irada.

VET PROVISION AND QUALITY ASSURANCE

Work-based learning enhanced in different forms, with special attention to apprenticeships and internships/ traineeships, by involving social partners, companies, chambers and VET providers

Systematic approaches to, and opportunities for continuous professional development of VET teachers, trainers and mentors introduced

Further development and implementation of QA mechanisms in VET in line with EQAVET recommendation

All 5 candidate countries implement MTD WBL policy options and participate in EAfA. A majority of EaP countries develop further WBL policies / or implement new WBL schemes.

At least 5 countries successfully participate in an international survey that measures progress in CPD.

At least 14 countries participate in the Transnational Forum on QA in VET

WBL:

100 % achieved for Candidate Countries and EaP countries. Nearly all EaP countries develop further WBL policies)

50% achieved for SEMED countries (Joint UNESCO-ETF dissemination event

VET TT:

Over-achieved in terms of countries participating in the survey (instead of 5 there are 8 countries participating).

QA in VET:

Over-achieved in terms of 16 partner countries having joined the ETF Forum on QA in VET

QUALIFICATIONS AND QUALIFICATIONS SYSTEMS

Lifelong learning qualifications systems have progressed and skills and knowledge of partner country institutions and stakeholders developed.

Evidence based-policy and international policy discussions, moderated by the ETF, inform partner country reforms of qualifications systems. Candidate and potential candidate countries make progress towards referencing their NQFs to the EQF. External dimension of EQF implemented in relevant partner countries.

Partner countries make progress within, or to next, policy development stage

Application of outcomes and wider lifelong learning principles in qualification systems; recorded in NQF Inventory country chapters

Measures for transparency, quality, labour market relevance and portability of qualifications, and compatibility with EQF, implemented by partner countries developing NQFs.

Progress on NQF legislation in Albania, and VNFIL legislation in Kosovo and FYROM. Georgia, progress on levelling, governance and tools. Moldova on register and linking HE and VET. Azerbaijan and Ukraine, occupational standards methodologies advanced. NQF register advanced in Ukraine. Kosovo, progress on draft administrative instructions on accreditation of RPL providers. Turkey, Stakeholder workshop on VOC Centres co-organised by ETF and EBRD Azerbaijan, NQF Law adopted; Belarus new draft NQF strategy produced. Georgia, progress in drafting regulations on NQF governance and monitoring. Moldova, inputs on TAIEX application on NQF register and validation. Ukraine, progress to adoption of Qualification Agency; draft VET law; Working Group set up for Educational Standards; preparation for EU project. Central Asia, a group of stakeholders tested the Self-Assessment tools. Publication of blogs on QP European Inventory on Validation Participation in the Europass Advisory Group in Turkey updated referencing reports

EMPLOYMENT

Further development and implementation of labour market and skills intelligence tools and mechanisms

Further development and implementation of comprehensive policies and mechanisms to facilitate transitions to work Increased information and awareness of partner countries about Mobility Partnerships with the EU to develop and implement migrant support measures

At least half of the countries receiving ETF support uses labour market and skills intelligence to inform VET and skills development policies

At least half of countries receiving ETF support have established mechanisms to support transitions to work

In at least four of the partner countries with Mobility Partnership agreements, skills-related measures are developed to support migrant integration into labour market

Moldova, Azerbaijan, Ukraine, Algeria, Kosovo, FYROM have LMIS available and Ministries use them to inform policies. Skills mismatch reports are available for all 7 pilot countries. All countries in EaP have youth transition (from school to work) mapping reports available. Mobility Partnership and its skills dimensions - Jordan and Lebanon as a result of ETF MISMES activities; Tunisia, two TAIEX workshops on skills anticipation and matching organized; Moldova -, ETF contribution to the Local Cooperation Platform on the Mobility Partnership and Turkey designing Facility for Refugees in Turkey. ETF, as well as other EU-related funding and initiatives (e.g. 'Pilot Projects on legal Migration' initiative by DG HOME), skills-related measures for migrants and refugees have been developed in Jordan, Morocco, Tunisia and Turkey.

ENTREPRENEURIAL LEARNING AND ENTERPRISE SKILLS

Progress achieved in partner countries implementing SBA human capital recommendations

Partner countries develop mechanisms to identify and share good practice in training

Improvement in SBA performance on the human capital dimensions in at least 10 partner countries.

Up to 10 examples of SME skills good practice peer reviewed and available on ETF platform

SBA assessment in SEET region 2018. Compared to the scoring results of SBA assessment in 2016, in 2018 round all countries of SEET region achieved progress on Entrepreneurial learning Dimension, with highest results by Turkey, Serbia and Montenegro.

On Women's Entrepreneurship - Bosnia and Herzegovina, Montenegro, Turkey and Serbia made very good progress, while Albania and Kosovo had slight improvement and with no changes in scoring by Macedonia. To address

country needs questions on Smart Specialisation were for the first time included in the self-assessment framework to bring in a human capital centred perspective and highlight capacity constraints relating to knowledge, innovation, and creativity. On Skills for SMEs dimension, overall progress is the lowest, only Albania, Kosovo, Serbia and Turkey have higher scores compared to 2015. 7 Good Practices on training for SME internationalisation.