

ANNUAL ACTIVITY REPORT 2014 ANALYSIS AND ASSESSMENT



ANNUAL ACTIVITY REPORT 2014 – ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2014 financial year. The Board acknowledges the results achieved by the ETF and notes the following analysis and assessment.

Analysis

The 2014 Annual Activity Report (AAR) records the achievement of the ETF's objectives for 2014 following its annual work programme and according to the functions, themes and partner countries in its mandate. 2014 is the first year of the Mid-term Perspective 2014-17.

The report presents 2014 in the context of the three strategic objectives set in the Mid-Term Perspective 2014-17:

- Strategic objective 1: Reinforce evidence-based VET policy analysis
- Strategic objective 2: Modernise VET systems in a lifelong learning perspective
- Strategic objective 3: Increase the relevance of VET provision in respect of the labour market, economic and social cohesion

Part I details the ETF's main achievements according to the expected results stated in the Work Programme. These cover the ETF's operational activities at thematic, regional, country and function levels to support the human capital dimension of EU internal and external policy priorities. The section also presents the ETF's achievements as an institution in terms of enhanced efficiency and effectiveness. This includes the contribution of ETF stakeholder relations and communication to institutional performance.

The AAR confirms that the ETF's performance effectiveness when comparing results planned with results delivered can be estimated at over 97% (compared with 94.7% in 2013). The main effectiveness indicators are:

- Delivery of 91% of expected results defined in the ETF Work Programme 2014 within the budgetary year
- Completion of a further eight corporate outputs carried forward from its 2013 Work Programme due to instability in its operational context. These additional requests and carried forward outputs represented an additional 6% of ETF work in 2014.

In addition, ETF responded to 21 extra requests for support from the Commission introduced during the year. Overall ETF responded to 82 requests for support from the Commission in 2014 (compared with 78 in 2013).

Part 1 outlines key highlights of ETF achievements in 2014 according to the Strategic objectives for 2014-7 and the annual objectives and indicators from Work Programme 2014:

Strategic Objective 1 : Reinforce evidence-based VET policy analysis;

2014 Annual Strategic Objective 1 : To reinforce partner country policy analysis capacity in the field of human capital development through the Torino Process and in other policy area analyses (Small Business Act (SBA), employability, National Qualifications Framework (NQF));

2014 ABB Resource Investment : 41% (€8,437.339)

- 26 partner countries took part in the 2014 Torino Process round, with 17 countries (65%) undertaking self-assessments and 14 countries additionally participated in a pilot benchmarking exercise using selected EU policy indicators and targets;
- Methodology for ex ante impact assessment of policy options drawn up and launched in three first wave partner countries. In Jordan the focus is on policy options for enhancing female participation in the labour market; in Ukraine, policy options for rationalising the school network; and in Montenegro an ex post analysis of the contribution of the Bruges short term deliverables;
- Methodological and policy support provided to candidate countries in implementing the Copenhagen/Bruges report, including the ETF analysis on policy progress as input to the Joint Cedefop/ETF report to DGVT;
- ETF produced and rolled out capacity building toolbox for participating countries in the Torino Process, and applied the methodology for capacity review and development in EC GEMM and FRAME projects;
- ETF completed the Small Business Act (SBA) indicators and guidelines for 2015 SBA assessment in the South Eastern Europe and Turkey and finalised four SBA assessments in Eastern Europe, with a further two assessments due for completion in 2015;
- Policy progress in implementing NQF in 100% of partner countries working on NQF monitored through the inventory;
- Employment policy analysis fiches delivered in Southern and Eastern Mediterranean countries with improvement to the employment policy analytical framework on request of the Commission and EEAS.

Strategic Objective 2 : Modernise VET systems in a lifelong learning perspective

2014 Annual Strategic Objective 2 : To support partner countries in modernising their VET systems in a lifelong learning perspective - inclusive multi-level governance and quality assurance;

2014 ABB Resource investment : 30% (€6,100,477)

- Collection, analysis and dissemination of best practice in VET multi-level governance policies and approaches through entrepreneurial communities culminating in an international dialogue in November, 2014,
- ETF methodological approach to policy analysis and capacity building in territorial governance disseminated through a policy brief;
- Policy analysis of VET territorial governance completed in Morocco (Tanger-Tétouan), Tunisia (Medenine) and Ukraine (Dnipropetrovsk) leading to policy recommendations at regional level;
- Policy analysis, dissemination and capacity building on national qualifications frameworks through preparation and follow up of International conference on 'Making Better Qualifications in ETF Partner Countries' with participation of 130 participants from 51 countries;
- Policy analysis of quality assurance in partner countries disseminated through 12 draft mapping reports and country fiches;

- Capacity building and dissemination of EU policy approaches on VET quality assurance in South Eastern Europe and Turkey, Southern and Eastern Mediterranean (through GEMM project) and Central Asia.

Strategic Objective 3 : Increase the relevance of VET provision in respect of the labour market, economic and social cohesion

Annual Strategic Objective 3 : To increase the relevance of VET provision through innovative approaches.

2014 ABB resource investment : 28% (€5,599,780)

- Methodologies and capacity building for foresight, review of institutional arrangements, policy monitoring and regional cooperation in Southern and Eastern Europe and Turkey through EC Frame project;
- Policy vision building for national employment and skills strategies in Albania;
- Policy analysis and dissemination of work based learning practice and policies in 7 Eastern European countries and South Eastern Europe and Turkey;
- Policy analysis and capacity building on entrepreneurial learning and enterprise skills in Southern and Eastern Mediterranean;
- Policy analysis and methodological guides in NEET, skills and informal economy, matching and anticipation methodological guides completed;
- Capacity building in applied in Ukraine and shared with other Eastern European countries;
- Policy analysis and advice on education-business cooperation in Kazakhstan;
- Capacity building in tools and approaches for transition from school to work (tracer studies in Armenia and Kyrgyzstan and skill needs analysis at regional level in Morocco);
- Dissemination of policy approaches to enhancing women entrepreneurship, contribution of sector skills councils and support to migration and skills.

During the implementation of the Work Programme, the ETF continued to demonstrate flexibility in managing resources according to changing priorities and developments in its context. The AAR indicates a realignment of resources among the three ETF strategic objectives with a decrease in policy analysis (objective 1) and an increase in modernisation of VET systems (objective 2). This is partially due to the adaptation of ETF activities originally planned as policy analysis and evidence generation to also provide active support for policy formulation and implementation, including capacity building and dissemination. An example of this tendency can be the case in the field of governance through entrepreneurial communities, which led to a major ETF capacity building and dissemination event in Torino in November. ETF also responded to the increased priority in EU internal policy and among the donor community including IAG to work based learning

Part I also reports on:

- ETF performance in supporting EU assistance, noting that the ETF received 82 requests from EU institutions and bodies in 2014 compared with 78 in 2013. The AAR notes specifically high levels of request from the Southern and Eastern Mediterranean region and an increase in requests for monitoring and evaluation of EU programmes;

- ETF added value and impact, including evidence of appreciation of the ETF's contribution to EU assistance from a 2014 DG DEVCO survey, and the input from two external evaluations into ETF work: Qualifications and Knowledge management and innovation;
- The contribution of ETF stakeholder relations to ensuring the ETF's accountability to EU institutions, and notably the European Commission, European Parliament and EU Member States through the Governing Board. The section on stakeholder relations also confirms ETF's engagement in exchanging information and lessons learned with international and bilateral actors engaged in human capital development as required by the ETF's founding regulation;
- The role of communication to achieving a wide awareness, understanding and engagement by institutional stakeholders and experts from EU, partner countries and international/bilateral organisations notably through 53 publications 20 videos, 1.200 participants in ETF events and over 800.000 visits to ETF website.
- The efforts made by the ETF, in agreement with its Governing Board to become more strategic and increase its efficiency and effectiveness. This culminated by end 2014 in the focusing of ETF operational activities on seven strategic projects and an internal reorganisation to enhance efficiency which will be operational from January 2015

Part II presents ETF's performance in terms of efficiency of resource management. The key achievements presented in the report are:

- A commitment rate of 99.9% (99.8% in 2013) its 2014 subvention (€20,158,053)
- Overall budget execution (paid vs committed) of 93.6% (94.6% in 2013) for Title 1-2 and 98.5% (99.8% in 2013) for Title 3
- Rate of cancellation of payment appropriations 0.92% (0.99% in 2013)
- Rate of outturn of 99.55% (99.73% in 2013)
- Rate of payments within deadline 79% (84% in 2013)
- A carry forward consumption of 89.5% compared with 84.2% in 2013
- An efficiency indicator of 77.8% of staff directly supporting operations compared with 22.2% of staff in administration.

Part II also presents an assessment of the outcomes of audits of ETF by the European Court of Auditors and the Internal Audit Service and ETF Audit team. The report indicates the Agency's high level of compliance with its regulatory framework, in particular financial and procurement procedures, and responsiveness to recommendations.

Part II also gives an assessment of ETF's internal control system. ETF risk management process confirms that ETF has a low/medium risk profile. The ETF procedure to register exceptions and/or control weaknesses resulted in 9 exceptions registered for a value of 0.5% (0.6% in 2013) of the ETF total executed budget of 20.158.053.

Part II includes an analysis of the ETF Performance Improvement Plan which captures all improvement actions captured through evaluations and audits. The analysis demonstrates that 90% of actions included in the Plan were successfully closed by end 2014.

Part II states that 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 and confirms that the ETF has no reservation to report for the year 2014.

Part II also 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.

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 2014 AAR concludes that there is reasonable assurance without reservation that the resources have been used for their intended purpose

Assessment

The Governing Board takes note of the 2014 AAR, and:

Appreciates the high level of overall achievement of ETF results of over 97% in 2014, across all three strategic objectives, which has ensured a satisfactory launch of the Mid-term Perspective 2014-17. This includes the effort made by ETF, at the Commission's request, to implement the Governance for Employability in the Mediterranean (GEMM) project and the Supporting the Development of Comprehensive HRD Strategies in the Enlargement countries (FRAME) project;

Acknowledges the continuing high rate of requests from EU institutions and bodies for direct support to EU assistance to partner countries;

Notes the evidence of the ETF's added value and impact, and calls on the ETF to further its work in this area to systematically measure and document its added value and impact;

Encourages the ETF's efforts to disseminate its activities and actively engage relevant stakeholders through its Communication work;

Welcomes the efforts made by the ETF to become more strategic and increase its efficiency and effectiveness and calls on the ETF to monitor the impact of the change with report to the Board;

Praises the sustained high level of performance in resource management in terms of commitment, payment, carry forward consumption and balance between operational administrative costs, and calls on the ETF to maintain its performance in this regard;

Takes account of the comprehensive performance-based management system put in place by the ETF, which has concluded that ETF has no reservations or critical issues to report for 2014.

The Board confirms that the information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2014 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 the light of the above, the Governing Board adopts the ETF Annual Activity Report 2014, 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.