

CONSOLIDATED ANNUAL ACTIVITY REPORT 2025 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2025 financial year as presented in the Consolidated Annual Activity Report (CAAR).

Analysis

The CAAR confirms the **ETF's achievement of its 2025 objectives** in line with the **Annual Work Programme** and the fifth year of implementing the ETF 2027 Strategy, including the organisational restructuring introduced following the 2024 mid-term review of the current strategy 2021-2027.

The report demonstrates that the ETF proved to be a mature, agile and resilient organisation with high anticipatory and response capacity to challenges and shocks, including the Russian war of aggression towards Ukraine, the situation in Gaza and in the Middle East, and growing fragilities in the EU neighbourhood. It remains relevant in responding to and supporting the transformation of human capital development and skills ecosystems towards lifelong learning, including conflict-affected and post-conflict settings, and as a key interlocutor in providing support to partner countries to adapt to **rapidly evolving needs via skills and HCD**.

The executive summary shows that the ETF responded effectively to a shifting geopolitical context and evolving partner country priorities, while meeting requests from the European Commission and EU Delegations. The Agency strengthened its added value through staff expertise, robust analysis and the integrated delivery of its core services: anticipatory skills intelligence, monitoring and assessment, and targeted policy advice. Supported by strategic partnerships and networks, this approach reinforced the international dimension of human capital development and delivered tangible impact for partner countries, Commission services and stakeholders. In doing so, the ETF fulfilled its mandate and further consolidated its positioning as a strategic EU asset, reinforcing EU external action by translating anticipatory skills intelligence into coherent **policy and reform support across enlargement, neighbourhood and global partnership contexts**.

In 2025, the ETF was entrusted by European Commission services with **voluntary contribution projects**, enabling the EU to expand its reach, influence and impact, while further strengthening the ETF's global recognition and standing. The Agency successfully delivered on all objectives set out in the 2025 Annual Work Programme and further consolidated its collaboration with EU agencies, international organisations and international financial institutions. Cooperation with the four agencies under the remit of DG EMPL was further reinforced through joint actions, including joint action plans, shared analytical work, evidence generation and complementary contributions to EU human capital development priorities, supporting coherence, complementarities and effective delivery.

The ETF demonstrated a very **high level of operational and organisational performance**, achieving 93.64% of planned actions in partner countries, with timely completion reaching 99.19%, well above targets. Most of the Key Performance Indicators (KPIs) were consistently above target, demonstrating strong planning, implementation discipline and sustained capacity to adapt to changing partner country needs and evolving European Commission priorities. This high-level performance directly contributed to social wellbeing, stability and prosperity in the EU's neighbouring regions. The outturn rate of 99.97% confirmed the ETF's capacity to effectively absorb and utilise resources, underscoring the relevance and solidity of its work. These results were achieved despite a highly challenging geopolitical context marked by conflict, fragility and mounting pressures on education, training and skills systems across partner regions.

Across partner countries, including the EU neighbourhood and enlargement regions, the Agency delivered tangible impact by supporting reforms of education, training and skills systems aligned with national priorities and EU policy frameworks. Through the delivery of its four strategic goals the ETF strengthened policy design, implementation capacity and stakeholder engagement, including in fragile, conflict-affected and post-conflict contexts. Voluntary contribution projects enabled the Agency to scale up support, leverage EU funding and address emerging needs linked to recovery, reconstruction and EU accession. This integrated and context-responsive approach enhanced skills relevance, institutional resilience and social wellbeing, **reinforcing the ETF's role as a long-term reference and catalyst for sustainable human capital development across partner countries and regions.**

The ETF made a substantive contribution to European Commission services by supporting the delivery of EU priorities through its integrated anticipatory skills intelligence, monitoring and assessment, and targeted policy advice. By responding effectively to both planned and ad-hoc requests from Commission services and EU Delegations, the Agency demonstrated flexibility, preparedness and reliability in a rapidly evolving geopolitical and policy context. Through voluntary contribution projects and shared analytical work, the ETF supported the design and implementation of interventions under NDICI–Global Europe, including Team Europe Initiatives and Global Gateway actions, notably in the areas of skills for the green and digital transitions, social inclusion, resilience and enlargement. Cooperation within the EU agency network further enhanced coherence, complementarities and the effective delivery of EU human capital development objectives, **reinforcing the ETF's role as a trusted operational and knowledge partner for EU external action.**

In 2025, the ETF addressed 24 new requests directly supporting key EU external assistance objectives, including a formal contribution to the Enlargement Package and support to the monitoring, coordination and implementation of EU-funded programmes. These requests confirmed the ETF's dual role as a policy advisory body and operational partner across the full project cycle, particularly in enlargement and neighbourhood regions. The ability to address ad-hoc requests demonstrated the **flexibility of the ETF** in implementing its work programme and the priority given to the requests directly coming from the EU services, even when not initially planned. Overall, the ETF contributed to different stages of programme implementation linked to a total EU investment of €643.7 million, with ETF input supporting €350.4 million, at a direct cost of €0.3 million. In addition, ETF support generated methodologies and analysis that can inform future EU programming and interventions.

The ETF supported **Ukraine's recovery, reconstruction and EU accession** by strengthening skills, education and labour-market systems under conditions of ongoing conflict. Through anticipatory skills intelligence, system monitoring and targeted policy advice, the Agency contributed substantively to EU screening and enlargement package work, while supporting the design and implementation of skills-centred recovery interventions linking immediate labour-market needs with longer-term system transformation and alignment with EU standards. ETF also engaged in high-level EU policy dialogue, including at the Ukraine Recovery Conference 2025, where it highlighted the role of skills, lifelong learning and Youth Guarantee approaches in workforce recovery. Through its integrated delivery model, the ETF reinforced the coherence, effectiveness and long-term impact of EU support to Ukraine, positioning skills as a core enabler of resilience, reconstruction and accession preparedness.

Strategic communications significantly amplified the **ETF's reach and impact** in 2025 by clarifying and elevating its priorities, evidence and results across EU, policy and partner country audiences. By shaping coherent messages, ensuring consistency across channels, and translating technical content into accessible formats, communications strengthened stakeholder engagement and enhanced the

visibility of ETF achievements, particularly through strengthened media outreach and timely digital dissemination. Internally, it reinforced coherence by aligning messages and outputs across teams, supporting collaboration through improved intranet, internal platforms and all-staff exchanges. Overall, communications acted as a critical enabler of the ETF's mandate by connecting evidence, relationships and institutional priorities, ensuring that the agency's value and contribution were widely understood and more effectively leveraged.

In 2025, the ETF advanced key **evaluation activities**, including the follow-up to the external evaluation commissioned by DG EMPL. The ETF successfully closed most recommendations under its individual action plan, with all but two actions fully implemented. The remaining two actions, which are of a strategic and structural nature, are embedded in the current strategic cycle and scheduled to be fully addressed by mid-2027. In parallel, the ETF contributed actively to the joint action plan with the other DG EMPL agencies, focusing on shared improvements in governance, monitoring, cooperation, analytical capacity, and delivery in line with EU evolving priorities. Overall, the Agency is well advanced in translating evaluation findings into concrete organisational and operational improvements, reinforcing its maturity, accountability and reliability as an EU agency.

Part I of the report outlines the Agency's operational achievements. In 2025, the ETF delivered impact across its four strategic goals by translating anticipatory intelligence, monitoring and policy advice into concrete reform support aligned with EU priorities. Delivery was operationalised through eight activity areas, which together form an integrated value chain from evidence to policy change, and reinforced by four major voluntary contribution projects – ACQF II, DARYA, SER and International Dimension of Centres of Vocational Excellence (CoVEs) – acting as force multipliers for scale, reach and impact. Key strategic highlights in 2025 included:

- Strategic Goal 1: ETF as a Global Knowledge Hub on Human Capital Development – relevant activity areas: contextualised and anticipatory knowledge development, and innovative approaches to knowledge development – key achievements in 2025 i) delivered forward-looking skills intelligence on green and digital transitions, AI, critical raw materials and adult learning, informing EU dialogue and investment choices; ii) strengthened ETF's global leadership in skills anticipation, including inter-agency cooperation on digitised labour markets and platform work; iii) positioned skills and lifelong learning as enablers of competitiveness, resilience and security, notably in enlargement and neighbourhood contexts; iv) transformed ETF networks (Skills Lab, ENE, GLAD) into co-creation, experimentation and peer-learning spaces, increasing ownership and uptake of evidence; v) reinforced the EU's global credibility by embedding EU-anchored skills intelligence in international policy platforms and debates; and vi) through ACQF II, reinforced ETF's global knowledge role by advancing continental cooperation on qualifications transparency, recognition and mobility, supported by shared analytical frameworks and digital tools.
- Strategic Goal 2: ETF as a Strategic Asset for the EU and its Member States – relevant activity areas: EU external policies in human capital development, and active anticipation and shaping of EU demand – key achievements in 2025: i) provided timely, demand-driven contributions to EU external action priorities, including enlargement, recovery, Global Gateway and Team Europe Initiatives; ii) embedded skills, education and labour-market dimensions into EU programme design, monitoring and implementation, strengthening policy coherence and impact; iii) shifted ETF engagement upstream in EU policy cycles, moving from reactive support to agenda-setting and strategic anticipation; iv) contributed substantively to enlargement screening and package processes, notably for Ukraine and Moldova; v) reinforced ETF's role as a trusted strategic

interlocutor for Commission services through evidence-based input and high-level policy dialogue; and vi) supported EU flagship priorities through voluntary projects, including SER (Eastern Partnership) and DARYA (Central Asia), linking EU policy objectives with regional reform delivery.

- Strategic Goal 3: ETF as a Long-Term Reference and Support Partner for Partner Countries – relevant activity areas: partner countries’ uptake and use of ETF knowledge, and country intelligence and stakeholder engagement – key achievements in 2025: i) strengthened partner country uptake of ETF evidence through KIESE+, the Torino Process and redesigned country fiches, moving from assessment to reform steering; ii) enabled countries to prioritise reforms, anticipate risks and guide implementation in education, training and skills systems; iii) deepened system intelligence through upgraded diagnostics, dashboards and monitoring portals, improving evidence-based dialogue with EU services; iv) facilitated structured stakeholder engagement, reinforcing national ownership, coordination and reform credibility; v) sustained long-term engagement in fragile, crisis-affected and enlargement contexts, including Ukraine, Lebanon and Libya; and vi) voluntary contribution projects amplified long-term impact: SER sustained education and skills reforms under complex political conditions in the Eastern Partnership, DARYA advanced regional cooperation, youth employability and skills relevance in Central Asia, and CoVEs strengthened vocational excellence as a system-level reform lever linking VET providers, labour-market needs and quality assurance.
- Strategic Goal 4: ETF as a Reference EU Agency – relevant activity areas: increased organisational readiness, and increased reach and capacity to influence – key achievements in 2025: i) strengthened institutional readiness, agility and absorptive capacity in a volatile geopolitical and financial environment; ii) advanced digital transformation, data infrastructure and cybersecurity, reinforcing ETF’s delivery reliability; iii) enhanced sustainability, institutional development and people-centred organisational practices, supporting long-term performance; iv) expanded ETF’s reach and visibility within Union of Skills, Global Gateway and neighbourhood frameworks; and v) reinforced cooperation within the EU agency ecosystem, notably with agencies under the remit of DG EMPL, strengthening coherence and complementarities.

These achievements also confirm the effective **utilisation of resources**, as reflected in the activity-based budget tables in Annex V of the CAAR 2025. Overall, actual expenditure remained closely aligned with planned allocations, with only minor variations attributable to adjustments made to accommodate new requests and evolving needs and priorities of partner countries and the European Commission. In addition, **Part II** of the Report further demonstrates the effective management of human and financial resources, confirming the ETF’s maturity and stability. Of the € €24,153,170 subsidy received from the European Commission for 2025, the ETF achieved the following:

- The ETF achieved a commitment appropriation rate of 99.98% for subvention funds (99.77% in 2024) and an outturn rate of 99.97% (97.24% in 2024), both well above target. Timely payments reached 93.4% (94.1% in 2024), and the payment appropriations cancellation rate remained low at 0.41% (3.11% in 2024).
- The above financial results confirm the ETF’s consistently high level of performance in delivering the annual work programme and effectively absorbing funds. They also demonstrate the Agency’s capacity to adapt to evolving partner country needs and Commission priorities despite rising fragilities, geopolitical and socioeconomic uncertainties, technological and environmental disruptions, and increasing pressures on human capital and skills systems.

- A slightly increased level in Carry Forward from 2025 into 2026 coupled with an extension of ongoing activities made so that out of the €2.54m “reste à liquider” (RAL) from previous years (€2.08m in 2024) the ETF has paid 85.9% (83.0% in 2024), with €235,248 being declared “lost opportunity” (compared to €131,175 in 2024) and the remaining to be finalised and paid during 2026.
- The job screening exercise demonstrates that the ETF was able to maintain the overall allocation of staff to the core operational job category at 75.39% (75.74% in 2024).
- The average vacancy rate of ETF staff in authorised posts is 3.5% below the target level of <5%, with a structured recruitment plan in place for 2026.
- An assessment of the outcomes of audits of the ETF by the European Court of Auditors and the Internal Audit Service indicate the Agency’s high level of compliance with its regulatory framework, in particular financial and procurement procedures, and 100% incidence of recommendations under the responsibility of the ETF implemented within agreed deadlines for five consecutive years.

Parts III & IV provide the assessment and assurance of the effectiveness of the system of internal control that the ETF uses to ensure its effective and efficient functioning as an EU agency. The results of the 2025 **assessment of internal controls are positive** with the overall internal control system assessed as effective. The assessment was done in cascade, based on a thorough review of all 17 Internal Control Principles, followed by an assessment of the 5 components. Improvement actions have been developed for 2026 in the spirit of continuous improvement.

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

Given the high level of achievement of operational results and the positive outcomes of the annual review of the internal control system and organisational performance, the 2025 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 2025 Consolidated Annual Activity Report and:

Congratulates the ETF on the successful implementation of the fifth year of the ETF 2027 Strategy and the delivery of its 2025 Work Programme across the four strategic goals, as demonstrated by the strong organisational performance and consistently above-target KPIs.

Recognises the ETF’s more than three decades of experience, which continues to enable high-quality work and tangible impact across partner countries, the wider human capital development landscape, and EU programming.

Encourages the continued involvement of the ETF in supporting EU external action at the request of Commission services and EU Delegations, noting the Agency’s responsiveness to requests.

Supports the evidence from internal and external evaluations confirming the relevance, impact and added value of ETF activities in partner countries, and its role as a trusted reference in education, training and labour-market reforms.

Welcomes the insights and intelligence generated in 2025, which strengthened the EU's global reach, influence and impact, advancing EU priorities, informing investment choices, and expanding regional and continental cooperation on qualifications transparency, recognition and mobility, supported by shared analytical tools and the promotion of EU values and standards.

Highlights the value of ETF partnerships that enabled knowledge co-creation, contextualised solutions, progress in digital transformation and sustainability maturity, and expanded impact delivery aligned with EU and Member State priorities, positioning the ETF as a key actor in EU external relations for human capital development.

Commends the ETF's engagement with more than 7,000 stakeholders and outreach to over 10 million people across the EU and neighbouring regions, and its cooperation with the Commission, Member States, and international partners active in human capital development.

Appreciates the Agency's active contribution to the EU agency network and its close collaboration with the four DG EMPL agencies, generating mutual efficiencies and sharing best practices in digitalisation, sustainability, anticipatory planning and monitoring, and strategic intelligence, further improving its global positioning and preparedness for the future.

Praises the sustained high level of financial and resource management performance, particularly commitment and payment rates, achieved despite the exceptional geopolitical context marked by the Russian war of aggression against Ukraine, the situation in Gaza and the Middle East, and increasing fragility in the EU neighbourhood.

Takes note of the comprehensive internal control systems in place, confirming once again that the ETF has no reservations or critical issues to report for 2025.

Urges the European Commission to make full use of the Agency's methodologies, intelligence, diagnostics and policy advice – supported by dedicated funding – within the scope of the ETF's regulation and financial framework.

Stresses the need to ensure adequate human and financial resources for the Agency to fulfil its mandate effectively.

Confirms that the information in the CAAR provides reasonable assurance that ETF resources in 2025 were used for their intended purpose and in line with the principles of sound financial management, and that the control procedures in place ensure the legality and regularity of underlying transactions.

Based on the strong operational achievements, proven financial performance, positive internal control results and demonstrated EU added value, the **Governing Board** considers that the CAAR 2025 fulfils all regulatory requirements for adoption. It therefore, **adopts the ETF Consolidated Annual Activity Report 2025** and requests its transmission, 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.