

CONSOLIDATED ANNUAL ACTIVITY REPORT 2022 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2022 financial year as presented in the Consolidated Annual Activity Report.

Analysis

The Consolidated Annual Activity Report records the **achievement** of the ETF's objectives for the year in accordance with the ETF **Annual Work Programme 2022**, the second year of implementation of the ETF 2027 Strategy and its accompanying new organisational structure.

The report demonstrates that the ETF proved to be a mature and resilient organisation with high response capacity to challenges and shocks, including the Russian war of aggression towards Ukraine, the long-term recovery from the Covid-19 pandemic, the impact of inflation and rise in utilities prices, the transition from online working modalities to hybrid ones, and the change in partner countries status in their process towards EU 'candidate' member states. Hence, the ETF remains relevant in responding to and supporting human capital development (HCD) systems, including during or post-conflict, and is a key interlocutor in providing support to partner countries to adapt to **changing and emerging needs in HCD**.

The executive summary highlights the agency's ability to respond to the changing geopolitical landscape, needs of the partner countries and the requests of the European Commission and the EU Delegations, while continuing to expand its unique service delivery through its staff expertise and analysis, knowledge co-creation and country intelligence, policy advice and anticipation capacity, as well as partnerships and networks, all of which contributing to **the international dimension of HCD**. Furthermore, in 2022 the ETF was entrusted by EC services with new agreements for collaboration and contracts or extra-subsidy projects. The ETF has successfully achieved its objectives set out in the 2022 work programme and consolidated its collaboration with other EU agencies and international organisations such as UNICEF, ENABEL, UNDP, GIZ, UNESCO, UIL, CEDEFOP and EUROFOUND, to name but a few. Collaboration with all EU agencies was maintained through the network of Agencies and joint actions implemented with the other four agencies under the remit of DG EMPL.

The **rate of achievement** of its planned actions in its partner countries within the work programme is at 93% (and timely completion at 89%), which are well above respective targets of 90% and 80%. It once again reflects a high level of planning and implementation discipline, at the same time without compromising the Agency's ability to respond to the changing needs of the partner countries and the EC, thus contributing to the social wellbeing, stability and prosperity in the countries surrounding the European Union.

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

In line with ETF's 2027 strategy, in 2022 it provided **support to the Commission services and partner countries** by combining and integrating the delivery of the its three core services to generate value for stakeholders, which together enabled its contribution to the objectives of the von der Leyen Commission and the achievement of ETF's three strategic objectives: skills relevance and anticipation, skills development and validation, and performance and quality of education and training policies. Moreover, these served as sound basis to provide policy advice to partner countries (i.e. reform of

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

In parallel to ETF's work in its partner countries in the **EU Neighbourhood and Enlargement regions**, it has also worked on the preparation of the Africa Action Plan and on Africa related projects with a view of supporting the implementation of the wider EU-Africa strategy. Furthermore, encouraged by the Commission opinion of July 2021 and of July 2022, the ETF used its agility in programming "to respond to the new European Commission priorities and to pursue opportunities to work beyond current partner countries or to engage in new priority thematic areas".

Beyond the emergency support programme for **Ukraine**, the ETF: i) developed an online resource hub for the recognition of qualifications, skills and study periods of Ukrainian refugees, ii) developed a proposal, in alignment with local actors and the Ukrainian government, for the recovery and reconstruction (post-conflict), iii) has been piloting a project on micro-credentials, iv) is collecting and exchanging with EU agencies and EC services scientific efforts and data collection in response to the war in Ukraine, and v) its work on big data was used by the State Employment Agency in Ukraine contributing to country progress based on an understanding of the investments required. These results clearly demonstrate the value and appreciation of the content generated by ETF.

In terms of **reach**, in 2022 the ETF achieved a significant increase in overall reach on social media, as well as on its website and online community, OpenSpace. For the first time in its history, the ETF was invited to take part at the UN COP27 conference in Egypt to present its work on green skills.

The ETF closed one ongoing **evaluation** on its operational work and commissioned another one. The findings of the evaluation of the ETF monitoring and assessment have been included in the new monitoring framework. Initial findings of the evaluation of ETF's skills demand analysis and anticipatory function have triggered internal discussions to expand on the Agency's success to date and to further link its anticipatory capacity to future prioritisation of work. The evaluation of EMPL agencies – ETF, CEDEFOP, EUROFOUND and EU-OSHA – commissioned by the EC has been launched in the end of 2022 with a very good first interaction with evaluators and enabling the ETF and its sister agencies to strengthen their collaboration through the inception phase.

Finally, in 2022 the ETF received 38 new requests from Commission Services, of which 26 have been closed. These stem from DGs and EU Delegations, throughout the implementation of the work programme. This adds to the 28 requests received prior to January 2021 already included in the work programme, totalling 40 EU requests. Addressing these ad-hoc requests is an indication of the **flexibility of the ETF** in the implementation of its work programme and the priority given to the requests directly coming from the EU services, even when not initially planned. The ETF was involved in different stages of programme implementation, corresponding to a total EU investment of €3,29bn with a direct ETF contribution to €1,05bn of EU investment. The ETF contribution also provided methodology development and analysis that may contribute to future programming and EU interventions. In terms of direct costs for ETF, in 2022 this represented €207,513 for planned and €115,844 for unplanned EU ad-hoc requests.

The operational achievements of the Agency are outlined in **Part I** of the report measuring performance under the ETF three strategic objectives and across its eight thematic activity areas: i) skills demand analysis, ii) sustainability, inclusion and resilience through active labour market policies and the skills dimension of labour mobility, iii) modernisation of qualifications and establishment of qualification systems, iv) vocational excellence provision models, v) innovative teaching and learning,

vi) engaging enterprises in skills development, vii) lifelong learning policies and system change, and vii) quality assurance and governance mechanisms. Achievements in each of the thematic areas confirm the successful accomplishment of the objectives. A few highlights in 2022 were:

- Skills relevance & anticipation: i) the adaptation of the CEDEFOP EU Skills and Jobs Survey for application in ETF partner countries; ii) the collaboration with UNDP that employed the ETF's future of work methodology in Latin America; iii) the platform economy regional report used for policy dialogue with partners and countries in South Eastern Europe and Türkiye; iv) the ETF's methodologies which were able to generate new data previously unavailable at country level; v) support to the African Continental Qualification framework; vi) launch of DARYA.
- Skills development & validation: i) ENE expansion to 258 members in 42 countries; ii) strengthening of the international dimension of CoVEs; iii) innovative teaching award under ETF's Creative New Learning initiative; iv) piloting of REAY in Israel; v) SELFIE results in Azerbaijan.
- Performance and quality of education and training policies: i) implementation of New Monitoring Framework (revamped Torino Process) of which deliverables and policy recommendations were used as criteria for planning and participation of eligible PCs in the new generation of the Erasmus+ programme, as well as incorporated in key DGs programming and planning processes; ii) launch of GLAD (Governance Learning Action and Dialogue).

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

Part II of the Report presents the effective management of the human and financial resources and confirm the maturity and stability of the ETF. Of the €21,722,517 available for commitment appropriations in 2022, the ETF achieved:

- A commitment appropriation rate for subvention funds of 99.98% (99.91% in 2021) demonstrating that the ETF continues to perform very well on financial indicators.
- Rate of outturn well above target at 99.98% (98.91% in 2021). Rate of payment appropriations cancellation above target at 0.29% (2021 at 0.44%). Timely payments rate within deadline at 96.40% (2021 at 97.60%).
- A slightly higher level in Carry Forward out of the €2,206,852 "reste a liquider" (RAL) from previous years (€1,997,429 in 2021), the ETF has paid 86,65% (87,30% in 2021), with €62,561.73 being declared "lost opportunity" (compared to €90,649 in 2021).
- The job screening exercise demonstrates an increase in the overall allocation of staff to the core operational job category from 61.7% in 2014 to 74.41% in 2022 (74.08% in 2021) with a corresponding reduction in administrative support and neutral functions.
- The average vacancy rate of ETF staff in authorised posts is 1%, well below target level of <5%.
- An assessment of the outcomes of audits of the ETF by the European Court of Auditors and the Internal Audit Service indicate the Agency's high level of compliance with its regulatory framework,

in particular financial and procurement procedures, and 100% incidence of recommendations implemented within agreed deadlines for five consecutive years.

Parts III & IV provide the assessment and assurance of the effectiveness of the system of internal control that the ETF uses to ensure its effective and efficient functioning as an EU agency. The results of the 2022 **assessment of internal controls are positive** with internal control principles assessed as 65% (11 principles) fully effective and 35% (6 principles) as effective with only minor improvements needed.

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

Given the high level of achievement of operational results and the positive outcomes of the annual review of the internal control system and organisational performance, the 2022 Consolidated Annual Activity Report concludes that there is reasonable assurance without reservation that the **ETF used the resources for their intended purpose**.

Assessment

The Governing Board takes note of the 2022 Consolidated Annual Activity Report and:

Congratulates the successful implementation of the 2nd year of the ETF 2027 strategy, as measured by the overall achievement in organisational performance through the Key Performance Indicators;

Recognises the nearly three decades of experience of the ETF that enabled a high level of achievement of completion of activities (89% in 2022), as well as the high quality of work as indicated by the 100% satisfaction rate of the quality and usefulness of ETF support of the 40 targeted requests from the European Commission services;

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

Supports the evidence from commissioned evaluations of the relevance, impact and added value of the work of the ETF in the partner countries confirming that its activities produce high impact, being widely recognised as a knowledge source in the development of Human Capital reforms;

Commends the ETF's efforts to actively engage with over 10 000 stakeholders in partner countries and to cooperate with the European Commission, EU member states and international actors active in the field of Human Capital Development;

Welcomes the increased use of digital and online tools which supports one of the objectives of the strategy of the ETF as a global knowledge hub for Human Capital Development policies and the continued effort to increase its outreach, which in 2022 was over 155 000 stakeholders, notably through the use of digital media and live interactions on social platforms;

Appreciates the active engagement with the network of EU agencies and the close collaboration with the other 4 agencies under the remit of DG EMPL, in particular CEDEFOP and EUROFOUND;

Commends the Agency for the sustained high level of performance in resource management in terms of commitment and payment, even under the exceptional circumstances of the Russian war of aggression towards Ukraine, the long-term recovery from the Covid-19 pandemic, the impact of inflation and rise in utilities prices, as well as the transition from online working modalities to hybrid ones, and calls on the ETF to maintain its performance in this regard;

Takes account of the comprehensive internal control systems in place, which has concluded that ETF has once again no reservations or critical issues to report for 2022;

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

Confirms that the information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2022 have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

In light of the above, the **Governing Board adopts the ETF Consolidated Annual Activity Report 2022**, and requests that it is forwarded, together with this analysis and assessment, to the European Parliament, the European Council, the European Commission, the European Economic and Social Committee and the Court of Auditors.