

ANNUAL ACTIVITY REPORT 2012

ANALYSIS AND ASSESSMENT



ANNUAL ACTIVITY REPORT 2012 – ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2012 financial year. The Board acknowledges the results achieved by the ETF and notes the following analysis and assessment.

Analysis

The 2012 Annual Activity Report (AAR) records the achievement of the ETF's objectives for 2012 following its annual work programme and according to the functions, themes and partner countries in its Council Regulation. 2012 was the third year of the Mid-term Perspective 2010-13.

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

The AAR contains a detailed description of the corporate outputs achieved in 2012 with annexes outlining areas of expenditure by theme, region and country. Corporate outputs are used as indicators of results achievement. In particular, the Activity Based Budget tables report the use of resources according to the three dimensions of the ETF planning policy (geographical, functional and thematic). The report incorporates details on the specific requests received from the European Commission, both those included in the work programme or requested after its adoption, and the response provided by the ETF.

From a quantitative perspective the 161 corporate outputs achieved in 2012 (150 in 2011) are slightly higher than the 157 targeted. Of the original 157 planned four were deferred for completion in 2013. Overall the level of outputs completed is in line with the final budget received by the ETF and indicate the achievement of the objectives proposed in the work programme. The AAR records increases in policy analysis outputs (30 compared to 27 planned, 22 achieved in 2011), in support to the commission (35 against 31 planned, 31 achieved in 2011) and in dissemination and networking (27 actual, 25 planned, 25 achieved in 2011), at the expense of five less in capacity building outputs (69 actual, 74 targeted, 72 achieved in 2011). The changed mix of outputs is explained by an increase in requests from the Commission services (reflecting the diversity of DGs requesting ETF work), the increase in policy analysis in the Torino Process in 2012 (compared with that in 2011) and the ETF's central role in human capital development (policy analysis and dissemination and networking), as found in the External Evaluation completed in 2012.

To illustrate the qualitative aspect of ETF work, the Governing Board acknowledges the findings and recommendations of the two external evaluations reports completed in 2012. One was conducted by the European Commission and covered the period 2006-10¹, according to art. 24 of the ETF Founding Regulation. This was followed by a report from the Commission². The Governing Board acknowledges the positive findings and recommendations and particularly welcomes the final conclusion of the European Commission report, namely:

¹ External EC evaluation: Service contract EAC-2011-0140 awarded to PPMI by the DG EAC of the European Commission on 30 March, 2011. The evaluation report does not necessarily reflect the opinions and views of the European Commission, nor is it bound by its conclusions. http://ec.europa.eu/dgs/education_culture/evalreports/index_en.htm#etf12

² COM(2012) 588 final

“The Commission considers that within the Union's external relations policy framework, the ETF has a useful contribution to make as a centre of expertise in all four regions of its mandate. The Commission considers that the ETF has indeed been able to successfully reorganize and refocus its activities. The Commission shares the evaluator's overall positive assessment of the effectiveness of the Foundation's work in its main roles of providing and disseminating information, analysis, and policy advice, capacity building and networking and knowledge transfer. The ETF has also taken up the challenge of its recast mandate for considerable internal reforms.”

The second external evaluation is the one contracted by the ETF covering the first two years of its Mid-term Perspective (MTP) 2010-13³. Its main conclusion is that:

“Overall the evaluation of ETF's performance against its MTP has been positive. On the basis of the analysis carried out it would appear that all objectives of the MTP are relevant. They are broad enough to cover the comprehensive reform of VET that is necessary. In practice they underpin the dialogue between the ETF and their stakeholders. Therefore there is no basis on which to suggest major changes to them.”

The evaluator made a number of recommendations to increase the usefulness of the MTP as a document for strategic planning. These are addressed in a specific ETF action plan.

As for 2012, the Governing Board highlights the success of the second round of the Torino Process analyses and the value of structured evidence in guiding the policy cycle. It also welcomed the methodological approach inspired by the Bruges Communiqué, which has encouraged national authorities to take a leading role in driving the assessment process and follow up. Out of the 25 countries, 15 directly led the process themselves (six in 2010), carrying out self-assessments with the active participation of stakeholders, while in the other 10 countries the ETF assisted the national leadership in consultation with stakeholders, to carry out the analysis. This proves the ownership of the process within the partner countries, its alignment to the countries policy development and guarantees future sustainability. The ETF has also developed a conceptual methodology for capacity building in the field of VET policy making (under the ToriNet initiative).

The Board highlights the ETF's high degree of flexibility and ability to react in its work in the southern Mediterranean in a highly uncertain and volatile context. The ETF responded swiftly to the request from the European Commission to support the identification of a VET project in Libya, being the first international actor in the country in the field of human capital development. The Draft Opinion of the Committee on Employment and Social Affairs for the Committee on Budgetary Control on discharge in respect of the ETF's 2011 budget⁴ calls on the Committee on Budgetary Control to incorporate the following suggestions in its motion for a resolution: *“Welcomes the work of the Foundation done in the aftermath of the Arab Spring revolution and congratulates on the quick revision of its activities in North Africa to match the raising needs for expertise and on the ability to respond to increased requests for support in those countries”*. The emphasis on youth employability and the renewed focus on vocational education and training, the skills dimension of SMEs and migration processes are considered paramount in improving the employability of the existing work force and young people.

The ETF's work to the Commission in the Eastern Partnership platforms, in Mobility Partnerships and the area of Continuing vocational training (CVT) in Eastern Europe is also noted. The ETF has supported Sector Skills Councils in Eastern Europe. The ETF also drafted the country and regional

³ Agora (2012): Mid-term evaluation of the ETF Mid-Term Perspective. Framework Contract CON/11/ETF/002, assignment number 4.

⁴ 2012/2192(DEC), delivered on 8/1/2013. The Committee on employment and social Affairs is the committee responsible for the ETF.

reports for the Small Business Act (SBA) assessment on the basis of discussions with the countries on key issues and scores on Entrepreneurial Learning and Enterprise Skills.

In Central Asia the Board highlights the comprehensive picture that emerges from the ETF study on the transition from school to work, where there are real figures to back up evidence on the often troublesome reality for school leavers. This can become a cornerstone for future policy development.

The Governing Board also highlights the work in the Western Balkans and Turkey, where a wide range of stakeholders have been involved to address the main challenges identified in the Enlargement Strategy Paper 2010-11, the Europe 2020 strategy as well as the South Eastern Europe 2020 Strategy. The ETF embarked on support for comprehensive human resources development strategies in the seven countries of the enlargement region (FRAME project).

Out of the extensive thematic development work, the Board would like to emphasise the success of the ETF's activities in the area of entrepreneurship and enterprise skills, which concluded in 2012 with a conference in November that brought together policy makers and practitioners from ETF partner countries, EU Member States, representatives of the EC and international organisations where examples of good practice (e.g. the entrepreneurship training provision) and their messages for policy makers were presented.

The Board also underlines the ETF's work on multi-level governance in VET. On 31 May and 1 June, the ETF invited key partners from all of its partner countries to Brussels to discuss one of the most promising models for education policy and strategy development: multi-level governance.

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 significant developments that have improved and reinforced management supervision and control of ETF activities. In 2012 the organisation continued to implement a comprehensive system of internal controls, quality and risk management, ensuring proportional compliance and the effectiveness of internal procedures. The Board acknowledges the entrance into force of a performance-based management framework, and its integrated improvement plan as well as the work done on data protection

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

Of the €20,144.530 available for commitment appropriations in 2012, the ETF achieved the following results:

- A commitment rate for subvention funds of 99.91 % (overall title 1, 2, 3) – demonstrating that the ETF is continuing to perform very well on financial indicators, as underlined by the European Parliament in the latest discharge for 2010 (99.9% was the percentage of commitments both in 2010 in 2011);
- A payment rate for subvention funds of 85.9% (both administrative and operational) and an execution of payment appropriations in title 3 of 99.92% (with an overall usage of 95.39% of the total amount of payment appropriations, still to increase in 2013 with the payment of carried forward administrative activities). In 2011, the ETF paid 86.8% of the subvention funds and had a 99.76% title 3 payment execution rate (compared to 87.1% and 96.5% in 2010).
- 64.96 % of operational appropriations were paid within the year (66% in 2011), but in absolute figures the RAL (reste à liquider) decreased from €2.12m to €1.92m.
- The percentage of carry forward (for administrative appropriations) is 6.23%, higher than in previous years (4.3% and 4.0% in 2010 and 2011 respectively) due to the fact that a large amount

of training activities were organised end of 2012 (to be paid in early 2013), a higher number of relocations for staff arriving/leaving the ETF, and an un-received invoice for Villa Gualino costs (with a reserve for heating, water, electricity and maintenance relative to 2012), legal expenses, office stationery and the new switchboard acquired at the end of the year for Title 2.

Part III details the building blocks towards the Director's declaration of assurance that the resources assigned to the activities described in the report were 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 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, the ETF has no reservation to report for the year 2012.

Assessment

In 2012, the ETF:

- satisfactorily implemented the third year of the Mid-term Perspective 2010-13 - its activities were in line with its mandate including greater diversity in the support provided to the European Commission and a growing focus on policy support;
- was externally evaluated and both the evaluators and the Commission concluded with an overall positive assessment of the effectiveness of the ETF's work;
- achieved the objectives set in the annual work programme - the number of outputs and activities recorded in the report provides evidence of this;
- successfully continued the second round of the Torino Process country policy analyses, which is also a capacity building opportunity due to its policy learning and dialogue approach among stakeholders in the countries ,
- continued building capacity in the human capital development sector, in particular through the ToriNet initiative on capacity building in evidence-based policy making;
- accomplished remarkable achievements in the four regions (e.g. support to the European Commission on human resources development strategies in the Western Balkans and Turkey [FRAME], the successful continuation of the multi-annual sectoral qualifications project in the Mediterranean, the sector skills councils in Eastern Europe and the transition study in Central Asia) and work in the entrepreneurship and enterprise thematic area;
- provided expertise on the skills dimension of the Mobility Partnerships, the migration studies in Georgia, Armenia and Morocco, as well as on matching and anticipating skills;
- executed its activities within the resource framework adopted by the Board. In particular, the ETF committed 99.91% of commitment appropriations in 2012 and disbursed 99.92% of its Title 3 payment appropriations (95.39% of its total amount of payment appropriations);
- following the implementation of ex-post controls, concluded that there are no critical weaknesses in its management of financial transactions and that improvements have been made for most of the performance rates compared to the results of 2011; and,

- developed and deployed a comprehensive system of performance-based management including internal controls, quality and risk management, and process development ensuring proportional compliance and effectiveness of internal procedures.

The Board also acknowledges the finalisation of the preparatory phase for the Governance for Employability in the Mediterranean Project (GEMM) and for the Supporting the development of comprehensive HRD strategies in the Enlargement countries (FRAME) project.

The Board appreciates the efficiency of financial management in 2012 which, following the positive trends of previous years ensured the full use of the funds made available to ETF resulting in an unused amount of only €0.12 million (0.68%) to return to the European Commission for 2012 activities - this is a very good result, considering the threshold which would have an impact in budget negotiations is 5%. The number of budget transfers was 11 (12 in 2011).

The Board acknowledges that the ETF has no reservations or critical issues to report for 2012.

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 has no reservation to report in 2012.

The information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2012 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 the light of the above analysis and assessment, the Governing Board adopts the ETF Annual Activity Report 2012, 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.

