

ANNUAL ACTIVITY REPORT 2011 – ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2011 financial year. The Board acknowledges the results achieved by the ETF and offers the following analysis and assessment.

Analysis

The 2011 Annual Activity Report (AAR) records the achievement of the ETF's objectives for 2011 following its annual work programme and according to the functions, themes and regions in its Council Regulation. 2011 was the second year of the mid-term perspective 2010-13.

Part I of the AAR summarises the activities and results achieved in each of the four regions and in the thematic expertise development area, presents the work organised by function and distinguishes between country-based and regional activities.

The AAR contains a detailed record and description of the corporate outputs achieved in 2011 together with annexes and specific tables outlining areas of expenditure by theme, region and function. In particular, the activity based budget tables report the use of resources according to the three dimensions of ETF planning (geographical, functional and thematic). The report also presents details on the specific requests received from the European Commission and the services provided by the ETF in response.

Of the 150 corporate outputs achieved in 2011 (against the 149 targeted), 121 were targeted in the 2011 Work Programme, 15 were the result of new requests in 2011 and 14 were carried-over from 2010. Overall, the level of outputs completed is in line with the final budget received by the ETF and indicates the achievement of the objectives proposed in the work programme.

The 2011 AAR records an increase in policy analysis outputs (22 achieved compared to 18 targeted), as well as those related to support to the European Commission (31 achieved against 27 targeted) at the expense of two less in dissemination and networking (25 achieved, 27 targeted) and five less capacity building outputs (72 achieved, 77 targeted).

The changed mix of outputs achieved in 2011 compared to 2010 is explained by the increase in capacity building activities due to ToriNet in 2011 (compared to Torino Process policy analysis in 2010), by the number and type of requests from the European Commission (which increased in 2011 and became more diversified reflecting requests for expertise from different DGs and the complex and dynamic political situation in several ETF partner countries), and the central role of the ETF in the field of human capital development (policy analysis and dissemination and networking), as found in the External Evaluation undertaken in 2011.

The Governing Board highlights the success of the Torino Process conference and the importance of the resulting Declaration where policy leaders from partner countries, the EU and the international community acknowledged the value of structured evidence in guiding the policy cycle. The Board also

welcomes the approach inspired by the Bruges Review, which has encouraged national authorities to take a leading role in driving assessment processes and follow up.

The Board acknowledges the importance of the ETF's response in Tunisia and other countries in the aftermath of the Arab Spring. For example, the ETF redefined its support in line with the priorities of the Tunisian transition government to focus on support to the government and other stakeholders in field of employment (capacity building) and on the contribution of human resources to territorial development.

The ETF's work in supporting the Commission in the Eastern Partnership platforms, in mobility partnerships and in lifelong learning in Eastern Europe is also noted. The priorities of attractiveness of VET and relations between education and business were supported by all five partner countries in Central Asia at the first regional policy dialogue on VET that was followed up at the Torino Process conference in May, the conference on evidence-based policy making in November in Turin and the OECD's policy seminar on VET in December.

The Governing Board also highlights the work on social inclusion in the Western Balkans and Turkey. The regional network promoted by the ETF in this field was called upon when DG Enlargement asked the agency to design an IPA multi-beneficiary project for inclusive education. The work of the members of the network resulted in a project proposal that will consolidate the work done by the ETF and its partners in promoting inclusive education and training.

From the extensive activity in thematic development, the Board emphasises the success of the "Qualifications Frameworks, from concepts to implementation" conference organised by the ETF at the European Parliament, which brought together experts from ETF partner countries, the EU and third countries. This conference underscored the ETF's expertise at national and international levels in order to provide the expert support required by ETF partner countries.

Parts II, III and IV of the AAR detail the processes that the ETF uses to ensure its effective and efficient functioning as an EU agency.

Part II describes the key features of the significant developments that have improved and reinforced management supervision and control of ETF activities. In 2011 the organisation continued to implement a comprehensive system of internal controls, quality and risk management, ensuring proportional compliance and the effectiveness of internal procedures. These developments covered changes in the organisational structure, changes in internal processes and systems, procedures and workflows and in resources management.

The report records very good results from a resource management perspective:

- of the €20.350 million available as commitment appropriations in the 2011 budget, the ETF achieved a commitment rate of 99.7% (similar to the execution rate of 2010 but higher in nominal terms);
- the ETF disbursed 86.8% of the amount committed (compared to 87.1% in 2010 and 82% in 2009);
- including the payments on operational commitments carried forward from 2010, of the €19.850 million available payment appropriations in 2011, the ETF achieved a payment execution rate of 99.8% (compared to 96.5% in 2010 and approx. 90% in 2009);
- the ETF reduced the number of budgetary transfers to 12 in 2011, compared with 15 in 2010 and 33 in 2009, and carried forward 13.1% of the 2011 amount committed (compared with 12.8% in 2010 and 17% in 2009);

- the rate for carrying forward operational activities was 33% for differentiated appropriations (*reste à liquider*, RAL), while the administrative carry forward was 3.9% for non-differentiated appropriations;
- the budget outturn (total amount to be reimbursed to the European Commission) amounts to € 117,686.58 (€100,981.71 in 2010);
- In the area of procurement, nine tendering procedures were cancelled, 38 contracts were signed and 104 contracts were active on 31/12/2011; and
- the ETF ended 2011 with six vacant posts in its establishment plan, three of which were filled by March 2012. The ETF's staff at the end of 2011 was 125 (90 Temporary Agents, 32 Contract Agents, two Local Agents and one Seconded National Expert) with seven staff members joining the agency and 10 leaving in 2011.

Part III describes in detail the building blocks towards the Director's declaration of assurance that the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principles of sound financial management. This section also describes the control procedures put in place to give the necessary guarantees concerning the legality and regularity of the underlying transactions (part IV).

Based on the criteria established by the ETF policy to define the materiality criteria for the ETF Director to base her decision where a reservation should be included in the annual declaration of assurance in the context of annual activity reporting, the ETF has no reservation to report for 2011.

Assessment

In 2011, the ETF:

- satisfactorily implemented the second year of the multi-annual work programme 2010-13, reflecting that its activities were in line with its new mandate including greater diversity in the support it provides to the European Commission and a growing focus on policy support;
- achieved the objectives set in the annual work programme, and the number of outputs and activities recorded in the report provides evidence of this achievement;
- successfully continued the second year of the Torino Process, with the conference consolidating the findings of 2010 analyses and agreeing on the Torino Declaration, as well as with the Torinet initiative on capacity building in evidence-based policy making;
- accomplished remarkable achievements in the four regions with which the ETF works (e.g. support to Tunisia, linking social inclusion network to multi-beneficiary programming in the Western Balkans and Turkey, mobility partnership in Eastern Europe and school development in Central Asia) and in the thematic expertise development (qualifications conference and platform);
- executed its activities within the resource framework adopted by the Board. In particular, the ETF committed 99.7% of the available commitment appropriations and disbursed 99.76% of its payment appropriations; and
- continued to implement a comprehensive system of internal controls, quality and risk management ensuring a proportional compliance regime and the effectiveness of internal procedures.

The Board appreciates the efficiency of financial management in 2011 which, following the positive trend started in 2009 and 2010, has ensured the full use of the funds made available to the ETF, with

an unused amount of 0.1M€ (0.5%) to return to the European Commission for 2011 activities, mainly due to decommitments on carry forward appropriations during the year.

The Board acknowledges that the ETF has no reservations or critical issues to report for 2011.

The report explains the materiality criteria adopted by the ETF for establishing reservations in the AAR, - based on an IAS recommendation issued in 2009. The ETF had no reservation to report in 2010.

The information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2011 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.

In light of the above analysis and assessment, the Governing Board adopts the ETF Annual Activity Report 2011, and requests that it be 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.