



European Training Foundation

CONSOLIDATED ANNUAL ACTIVITY REPORT 2017 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2017 financial year as presented in the Consolidated Annual Activity Report.

Analysis

The Consolidated Annual Activity Report records the achievement of the ETF's objectives for the year in accordance with the annual work programme and in line with the Mid-term Perspective 2014–17 and the Single Programming Document 2017–20.

In 2017, the ETF successfully implemented the activities planned in the work programme with a 93% activity completion rate. This compares to a similar rate of completion of 94% in 2016. Of the activities completed, 88% were achieved as planned, slightly lower than in 2016, but still reflecting a high level of planning and implementation discipline. At the same time it also reflects the agency's ability to respond to the changing needs of the partner countries as well as to EC and EEAS requests.

Part I of the report summarises the outcomes achieved under the objectives of the seven thematic projects carried out in the partner countries. Quantitative indicators with targets in each of the thematic areas confirm the level of the achievement of the objectives. The activity based budget tables are presented in Annex 8, illustrating the budget for each of the thematic projects as well as a regional and country breakdown. Overall, actual budget expenditure is in line with the planned resource allocation with very small variations in a few budget lines which can be justified by the fact that the implementation of the work programme was adapted to respond to new requests, changing needs and the volatile context of the partner countries.

ETF support to EU assistance in the context of EU external policies in the partner countries was carried out through 105 targeted requests from EU services and Delegations. As in previous years, the ETF received positive feedback from EU services on the quality of support with 100% of respondents confirming its high quality and timeliness. Requests for support to EU assistance came from 62% of the partner countries, with a notable shift towards the design and support of more substantial, longer-term interventions. This meant that in 2017, the ETF was involved in the identification, formulation, implementation, monitoring or evaluation of EU external aid programmes in skills development and employment amounting to almost €250 million.

To improve **policy making in VET** by strengthening institutional capacity for the generation and use of evidence throughout the policy making cycle, the ETF completed the fourth cycle of the Torino Process. An analysis of the Torino Process reports revealed that 20 countries out of 25 have made progress in the use of policy analysis in the policy cycle. The interest and attendance in the international conference hosted in Turin with more than 300 participants present from 25 partner countries, the EU and other international development actors, confirmed the interest of stakeholders in the Torino Process. A dedicated blog platform received more than 10,000 visits and gained 14,500 followers and the new online report extraction tool generated more than 3,000 report downloads.

The ETF involvement in the monitoring of the **Riga mid-term deliverables** in the candidate countries in partnership with Cedefop, has led to a higher degree of comparability of data between the candidate countries and the EU in at least one mid-term deliverable area for each country as evidenced by three joint ETF-Cedefop background papers.

The ETF work on **governance** contributed to the progress of reforms and better governance arrangements at horizontal (social partnership), vertical (sub-national level actors) as well as at the legislative and financial levels. Governance inventory country fiches were completed for 20 countries.

The ETF objective to support partner countries to **improve initial and continuing VET** in terms of provision and quality assurance is directly linked to mid-term deliverables 1, 2 and 5. All five candidate

countries actively supported by ETF work through projects in Work Based Learning and Continuing Professional Development of teachers and trainers.

The Forum for **Quality Assurance** in vocational education and training was launched with 16 partner countries, two more than initially planned, illustrating the importance of improving quality assurance in VET. ETF work in this area is inspired by EU policy for quality assurance in VET and the EU Network, EQAVET.

Support to partner countries to improve their **qualifications and qualifications systems** is evidenced by the fact that 80% of countries have made progress within, or to the next policy stage of qualifications development and 24 partner countries have their progress analysed and reported on in the NQF inventory. The ETF online qualifications platform has over 800 active members from 77 countries, reinforcing the fact that the ETF is considered an international player in qualifications systems development.

In the field of **skills and employability** – including skills and migration – the ETF worked with 16 countries to develop and use labour market intelligence as an input to their employment and VET policies. In particular, in the Eastern Partnership region, within the framework of Platform 2, the ETF facilitated knowledge exchange and peer learning for six countries through a regional project ‘Make it Match’ (2014-17), which included a regional workshop in Riga.

Entrepreneurial learning and enterprise skills – Small Business Act assessments were undertaken in the Southern and Eastern Mediterranean countries (expect Libya, Syria and Egypt which were carried forward to 2018 due to political constraints). The country and regional reports are drafted on the basis of discussions with the countries on key issues and scores in Entrepreneurial Learning and Enterprise Skills.

From a qualitative perspective the Governing Board acknowledges the findings and recommendations of the two evaluations commissioned by the ETF in 2017 on VET Governance and Continuing Professional Development of Teachers and Trainers. The summary of the findings and conclusions in Annex 9 with regards to the added value of ETF work are in line with the recently concluded external evaluation¹ of 2016, commissioned by DG Employment, which states that “attributing tasks and responsibilities from the EU to the ETF provides added value because it has built up a centre of expertise that is also perceived as having, and is valued for, its independence and impartiality, especially in partner countries.”

Part II of the report details the processes that the ETF uses to ensure its effective and efficient functioning as an EU agency and notes in particular, the high level of achievement of the Key Performance Indicators (KPIs) which are in all cases, except for one, above target.

Of the €20,144,089 available for commitment appropriations in 2017, the ETF achieved:

- A commitment appropriation rate for subvention funds of 99.93% (99.99% in 2016) demonstrating that the ETF is continuing to perform very well on financial indicators, as underlined by the European Parliament in the latest discharge for 2016.

A high level of financial management performance with both cancellation of payment appropriations and timely payments at the highest performing levels in six years:

- Rate of payment appropriations cancellation of 0.29% (0.44% in 2016);

¹ External Evaluation of the European Training Foundation (ETF). Final Report by the EFECTIV Consortium October 2016 p. 135

- Rate of payments within deadline 94% (91% in 2016);
- Reduction in Carry Forward from 3.1% in 2016 to 2.6% for 2017-2018, and *Reste a Liquider* (RAL) steady at 30.8% in 2017, in comparison to 30.3% in 2016.

With regard to staffing, the situation remained stable compared to the previous year. The staff engagement indicator was not measured in 2017, but a staff survey will be conducted in 2018.

- An efficiency indicator of 81.92% of staff directly involved in operations at a constant level (81.4% in 2016).
- The average occupancy rate of ETF staff in authorised posts is 97%, compared to 99% in 2016, a level which has been relatively constant over the medium term.

The Governing Board takes note of the operational indicators introduced for the first time in 2017 with regards to country progress within the policy development cycle and dissemination reach.

- Partner country progression within a policy stage or to the next stage, 80% of countries (target 70%) made progress in at least one policy area.
- The ETF has a 99.5% dissemination reach (weighted sum stakeholder reach through digital media, events, downloads, publications).

Part II also presents an assessment of the outcomes of audits of the ETF by the European Court of Auditors and the Internal Audit Service. The report indicates the agency's high level of compliance with its regulatory framework, in particular financial and procurement procedures, and 100% incidence of recommendations implemented within agreed deadlines for two consecutive years.

Part II also gives an assessment of the ETF's internal control system which concludes that the internal transactional ex-post controls, risk management process, management self-assessment and procedure to register exceptions and/or control weaknesses are in place and are functioning correctly. The register of exceptions resulted in six exceptions in 2017, with a combined value of €47,382.93, representing 0.24% of the total 2017 budget compared to 2 in 2016 (financial value of 0.07%). This exception is below the materiality threshold established by the ETF policy on materiality.

Part II also details 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. According to the ETF policy on materiality drawn up following the IAS recommendation², there are no reservations on ETF performance in 2016.

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 2017 CAAR concludes that there is reasonable assurance without reservation that the ETF used the resources for their intended purpose.

² Final Report on the Audit of "Building Blocks of Directors Declaration of assurance with the ETF". IAS.A-2009-W ETF-001

Assessment

The Governing Board takes note of the 2017 Consolidated Annual Activity Report and:

Recognises the overall high level of achievement of completion of ETF activities of 93% in 2017, and the timeliness in delivery of the Work Programme actions of 88%, illustrating the high level of discipline in planning, but also the level of flexibility to respond to the challenging and dynamic environment in which the ETF operates;

Notes the continued involvement of the ETF in the identification, formulation, implementation, monitoring and evaluation of EU external aid programmes at the request of the European Commission and EU Delegations in terms of targeted requests and encourages further efforts in this direction.

Supports the evidence of the ETF's effectiveness and added-value to partner countries in implementing their policy reforms as confirmed in the Consolidated Annual Activity Report and by the external evaluations. The Board encourages the ETF to implement the recommendations and action plans of each of the evaluations.

Encourages the ETF's efforts to disseminate its activities and actively engage with more than 900 key country stakeholders through digital media, workshops and events.

Welcomes the efforts made by the ETF to increase the outreach of the Torino Process through the online sessions which were followed by almost 10,000 people through the website and Facebook live.

Congratulates the ETF for its communication activities around the "Getting Organised for Better Qualifications" toolkit, which received two separate international business communication awards in 2017 from the International Association of Business Communicators.

Appreciates the ETF's continued active engagement with other EU agencies in particular Cedefop and Eurofound.

Acknowledges the overall achievement in organisational performance in respect of the Key Performance Indicators.

Commends the agency for its sustained high level of performance in resource management in terms of commitment and payment 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 the ETF has no reservations or critical issues to report for 2017.

The Board confirms that the information provided in the report gives it reasonable assurance that the resources assigned to the ETF in 2017 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 light of the above, the Governing Board adopts the ETF Consolidated Annual Activity Report 2017, and requests that it is 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.