

ANNUAL ACTIVITY REPORT 2013 ANALYSIS AND ASSESSMENT



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The Governing Board has analysed and assessed the Director's report on the results for the 2013 financial year. The Board acknowledges the results achieved by the ETF and notes the following analysis and assessment.

Analysis

The 2013 Annual Activity Report (AAR) records the achievement of the ETF's objectives for 2013 following its annual work programme and according to the functions, themes and partner countries in its mandate. 2013 was the fourth and the last year of the Mid-term Perspective 2010-13.

The report presents 2013 in the context of the cumulative achievement in the execution of the four work programmes included in the Mid-term Perspective. Quantitative indicators are provided to illustrate the achievement of the two strategic objectives:

- *partner countries have reinforced their capacities in planning, designing, implementing, evaluating and reviewing evidence-based vocational education and training policies; and,*
- *their human capital development benefitted from the external dimension of EU policies.*

For the period 2010-13, according to the annual Work Programmes the ETF planned to achieve 616 corporate outputs and achieved 610, an achievement rate of 99%. However, the initial MTP target for the four years was 590, so the 610 outputs achieved in the period exceeded the initial target by 3.4%. This is in line with budget received by the ETF. The AAR records increases in outputs supporting the European Commission (136 against 124 planned in the four work programmes for the period 2010-13), policy analysis outputs (100 compared to 84 planned), and dissemination and networking outputs (103 compared to 99 planned) at the expense of outputs in capacity building (271 compared to 309 planned).

Part I summarises the country-based and regional achievements in each of the four regions as well as the methodological expertise developed to support the achievements. The expected results of the 2013 work programme were:

- *Partner countries have reinforced their holistic and evidence-based development of VET reform through the Torino Process which has demonstrated partner country ownership, is aligned with national policy development and guarantees future sustainability;*
- *Partner countries have strengthened their capacity to develop and apply tools for evidence-based policy making;*
- *Partner countries have improved their labour market analysis and reviewed VET systems to make them more relevant and raise quality;*
- *EU external policy instruments programming and, when relevant, the external policies of internal policies have been supported by the ETF; and,*
- *Relevant information, exchange of experience and good practice in human capital development has been disseminated and exchanged with and among partner countries.*

The AAR contains a detailed description of the results-related corporate outputs achieved in 2013 with annexes outlining areas of expenditure by function, theme, region and country. Corporate outputs are

used as indicators of the achievement of results. 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 (9%), and the response provided by the ETF.

From a quantitative perspective, the 144 corporate outputs achieved in 2013 are slightly fewer than the 152 targeted (95% achievement). Of the original 152 planned, 10 were deferred for completion in 2014. These postponements were related to the situation in the countries (50%), a decision by the EU Delegation (20%) or by the ETF (30%) for procurement reasons. Seven outputs were cancelled in 2013, as was one for Egypt from 2011. Five new ones were created. The reasons for cancellation were the country situation (50%) or attributable to the ETF (50%) for procurement reasons or the duplication of activities during the planning stage. The rate of achievement of corporate outputs compared to planning was higher in capacity building (98.4%), dissemination and networking (95.5%) and support to the European Commission (95.2%), and lower in policy analysis (83.3%). In 2013 the ETF focused more attention on capacity building, compared to previous years by increasing absorption capacity in view of the next multi-annual period. In budgetary terms, commitments were made during the year, while payment is transferred to 2014. The budget for the seven cancelled outputs was invested in the five new outputs introduced during the year.

From a qualitative perspective, the Governing Board acknowledges the findings and recommendations of the study conducted by DG DEVCO and particularly welcomes its conclusion, namely: *“it was possible to appreciate how the TVET systems supported benefited from the technical competencies of ETF staff and the structured, consultative process of key VET stakeholders in the countries. In addition, the networks established in the countries and among countries via regional, sub-regional and thematic consultations and capacity building, as well as the ‘practice’ communities that complement the ETF’s internal capacity and capability were also of added value.”*¹

In 2013, the ETF concluded two external evaluations: the “Torino Process Interim Evaluation” and “the role of social partners in VET”². The Governing Board acknowledges the conclusion of the Torino Process Interim Evaluation: *“The stakeholder survey, which was purely based upon self-assessment, clearly documents the benefits which accrue to the key national stakeholders. The country visits further accentuated the reinforced encouragement to increase the effort in the ongoing reforms of the VET system, perhaps even the reforms of the complete educational sector.”*³

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

Part II describes the significant developments that improved and reinforced management supervision and control of ETF activities. In 2013 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 results of performance-based management at the ETF, its integrated improvement plan as well as its efforts in data protection.

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

¹ TVET and Skills Development in EU Development Cooperation 2012/308055/1 Final Report, EC, 2013

² Evaluation of Social Partner Development in the ETF activities, ETF, SKS -12-05, Ikon Institute September 2013

³ Torino Process Interim Evaluation, ETF, SKS -12-05, Ikon Institute September 2013 <http://bit.ly/MyeYLS>, p.30

- Of the €20,143,500 received as its subvention in 2013, the ETF committed 99.78%, maintaining the good track record of previous years (99.91% for 2012), which demonstrates how the ETF has optimised its budget execution, as underlined by the European Parliament in the latest discharge for 2011;
- Similarly, the 87.11% ETF paid (from the subvention funds) during 2013 represents a further step forward compared to 2012 (85.9%), while the consumption of differentiated Title 3 payments reached 99.81% again in line with good achievements of previous years (99.92% in 2012 and 99.72% in 2011). The high consumption of payment appropriations is a sign that the efforts made in planning the transfer of payment appropriations and prioritising payment requests was successful. Additionally, the ETF significantly improved its already good performance in compliance with payment time-limits: 84.07% of payments were made within the legal due date in 2013;
- The payment of funds carried forward from 2012 was 90%, in line with previous years (89.7% in 2012 and 90% in 2011)
- In Title 3, outstanding commitments (reste à liquider) decreased both in percentage (from 35% in 2012 to 34% in 2013) and in absolute value from €1.95m in 2012 to €1.8m in 2013). This means that 66% of operational appropriations were paid within the year and the remaining 34% is linked to the regular implementation of operational projects.

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 underlying transactions (**part IV**).

The criteria for the ETF Director to decide whether a reservation should be included in the annual declaration of assurance were drawn up on the basis of an IAS recommendation issued in 2009. In the light of this, the ETF has no reservation to report for the year 2013.

Assessment

In 2013, the ETF:

- satisfactorily implemented the fourth 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 more focus on capacity building and dissemination and networking;
- was externally evaluated and the evaluators concluded with an overall positive assessment of the ETF's work effectiveness; DG DEVCO positively assessed the added value of the ETF;
- achieved the results established in the 2013 work programme and successfully achieved the objectives for the period 2010-13 as set out in the Mid-term Perspective – the achievement of corporate outputs provide evidence for that; e.g.:
 - **Result 1:** *Partner countries have reinforced their holistic and evidence-based development of VET reform through the Torino Process which has demonstrated partner country ownership, is aligned with national policy development and guarantees future sustainability.*

The ETF successfully validated the outcomes from the 2012 Torino Process with all stakeholders at a major international event in Turin in May 2013 resulting in a declaration from the participants which identified five actions to move skills forward;

- **Result 2:** *Partner countries have strengthened their capacity to develop and apply tools for evidence-based policy making.*

A total of 12 ministers and deputy ministers with a stake in HRD and finance represented partner countries at the Policy Leaders' Forum for South Eastern Europe and Turkey (Salzburg, 9 and 10 October) focussing on comprehensive long-term policy making for human resources development (HRD) in the context of the Europe 2020 and SEE 2020 strategies and addressing the efficiency and effectiveness of public policies in education, training and employment for better results in terms of competitiveness and employment. In the SEMED region, Morocco, Tunisia, Jordan and Egypt have been using the ETF tools and instruments to support the transparency and comparability of qualifications at sectoral level (construction and tourism), building on EQF principles and instruments.

- **Result 3:** *Partner countries have improved their labour market analysis and reviewed VET systems to make them more relevant and raise quality.*

Despite the overly ambitious nature of this objective, at country level the ETF did provide support to ongoing national reforms in the countries, for instance by giving advice for the elaboration of a national employment strategy in Morocco, by providing updated country analyses in Eastern Europe and the Southern and Eastern Mediterranean regions to be used by national authorities and by EC services (DGs EAC, EMPL, DEVCO, EEAS and EU Delegations), and by reviewing employment policies and active labour market policies for youth employment in Algeria, Jordan, Libya, Palestine and Tunisia. Support was also provided in Serbia to establish and implement Sector Skills Councils, and policy advice was given in Kosovo⁴ for the modernisation of public employment services.

- **Result 4:** *EU external policy instruments programming and, when relevant, the external policies of internal policies have been supported by the ETF.*

Regional policy dialogue between countries of the Southern and Eastern Mediterranean and the Union for the Mediterranean was increased in 2013, with the ETF's contribution of two relevant policy analyses: (i) the charter assessment of the skills dimensions on entrepreneurial learning and skills for enterprises coordinated by DG Enterprise and carried out in cooperation with OECD, EIB and EBRD. For the first time, the regional report included a background country fiche on Libya. The assessment will feed directly into the preparations of the 2014 EuroMed Ministerial meeting on industry cooperation; and (ii) the ETF country employability fiches and a short regional note on active labour market measures supporting youth employment based on studies in five countries (for the EuroMed EESC summit).

- **Result 5:** *Relevant information, exchange of experience and good practice in human capital development has been disseminated and exchanged with and among partner countries.*

This has been done face-to-face at 22 events (86, if workshops and small meetings are included) involving some 829 participants (or 3,936 person-days) that supported capacity building for policy learning and network creation. Small meetings involve a few experts, while large-scale events include the Policy Leaders' Forums in Marseilles and Salzburg in October, and the major corporate conference that concluded the second round of the Torino

⁴ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence - hereinafter 'Kosovo'.

Process in May. The events helped to disseminate relevant EU policy developments and examples of good practice from EU Member States.

- following the implementation of ex-post controls on transactions processed in 2013, the results showed that there are no critical weaknesses in the management of financial transactions and that improvements have been made for most of the performance rates compared to 2012; and,
- the comprehensive performance-based management system has been enhanced and includes internal controls, quality and risk management, and process development ensuring proportional compliance and effectiveness of internal procedures.

The Board also acknowledges the deployment of the Governance for Employability in the Mediterranean (GEMM) project and the Supporting the Development of Comprehensive HRD Strategies in the Enlargement countries (FRAME) project.

The Board praises the efficiency of financial management in 2013 which, following the positive trends of previous years ensured the full use of the funds made available to the ETF resulting in an unused amount of only €0.20 million (less than 1%) to return to the European Commission for 2013 activities (0.12 million in 2012). This is a very good result, considering that the threshold which would have an impact on budget negotiations is 5%. The number of budget transfers was 11 (also in 2012).

The Board acknowledges that the ETF has no reservations or critical issues to report for 2013.

The information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2013 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, the Governing Board adopts the ETF Annual Activity Report 2013, 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.