

DECISION OF THE GOVERNING BOARD OF THE ETF

The Governing Board of the European Training Foundation,

Having regards to the Council Regulation (EC) No. 1339/2008 establishing a European Training Foundation, and in particular article 9 thereof;

By written procedure which took place from 6 to 29 May 2020

Has adopted:

1. Consolidated Annual Activity Report 2019
GB/20/DEC/005



Joost KORTE

Chair of the Governing Board

Date: 08 June 2020

CONSOLIDATED ANNUAL ACTIVITY REPORT 2019



“Investment in education and training is an investment in growth and prosperity. And this is what we want for the countries in Europe’s neighbourhood. Your work in supporting the countries bordering the European Union in reforming their vocational education and training systems and in promoting the employability of young people is a great contribution to this goal. It was an honour to be your Commissioner and to work with you all and I am proud of the work we achieved together.”

Commissioner Marianne Thyssen, speaking about the ETF on 28 November 2019

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LIST OF ACRONYMS

ABAC	Activity-based accounting system
ABB	Activity-based budgeting
ADB	Asian Development Bank
AFD	Agence Française de Développement
ALMPs	Active Labour Market Policies
BC	British Council
ENABEL	Belgian Development Agency
Cedefop	European Centre for the Development of Vocational Training
CERT-EU	Computer Emergency Response Team – European Union
CORLEAP	Conference of Regional and Local Authorities for the Eastern Partnership
CPD	Continuous Professional Development
CVT/CVET	Continuing vocational training/ Continuous vocational education and training
DCI	Development Cooperation Instrument
DG DEVCO	Directorate General International Cooperation and Development EuropeAid
DG	Directorate General
DG EAC	Directorate General Education and Culture
DG EMPL	Directorate General Employment, Social Affairs & Inclusion
DG GROW	Directorate General Internal Market, Industry, Entrepreneurship and SMEs
DG HOME	Directorate General Home Affairs
DG NEAR	Directorate General Neighbourhood and Enlargement Negotiations
DG REGIO	Directorate General Regional and urban Policy
DG SG	Directorate General Secretariat-General
DG TRADE	Directorate General Trade
DigComp	European Digital Competence Framework
DOL	Distance and open learning
EaFA	European Alliance for Apprenticeships
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EEAS	European External Action Service
EEHub	Entrepreneurship Education Hub
EESC	European Economic and Social Committee
ELA	European Labour Authority
EMAS	EU Eco-Management and Audit Scheme
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
EntreComp	Entrepreneurship Competence Framework
EPSO	European Personnel Selection Office
EQARF	European Quality Assurance Reference Framework
EQAVET	European Quality Assurance in Vocational Education and Training
EQF	European Qualifications Framework
ERI SEE	European Reform Initiative of South East Europe

ERPs	Economic Reform Programmes
ESAP	Employment and Social Affairs Platform
ET 2020	Strategic framework for European cooperation in education and training
ETF	European Training Foundation
EU	European Union
Euromed	Euro-Mediterranean Partnership
FTE	Full-time equivalent
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
HCD	Human capital development
ICT	Information and communications technology
IFI	International Finance Institution
ILO	International Labour Organisation
IPA	Instrument for Pre-accession Assistance
LuxDev	Luxembourg Development Cooperation
MISMES	Migrant Support Measures from an Employment and Skills Perspective
MTD	Medium-term deliverables
NEET	Not in education, employment, or training
NQF	National qualifications framework
OECD	Organisation for Economic Co-operation and Development
OIB	Office for Infrastructure and Logistics in Brussels
OSHA	European Union information agency for occupational safety and health
PET	Western Balkans Platform on Education and Training
PMO	Paymaster Office
PSD	Private Sector Development
QA	Quality assurance
RCC	Regional Cooperation Council
RCI	Regional Competitive Initiative
SBA	Small Business Act for Europe
SEET	South Eastern Europe and Turkey
SEE2020	South East Europe 2020 Strategy
SEECEL	South East European Centre for Entrepreneurial Learning
SME	Small and medium-sized enterprise
SPD	Single Programming Document
SRC	Sector Reform Contract
UfM	Union for the Mediterranean
UNESCO	United Nations Educational, Scientific and Cultural Organization
VET/TVET	(Technical and) vocational education and training
VNFIL	Validation of non-formal and informal learning
WBL	Work based learning

ETF partner regions and country acronyms¹

South Eastern Europe and Turkey	SEET
Albania	AL
Bosnia and Herzegovina	BA
Kosovo* ²	XK ³
North Macedonia	MK
Montenegro	ME
Serbia	RS
Turkey	TR
Southern and Eastern Mediterranean	SEMED
Algeria	DZ
Egypt	EG
Israel ⁴	IL
Jordan	JO
Lebanon	LB
Libya ⁵	LY
Morocco	MA
Palestine ⁶	PS
Syria ⁷	SY
Tunisia	TN
Eastern Partnership	EaP
Armenia	AM
Azerbaijan	AZ
Belarus	BY
Georgia	GE
Moldova	MD
Ukraine	UA
Central Asia	CA
Kazakhstan	KZ
Kyrgyzstan	KG
Tajikistan	TJ
Turkmenistan	TM
Uzbekistan	UZ
Other partner countries	
Russia ⁸	RU
Cooperation with other countries	
African Union	AU
Mongolia	MN
Oman	OM

¹ These acronyms are taken from International Standardisation Organisation (ISO) <https://www.iso.org/obp/ui/#search>

² 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

³ 'XK' is a code used for practical reasons and not an official ISO country code.

⁴ ETF support to Israel takes place in the context of EU-Israel cooperation and related Guidelines on eligibility of Israeli entities and their activities in the territories occupied by Israel since 1967 for grants, prizes and financial instruments funded by the EU from 2014 onwards

⁵ ETF resumed cooperation with Libya in 2018. If conditions allow, this cooperation will continue in 2020-22

⁶ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue

⁷ No activities are currently envisioned in Syria

⁸ ETF support to Russia takes place in the context of EU-Russia cooperation and with respect to Council Decision 833/2014 and subsequent acts

THE ETF IN BRIEF

The European Training Foundation (ETF) is the European Union Agency that support countries outside the EU in improving their human capital development, in the context of European Union (EU) external relations policies. Currently the ETF cooperates at country and regional level with the countries of the EU Neighbourhood and Enlargement regions, and in Central Asia, as well as contributing to the EU external policies and programmes at Pan-African level.

In its 29 partner countries⁹, the ETF contributes to the development of human capital by providing advice and support to the countries themselves and to the EU Delegations on the reform of education, training and employment policies and systems. This contributes to social wellbeing, stability and prosperity in the countries surrounding the European Union.

Through the Torino Process, the ETF produces regular monitoring reports on the status and priorities of skills policies, and system performance in all the countries where it is active. Furthermore, the ETF gathers thematic and country intelligence to ensure sound, evidence based and participatory input for policy development, project and programme design, and policy evaluation. The ETF has expertise in a range of themes including the modernisation of qualifications and their alignment with the European qualifications framework; and the analysis of skills gaps and skills needs through quantitative and qualitative methods. The ETF also works on improving the relevance of skills with an emphasis on work-based learning, key competences, policies for inclusion and excellence, and the professional development of teachers and trainers.

The ETF has established a reputation over 25 years as a centre of expertise in these policy areas, working closely with the European Commission and the European External Action Service (EEAS) as well as the EU Delegations on policy dialogue and programme support. It also supports EU candidate countries to make progress in the five Medium Term Deliverables (MTDs) agreed by the EU member states and candidate countries in Riga in 2015.

Central to the work of the ETF is lifelong learning, which is identified by the UN Sustainable Development Goals, the European Consensus on Development, and the report of the ILO Global Commission on the Future of Work as essential to promote sustainable growth. It is also a condition for building inclusive and stable societies, as well as peace and regularisation of migration in the EU and its wider neighbourhood.

The Governing Board of the ETF is chaired by the Director General of DG Employment, Joost Korte, and includes one representative of each Member State, three representatives of the Commission, three non-voting experts appointed by the European Parliament, and three observers from the countries where the ETF works. The ETF is the sole agency funded under the external chapter of the EU budget.

⁹ Albania, Algeria, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Egypt, Georgia, Israel, Jordan, Kazakhstan, Kosovo (this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ opinion of the Kosovo declaration of independence), Kyrgyzstan, Lebanon, Libya, Moldova, Montenegro, Morocco, North Macedonia, Palestine (this designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual position of the EU Member States on this issue), Russia, Serbia, Syria, Tajikistan, Tunisia, Turkey, Turkmenistan, Ukraine and Uzbekistan.

EXECUTIVE SUMMARY

The report provides evidence of the successful implementation of the ETF's 2019 Annual Work Programme¹⁰.

a) Implementation of the ETF's annual work programme – Highlights of the year

The ETF achieved the objectives set in the 2019 Work Programme contributing to human capital development, in the context of the [EU Global Strategy](#), through the completion of 91% of its planned actions in its 29 partner countries. This demonstrates the relevance of the work of the ETF, as well as the agency's ability to respond to the changing needs of the partner countries and the targeted requests of the European Commission and the European Union delegations.

Key achievements during the year are highlighted below. More detail on the ETF's operational achievements can be found in Section 1 and in the performance table in Annex 12.

Geographical reach

The ETF continued to support its partner countries in the reform of their education, training and employment policies and systems based on their stage of development and their ability and willingness to engage in targeted reforms. At the request of the European Union delegations, the ETF also provided services to support EU programmes for the African Union, Mongolia and Oman.

In the countries where the ETF is active, the ETF engaged directly with over 5,500 stakeholders and reached over 100,000 people through its digital communication channels. Through the monitoring of education and training system transformation, the ETF assessed that 79% of countries showed progress in their human capital development policies as measured by the qualitative country progress indicators tracked annually in the areas of qualifications, governance, employability, continuing professional development of teachers, work based learning, entrepreneurial learning.

South Eastern Europe and Turkey (SEET)

[Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, Turkey](#)

The overall framework for the ETF interventions in the region has been the [Credible Enlargement Perspective for an enhanced EU Engagement with the Western Balkans](#) including the Economic Reform Programme (ERP) assessment process, the Berlin Process and the Smart Regionalisation Strategy.

The ETF engaged actively in regional platforms and bodies using the main findings from the regional Torino Process report at the Western Balkans Ministerial Meetings of Education and Labour Ministers in June and at the Western Balkans Summit of Leaders/Prime Ministers of Western Balkans Six in July in Poznan, as well as the Western Balkans Policy Leaders Summit organised by the Friends of Europe in December on Digital Transformation and relevant skills and competences.

The regional Torino Process report was also shared with regional networks and platforms, such as the Employment and Social Affairs (ESAP Platform), the SEE 2020 Monitoring Committee, the London

¹⁰ This Consolidated Annual Activity Report has been prepared in accordance with art.13 of the ETF regulation and art.48 of the ETF FR and in the format defined by the EU Agencies Network in cooperation with the Commission.

School of Economics - LSEE Research Network on Social Cohesion in South East Europe, The Future of the Welfare State in the Western Balkans Network, and Reshaping Work Regional Conference on the Platform economy in Southeast and East Europe.

The ETF provided expertise input on labour market monitoring in the context of the ETF assessment of Economic Reform Programmes to the Employment and Social Affairs Platform involving representatives of Ministry of Labour/Employment, Public Employment Services, the European Commission's DG EMPL, the Regional Cooperation Council and the Regional Roma Integration Initiative.

Cooperation agreements for future actions were renewed with the [Western Balkans Six Chamber Investment Forum](#); the [Education Reform Initiative of South Eastern Europe](#) (ERI SEE) and with the [Regional Cooperation Council](#) (RCC).

Southern Eastern Mediterranean (SEMED)

[Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia](#)

In 2019, the [ETF SEMED strategy](#) was updated and validated to guide strategic actions in the region. During 2019, the following activities were implemented:

In the framework of the [Youth Employment in the Mediterranean](#) (YEM) regional project, implemented by UNESCO, the ETF provided technical advice to the European Commission's DG NEAR through input to the first progress report of the project, preparation and participation in the steering committee meeting in July 2019 and comments to the key technical deliverables for component 2 (work-based learning and digital skills).

The ETF prepared four background notes for the [Union for the Mediterranean](#) (UfM) Policy Conference and Ministerial meeting on Employment and Labour, held in Cascais on 2- 3 April 2019 on job creation, governance and partnership, social inclusion and skills for a changing world of work, as well as participating actively in different roles (facilitator, rapporteur).

Cooperation with [Mediterranean Universities Union](#) (UNIMED) was confirmed through the signing of a declaration of intent with the objective of streamlining cooperation in the alignment of VET and Higher Education in fighting unemployment.

Eastern Neighbourhood/Partnership

[Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine and Russia](#)

The ETF contributed to the [Eastern Partnership \(EaP\)](#) policy initiative under which the EU, its Member States and the six EaP partner countries have committed to developing a stronger economy, stronger governance, stronger connectivity and a stronger society, including increased possibilities for mobility by providing input for the Eastern Partnership (EAP) Platforms 2 and 4.¹¹

The ETF provided contributions on the state of development for monitoring two dimensions of deliverable 18 (Investment in young people's skills, entrepreneurship and employability) related to a) the adoption of youth employment and transition to work strategies and action plans, with the target of reducing youth unemployment and NEETs; b) improvement of the quality and attractiveness of vocational education and training, in particular its responsiveness to labour market needs, with the

¹¹ Platform 2: "Economic development and better market opportunities" (in particular deliverables 4 and 7, related to SMEs development and EU4Digital in the labour market); Platform 4: "Mobility and people-to-people contacts".

following targets: increase enrolment and attractiveness in vocational education and training; increase percentage of vocational education and training graduates in employment; reduction of skills mismatch between labour supply and demand.

The ETF is also part of the EU4Youth and EU4Digital steering committees and is the reference point for service contractors for the skills development dimension.

In 2019, the ETF also participated in the EaP Ministerial meeting, the 10th Anniversary of the EaP initiative and the meeting of Platform 4 in November for reflection on two main topics: WP2020 and implications of the new initiative on youth (“new deal for youth”).

Other actions at regional level included involvement in the work-based learning (WBL) Annual Forum on the topic of SMEs in WBL and Quality Assurance, and the organisation of two workshops for the Make it Match initiative on methods, data analytics, advantages and experiences of Big Data for Labour Market Intelligence on the themes of Digital transformation of skills anticipation and matching – improving benefits for users and “Big Data for Labour Market Intelligence: concepts, instruments, application.

Central Asia

[Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan](#)

The [new EU Strategy for Central Asia](#) that invites the ETF to monitor the HCD reforms was the basis for the ETF’s actions in the region. The Torino Process assessments were launched and ETF direct support to the countries focused on qualifications, independent assessment of learning outcomes, the functioning of sectoral assessment centres and validation of non-formal and informal learning through several webinars with Central Asian national stakeholders and examples from EaP. Based on previous involvement in the Central Asian Education Platform (CAEP), the ETF designed, on request the European Commission’s DG DEVCO, a new EU regional education programme which was approved by the Commission at the end of the year.

In the last quarter of the year, the ETF provided, together with DG DEVCO, the EEAS, DG EAC and the EACEA, preparatory input to the Finnish Permanent Representation to the EU in Brussels for an EU-Central Asia Education Conference, hosted by the Representation on 22 November. The event attracted participants from all Central Asian countries and numerous EU member states.

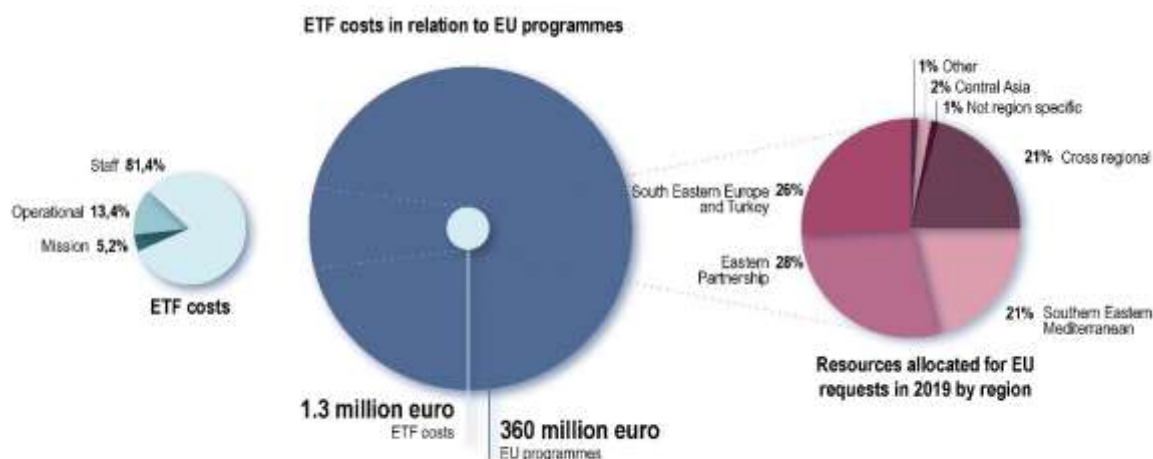
Support to the African Union EU programme Skills for youth employability

The Skills for Youth Employability was signed in May, at the EU Delegation to the African Union, and started officially on 1st June. Based on the ETF’s expertise and several years’ involvement in the EQF Advisory Group, the ETF has been tasked to support output 5 - African Continental Qualifications Framework (ACQF), an initiative of the African Union. In 2019, the ETF provided advice, drafted, and prepared proposals, as well as knowledge exchange and provided support to the AUC.



Support to EU assistance in the context of European Union external policies

In 2019, the ETF's expertise was used in the identification, formulation, implementation, monitoring and evaluation of European Union external programmes in skills and human capital development amounting to approximately €360 million at a cost of €1.3 million.



Support was provided through a total of 116 requests originating from the European Commission and the EU Delegations in the partner countries, in order of volume from EU Delegations, DG NEAR, DG EMPL, DG EAC, DG DEVCO, the EEAS, DG HOME and the Committee of the Regions.

Skills and Qualifications: Benefits for People

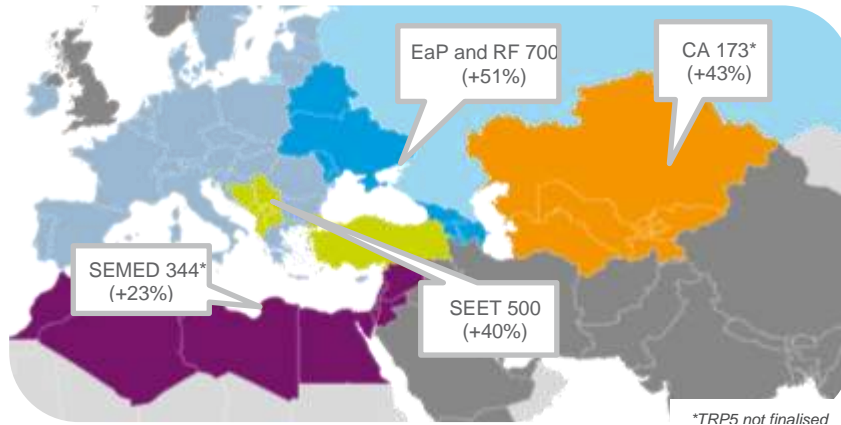
A major ETF initiative in 2019 was the development of a toolkit on how education and training systems can maximise the benefits of skills and qualifications for individual learners. The toolkit builds on several hundred examples of good practice collected from around the world representing grass-roots initiatives by schools, businesses, employment services and employers' organisations to deliver skills and qualifications that empower people and meet their real needs. Among the policy recommendations set out in the toolkit are that learners should be at the centre of education and training systems; that professionals should be empowered to cooperate with each other and with other stakeholder groups; that innovators should be incentivised and enabled to network and exchange experience; and that skills ecosystems should be developed building on positive relationships between policies, institutions, social partners, providers and professionals. The toolkit was finalised as the result of an international conference that brought teachers, trainers, guidance counsellors, and employers together with policy makers in Turin on 6-7 November 2019.



Policy analysis and monitoring

The main feature of the Torino Process (TRP) fifth round has been the broadening of the analyses to an ETF human capital development assessment. Based on country progress monitoring and on a participatory process of policy discussions with a broad base of stakeholders, the ETF provides an

independent assessment of human capital development challenges, VET policy responses and key recommendations. During the assessment the ETF engaged approximately 1,717 key policy makers and stakeholders in the 27 partner countries that participated.



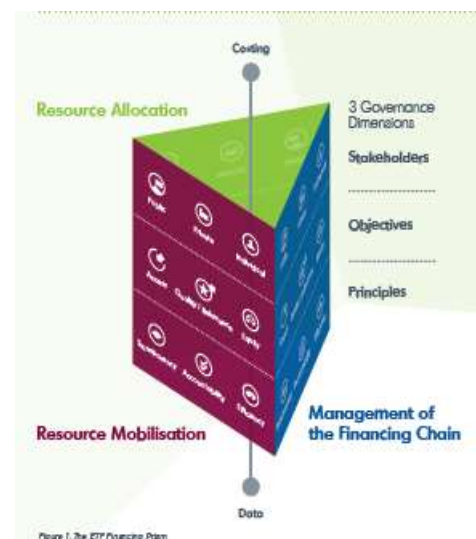
The increase in participation in this round demonstrates the increased interest and relevance of the Torino Process in partner countries. In EaP and RF, more than 700 stakeholders participated (51% increase), in SEET participation reached almost 500 with an increase of 40%. In SEMED and CA, although the Torino Process is not yet finalised, participation reached 344 and 173 stakeholders respectively, denoting already an increase of 23% and 43%. The policy uptake, in terms of the direct use of the Torino process results and ETF assessments have also increased as can be seen from the examples listed in Section 1 due to a higher level of flexibility on content and timing to better fit each country's policy cycle needs.

Publications, methodologies and tools

The ETF continued to produce and disseminate knowledge and expertise in the field of human capital development through the production of over 40 various publications, reports, methodological guides and toolkits.

Thematic publications were produced and disseminated to relevant stakeholders. in the areas of skills intelligence using big data, skills identification for the future, the role of civil society organisations in VET governance, inventories on qualifications frameworks and a methodological guide on financing vocational training

Various country and regional reports monitoring and assessing policy progress in countries through the Torino Process and Country Overviews of Education, training and employment developments 2018 as well as country fact sheets on skills mismatch measurement and tracing technical and vocational education graduates as well as youth transition to work.



Cooperation with international and bilateral organisations

The ETF continued its regular engagement with international and bilateral development actors at the European, international and partner country level to extend the reach of the work of the ETF as well as to ensure that interventions are sustainable and relevant to the partner context and complement the interventions of other actors.

Through the ETF Governing board Members, the ETF has strengthened involvement of Member State representatives in its activities and cooperation with Member States bilateral organisations which are active in the field of HCD in particular with: Agence Francaise Developpement (AFD), Belgium Development Agency (ENABEL), British Council (BC), German Development Agency Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), KulturKontakt Austria, Lux Development.

At the international level the ETF actively participated in the IAG-TVET group (and related working groups) coordinated by UNESCO and together with the ITC-ILO and the city of Turin to celebrate the 100 and 25th anniversaries of the ILO and the ETF presence in the city, an event was held to develop innovative solutions to concrete challenges faced by the city of Turin in the areas of Lifelong Learning and Future Skills.

The expertise and experience of the ETF work in partner countries at policy level was also used to complement the sector level approaches of the international financial institutions with the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank and World Bank (WB).

ETF Strategy 2027

In 2019, the Governing Board adopted a new strategy for the ETF focusing on delivering the 2030 Sustainable Development Agenda and the EU's external relations priorities. The ETF strategy defines a vision that maximises the utilisation of ETF knowledge and experience to 'contribute, in the context of EU external relations policies to improving human capital development'¹²

From 2021, the ETF will begin to implement its holistic vision of human capital development aiming at lifelong learning systems that embrace general, vocational, higher and adult education and enable people to acquire relevant initial skills and build on them as they move through life.

Through the implementation of the strategy, the ETF in 2021-23 will become a global asset for the EU, a resource to be used in support to the EU investments in human capital Development through a diversified provision of clearly agreed services. The Agency will work with the European Commission to enhance the strategic impact of EU funds as a global knowledge hub in the field of human capital development in partner countries. On request, the ETF could upscale selected methodologies, intelligence, diagnosis or policy advice to a wider range of countries with the support of dedicated funds in accordance with the ETF's mandate and the scope afforded by its financial regulation.

The ETF's 2027 strategy foresees a transparent approach to differentiating the services it provides to ensure impact and added value in driving durable system change in partner countries. The ETF will also build more strongly on partnerships to ensure synergy between its contribution and the activities of the other national and regional actors.

¹² Article 1 of the ETF's founding regulation 'The objective of the Foundation shall be to contribute, in the context of EU external relations policies, to improving human capital development'.

b) Key Performance Indicators (KPIs)

The ETF, once again in 2019, achieved a very high level of performance in all its operational areas. This is evidenced by the fact that all Key Performance Indicators (KPIs) measured in the year the agency is above or well above target. The indicators reflect a high level of financial discipline, sound organisational management as well confirmation of the impact of ETF work in the partner countries. Conclusions drawn from external audit and evaluation reports and internal monitoring also support the assessment of the maturity and stability of the agency.

The comparative table of the 15 KPIs presented on the following page provides an overview of achievements for the period 2017 to 2019. The table consists of 11 KPIs used for the assessment of Directors and benchmarking between agencies and 4 operational KPIs targeting the key activities of the work of the ETF in the partner countries.

- The activity completion rate and the timely achievement of activities are above target at 91% and 85%, a sound achievement bearing in mind the situational context in which the ETF operates is dynamic and can at times be volatile in terms of social and political developments in the countries. The timely completion rate is slightly lower than in 2018 (94%) due to the requested budget freeze in the first quarter of 2019. The networks and trust that the ETF has established in the partner countries enables the agency to plan, adapt and respond appropriately without compromising the implementation of activities.
- In terms of financial management performance, the ETF has maintained its high level of budget discipline and management which has resulted in a high level of achievement in all the financial indicators. The rate of cancellation of payment appropriations was 1.21% and the rate of outturn was 98.88%, both indicators well within the targets set as in previous years. The 99.96% commitment rate and the timely payments rate at 94% are also well above target.
- The rate of implementation of audit recommendations is 100% for the fourth year in a row, illustrating the commitment from the management to follow up on audit recommendations.
- The results of the job screening exercise in 2019 demonstrate how the ETF has gradually managed to increase the overall allocation of staff to the core operational job category from 47% in 2014 to 57.7% in 2019 while reducing administrative support and neutral functions. The related indicator for administrative support vs operational staff ratio was 17%, compared to (19%) in 2019, well below the target of < 30%.
- The level of satisfaction from the European Commission services for the quality, timeliness and usefulness of the support received from the ETF addressing specific requests from EU delegations and EU services is 100% (rated either very good or good)
- The progression of partner countries within a policy stage or to the next stage in at least one policy area was 79%, demonstrating a continuous level of improvement in the partner countries. This policy development progress composite indicator is well above the target of 70% and demonstrates the relevance of the work of the ETF in the countries.
- Through the implementation of its human capital development activities in the countries the ETF has actively engaged 91% of its key country stakeholders (769 from 28 countries). The dissemination reach – i.e. the change in the number of people reached through digital media, website downloads and international and regional events – rose to 107% due to the increase in digital media and online meetings.
- The average vacancy rate of ETF staff in authorised posts is 0%, with all posts filled at the end of December 2019. The staff engagement indicator was not measured in 2019 as it is biannual.

KPIs FOR ETF OVERALL PERFORMANCE

KPIs		Description and target	2019	2018	2017
Activities completion rate*	😊	Rate (%) of completion of the activities of the ETF Work Programme. Target >90%	91%	91%	93%
Timely achievement of activities of WP*	😊	Rate (%) of activities of the ETF Work Programme timely achieved in year. Target 80%	85%	94%	88%
Timely submission of WP/SPD to EC*	😊	The annual WP/SPD timely submitted to the EC. Target 100%	100%	100%	100%
Administrative support, / operational staff ratio*	😊	(Administrative support and coordination job type category) / (Operational job type category and neutral job type category). Target <30%	17.19%	19%	18.08%
Level of satisfaction of EC requests	😊	Rate (%) of positive feedback from EC project request implemented in year. Target 80%	100%	100%	100%
Countries' policy development progress	😊	Rate (%) of countries successfully progressed within stage or next stage of policy development. Target 70%	79%	86%	80%
Stakeholder engagement	😊	% of key country stakeholders participated in ETF activities / No of stakeholders. Target 90%	90%	91%	
Dissemination reach	😊	Weighted sum of No. of people reached through digital media, downloads and events	107%	100%	99.5%
Average vacancy rate*	😊	% of authorised posts of the annual establishment plan, which are vacant at the end of the year, including job offers sent before 31 December. Target <5%	0%	1%	3%
Staff engagement*		Rate (%) of staff engagement from satisfaction survey within the agency (every two years). Target >2% increase.	Biannual	55%	56% (in 2015)
Commitment appropriation implementation*	😊	Rate (%) of implementation of Commitment Appropriations. Target >98%	99.96%	99.99%	99.93%
Payment appropriations cancellation rate*	😊	Rate (%) of cancellation of Payment Appropriations. Target <2%	1.21%	0.11%	0.29%
Timely payments*	😊	Rate (%) of payments executed within the legal/contractual deadlines. Target >90%	94%	93%	94%
Rate of outturn*	😊	Total payments in year N and carry-forwards to year N+1, as a % of the total EU funding received in year. Target >96%	98.88%	99.94%	99.93%
Audit recommendation implementation*	😊	Rate (%) of external and accepted internal audit recommendations implemented within agreed deadlines. Target >90%	100% ¹³	100%	100%

*KPI for Directors and benchmarking

¹³ Based on 1 action considered as implemented by the ETF within the deadline of Q4 (pending verification and formal closure by IAS).

c) Key conclusions on financial management and internal control

In accordance with its governance arrangements, the ETF conducts operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting a high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the ETF has adopted a set of internal control principles and corporate performance KPIs based on international good practice, aimed to ensure the achievement of operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these principles. The ETF has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and function as intended. (Please refer to Section 2.1.3 for further details).

The 2019 annual review of the internal control system and organisational performance provide reasonable assurance to the ETF management as to the level of compliance with all internal controls, on the correct functioning of the systems in place and on organisational performance. Overall the results are positive as all the Internal Control Principles were assessed as effective or present and functioning with no principles assessed as having critical weaknesses.

The ETF uses a set of corporate performance KPIs to track and monitor organisational performance. They include the KPIs for Directors of EU decentralised agencies and other already existing corporate performance KPIs. They show that in 2019, the ETF used the resources provided by the EU to deliver its activities in due time, at an appropriate level of quantity and quality against agreed benchmarks and targets.

In addition, the ETF systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives (see Section 2.1 for further details).

In conclusion, the ETF's management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer has signed the Declaration of Assurance.

1. IMPLEMENTATION OF THE ETF'S ANNUAL WORK PROGRAMME – HIGHLIGHTS OF THE YEAR

1.1 Support to EU assistance in the context of EU external policies

To support partner countries through the ETF's contribution to EU assistance

All ETF actions support the external action of the EU initiatives developed and deployed by the ETF as part of the annual work programme approved by the GB. As part of these actions, ETF also responds to direct requests from EU institutions mostly in support to policy dialogues, design and implementation of programmes, and sharing of expertise in relation to partner countries. Examples of these direct requests are reported under this section:

- The ETF contributed to [European Union policy dialogue](#) in monitoring the progress of reforms in the Enlargement region through input to the monitoring of [Riga mid-term deliverables](#) (in close cooperation with Cedefop) and input to the Commission assessment of the national [Economic Reform Programmes](#) (ERPs, as a light European Semester approach) and contributions to relevant [bilateral Sub-Committees](#) (Acquis Chapters 26 and 19) under the coordination of DGs NEAR and EMPL.
- Formulation of a new large EU intervention for the EUD in [Tajikistan](#)
- Support to the EUD [Ukraine](#) in the operationalisation of the new EU4Skills project.
- Identification and formulation of the new EU Central Asia education programme for DEVCO.
- Support to the EUD [Armenia](#) in relaunching the sector policy dialogue and budget support, including inputs to EU Joint Analysis on the education sector and an analysis of challenges and formulation of recommendations for reactivation of the “Better Qualification for Better Jobs” programme.
- Support to the EUD in [Egypt](#) through content monitoring of the large-scale EU TVET II programme. The ETF content monitoring report was transmitted to the Government by the EUD and is feeding into the EU sector policy dialogue.
- Support to EUD [Azerbaijan](#) through the content and methodological advice to the implementation of the EU Education Support Programme, including monitoring of the advancement of the grant scheme implementation for the third consecutive year.
- Support to EUD [Kosovo](#) in operationalisation, advising and interlinking of the different EU projects in the country with very positive feedback. This is an occasion to steer EU investments in the country, building on the previous ETF smaller scale country activities.
- ETF has contributed to the bilateral policy dialogue in various manners: inputs to the ERP assessments of the Enlargement region reflected in the EC Policy Guidance note and EU Assessment Package, up-dates to sub, cluster and P2P bilateral committee meetings, inputs to Acquis Chapter 19 and 24 assessments, completion of Neighbourhood Country Fiches etc.
- Requests for ETF's support to the [regional policy dialogues](#) has intensified in all the four regions. The EC has engaged ETF in Ministerial meetings and follow-up of Ministerial Declarations in cooperation with UfM in SEMED and in Platforms 2 and 4 in the Eastern Partnership as well as reflections on EaP initiative and EU4Youth programme post 2020. In the Western Balkans ETF technical inputs to regional cooperation processes have been requested throughout the year in different high-level occasions of the policy dialogue. ETF is also requested to monitor the progress of the new EU-Central Asia Strategy and the formulation of the new regional CA programme, as stated in the strategic document.

1.2 Policy analysis and system wide progress monitoring

To improve policy making in VET by strengthening institutional capacity for the generation and use of evidence throughout the policy making cycle (design, implementation, monitoring and evaluation) and to develop a culture of policy monitoring, feedback and improvement.

27 partner countries participated in the 5th round of the Torino Process in 2019. Participation reached 1706 stakeholders, a 41% increase compared to 1214 from 2016. Out of the 1706, more than 250 represented international organisations (15% of the total representation an increase 200% compared to TRP4 – (Torino Process 4) and roughly 150 the private sector (10%).

All SEET countries have used the National Reporting Framework-ETF assessment reporting to enhance national and EU policy dialogue.

- **Albania**: linked with preparation of Action Plan of the National Employment and Skills Strategy 2014-2020 (NESS);
- **Serbia**: linking to the upcoming HCD 2030 Strategy (Human Capital Development 2030 Strategy);
- **Turkey**: linked to Turkey's Education Vision 2023;
- **Kosovo**: inter-institutional cooperation between different agencies and stakeholders;
- **Bosnia and Herzegovina** and **Montenegro** strategic planning and EU policy dialogue,
- **North Macedonia**: Monitoring national strategy and inputs to IPA3

In EaP in all countries TRP process served for EU programming. In **Georgia, Armenia, Belarus, and Azerbaijan** feeding into monitoring, evaluation and strategic planning, as well EU programming. **Moldova** post 2020 strategy and EU programming, and **Ukraine** and **Russia** used for policy development on VET decentralisation and strategic planning at sub-national level.

In SEMED and CA the implementation has just started with full policy uptake in **Kazakhstan** (TRP as monitoring tool of VET state programme and regionalisation) and **Tunisia** (for regionalisation policy) and links are being established with EU projects in **Lebanon, Palestine** and **Tajikistan**. EUD in **Israel** using TRP methodology for feasibility study for new EU project in **East Jerusalem** and **Egypt** TRP used as tool for facilitation of donor dialogue on support to VET.

Increased availability of indicators and data across partner countries with quantity and periodicity improved. Quantitative indicators Key Indicators Education Skills and-Employment (KIESE) and National VET and Labour Market (LM) indicators) availability increased by at least 50%. This ensures a full coverage of quantitative indicators for all partner countries (only some incomplete data in **Lebanon, Morocco, Tunisia, Palestine**) except **Algeria**.

Riga monitoring and assessment - the ETF was involved in the monitoring of the Riga mid-term deliverables in the candidate countries in partnership with Cedefop including contributing to the joint mid-term report and playing an active role in the Advisory Committee and Directors General of Vocational Training meetings (DGVt).

[Policies for human capital development: South Eastern Europe and Turkey – An ETF Torino Process Assessment](#) of human capital development with a focus on education and training.

[Policies for human capital development: Albania – An ETF Torino Process Assessment](#) up-to-date information on education, training and employment policies

[Policies for human capital development: North Macedonia – An ETF Torino Process Assessment](#) -up-to-date information on education, training and employment policies

1.3 VET Governance

To improve VET system governance by empowering stakeholders to design, formalise and implement coordination mechanisms at national, regional, sectoral and local levels.

In the field of governance, in 2019 the ETF 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. ETF has been active in more than 15 countries in the area of governance targeting at least one of the axes mentioned above. More specifically in:

- **Montenegro:** Provision of technical input on governance and financing aspects of the VET strategy
- **Moldova:** Support provided to SSCs to enhance their capacity of sectoral dialogue
- **Ukraine:** Support provided on VET decentralisation issues

Policy advice in the area of decentralization/regionalization and social partnership development has been given in ([Moldova](#), [Tunisia](#) and [Ukraine](#)).

ETF cooperation with external actors in the area of governance has continued with OECD (Organisation for Economic Co-operation and Development), Committee of the Regions (COR), ARLEM and Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP), European Economic and Social Committee (EESC), EuroMed, and with Eurofound on social partnership and exchanges of expertise and information with OECD e.g. contribution to OECD's Skills Governance Framework, Eurofound etc. A Joint VET Finance seminar was delivered with International Training Centre of the International labour Organisation (ITC-ILO) in Turin.

Studies and toolkits based on the ETF methodologies:

[Policy dialogue in vocational education: What role for civil society organisations](#) - the role of civil society organisations in the VET policy cycle and governance ecosystem, drawing on the results of an ETF pilot survey carried out in 2018 in a selected group of countries from the Southern and Eastern Mediterranean.

[Governance Arrangements for Vocational Education and Training in ETF Partner Countries: Analytical Overview 2012–17](#) - taking stock of trends and progress in vocational education governance mechanisms in 23 countries of Central Asia, Eastern Europe, South Eastern Europe and Turkey, and the Southern and Eastern Mediterranean, with a view to informing policy development and providing a tool to help modernise vocational education country systems.

[Assessing governance and financing of vocational education strategies: A methodology](#) - an approach for assessing the robustness of a country's vocational education strategy from the governance and financing standpoints. The analysis may serve as an input for decisions on financial assistance.

1.4 VET provision and quality assurance

To support partner countries to improve both initial and continuing VET in terms of VET provision and quality assurance. The project will do so by enhancing work-based learning, improving quality assurance mechanisms and making continuing professional development of teachers and trainers in VET more effective.

In 2019 the ETF was active in all regions and bilaterally contributed to advance in improving initial and continuing VET in terms of provision and quality assurance in a total of 16 countries through bilateral policy advice, regional peer learning and evidence collection.

In candidate countries the support was directly linked to the Riga Mid-term deliverables, numbers 1, 2 and 5. All five candidate countries have been actively supported through the demonstration projects in Work Based Learning (WBL) and Continuing Professional Development of teachers and trainers (CPD) to make progress towards the achievements of objectives set in 2015.

In 2019 countries made good progress in the area of WBL including for candidate countries increasing their commitment in participating in the European Alliance for Apprenticeship. In the EaP, all countries participated in the WBL Annual Forum financed by EaP Platform 4.

The ETF delivered in 2019 an increased number of inputs in the Digital skills/Digital Online learning expertise domain, including providing support to the launch and appointment of Supporting schools for learning in the digital age (SELFIE) coordinators in the Western Balkans, and providing expertise input to events and reports.

The ETF also contributed to 5 Thematic Working Groups the European Commission (Education and Training - ET 2020): VET, Adult Learning, EQAVET, VET Providers, Digital and Online Learning - Digital skills and competence (DOL/DSC). Two large regional / cross-country events and related reports EAFA-European Apprenticeship Alliance for Candidate Countries [Albania](#) and Annual Forum on WBL for EaP region [Georgia](#).

Sixteen partner countries from South-Eastern Europe and Turkey¹⁴ and the Southern and Eastern Mediterranean¹⁵, participated in the Forum for Quality Assurance in Vocational Education and Training (VET). The Forum is inspired by EU policy for quality assurance in VET and the EU Network, EQAVET. The purpose of the Forum is to support its member countries to modernise and improve quality assurance in VET in accordance with the development of their VET systems and derived from their own existing policies and practices by providing the context and means for peer learning through transnational co-operation. 10 countries took part in [Tunisia](#) peer review in the design phase of the system to certify trainers' pedagogical skills.

Papers on Work based learning and Continuing professional development:

[Work-based learning in Serbia](#) Based on quantitative and qualitative data collected in 2017, review of how the quality of work-based learning has developed in the country since 2015.

[The power of demonstration: Supporting reform of professional development for vocational teachers and trainers](#) Aimed at policy makers and practitioners who have an interest in bringing about improvements in the continuing professional development of vocational teachers and trainers, drawing upon the experience of 12 'demonstration projects' carried out in South Eastern Europe and Turkey in 2016–17.

¹⁴ Albania, Bosnia and Herzegovina, former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia, Turkey

¹⁵ Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Tunisia

1.5 Qualifications and qualifications systems

To support countries to improve their qualifications and qualifications systems to make NQFs (National Qualification Frameworks) a tool to modernise both initial and continuing VET for lifelong learning, employability and competitiveness.

Work on the development of qualifications and qualifications systems continued through the continued support to countries modernising VET for lifelong learning employability and competitiveness. Targeted support actions took place in 16 partner countries: [Albania](#), [Azerbaijan](#), [Belarus](#), [Bosnia and Herzegovina](#), [Georgia](#), [Israel](#), [Kosovo](#), [Moldova](#), [Montenegro](#), [Morocco](#), [North Macedonia](#), [Tunisia](#), [Turkey](#), [Serbia](#) and [Ukraine](#).

Information for monitoring the regional Economic Area and the component on mobility (recognition of qualifications) was delivered during the 'Towards regionally-based standards of occupations' kick-off meeting in Belgrade.

In Central Asia experts and stakeholders engaged through online seminars from all 5 countries, including employers, in analysing the state of progress of their NQFs, using ETF developed self-assessment tool.

The highlight of 2019 was the international conference on Skills and Qualifications 'Benefits for People' bringing together over 150 policy makers from 40 countries in November in Turin, 2019 where the study on "Skills and Qualifications, benefits for people" was launched.

Country progress was analysed and recorded in updates of 24 NQF Inventory country chapters, which remains a critical source of accurate information on Partner Country NQFs, for ETF's use in informing programmes in the countries, and in contributing to international knowledge and discussion.

Cooperation with CEDEFOP continued on the World Reference Levels initiative, led by UNESCO and inputs to the publication of the biennial co-production the Global NQF Inventory made.

The ETF contributed 4 country reports – [North Macedonia](#), [Kosovo](#), [Tunisia](#) and [Montenegro](#) for the European Inventory of Validation, co-published by the European Commission and Cedefop.

In the EQF (European Qualification Framework), the ETF joined EQF Advisory Group's sub-group on third country linking to EQF and drafted the concept paper.

[Skills and qualifications: Benefits for people – How learning and guidance professionals make it happen](#) - Toolkit about skills and qualifications and the benefits they provide for people in a changing environment.

[Global inventory of regional and national qualifications frameworks 2019 – Volume I: Thematic chapters](#)- information on progress in establishing national qualifications frameworks, as well as the challenges and success factors in implementation. Volume I focuses on three core areas that are dominating the direction of reforming policies – digitisation, recognition of prior learning, and outcomes-based approaches to managing education and training

[Global inventory of regional and national qualifications frameworks 2019 – Volume II: National and regional cases](#) - information on progress in establishing national qualifications frameworks (NQFs), as well as the challenges and success factors in implementation. It shows how countries around the globe are reforming their education systems by improving the quality and relevance of their qualifications.

1.6 Employment, skills and employability (including skills and migration)

To support partner countries to improve both initial and continuing VET in terms of employment skills and employability.

In 2019, the ETF continued to work with partner countries to support the development and use of labour market intelligence as an input to their employment and VET policy.

As a follow up to the international conference in 2018 the Skills for the Future Yearbook which includes case studies from partner countries has been produced. The work on mapping needs of countries to move towards future skills, the use of big data for labour market analysis and the impact of technology on skills demands in partner countries has continued through the completion of 3 studies.

In the Eastern Partnership region, within the framework of Platform 2 and Platform 4, the ETF facilitated knowledge exchange and peer learning between countries.

The ETF has actively contributed to country actions in [Kosovo](#), [Bosnia and Herzegovina](#), [Republic of North Macedonia](#), [Azerbaijan](#), [Ukraine](#), [Moldova](#), [Algeria](#). An employers' survey has been launched in [Lebanon](#) after consultation and training of local stakeholders. 2019 Country fiches for SEMED and EaP completed. Development of an e-learning tool on skills anticipation ongoing.

The ETF prepared seven studies on mismatch ([Egypt](#), [Republic of North Macedonia](#), [Georgia](#), [Montenegro](#), [Morocco](#), [Moldova](#), and [Serbia](#)).

Publications:

[Key indicators on education, skills and employment 2019](#) This report provides an overview of trends and developments in ETF partner countries and aims to raise awareness on the use of indicators to drive the policy cycle.

[The future of work and skills in ETF partner countries](#) This Issues Paper is a first attempt to collect and analyse existing information and data on the skills demands of the future in ETF partner countries, and to explore responses for better managing the transition towards an inclusive future for the benefit of individuals and societies.

[Big Data for labour market intelligence: An introductory guide](#) Aimed at statisticians, researchers, policy analysts and decision-makers in the ETF's partner countries who are confronted with the challenges of anticipation and dissemination of insights on the dynamics of demand for jobs, skills and qualifications, this paper addresses key conceptual, methodological and organisational aspects in using Big Data for labour market intelligence. It clarifies how Big Data can be used to go beyond the frontiers of conventional approaches to labour market information systems and add value to established statistics.

[Skills mismatch measurement in ETF partner countries](#) Matching skills supply and demand is a major challenge for many countries around the world. In 2017–18 the ETF carried out a project on skills mismatch measurement in seven countries – Egypt, Georgia, Moldova, Montenegro, Morocco, North Macedonia and Serbia – to better understand the nature and incidence of this complex phenomenon. Based on the findings of the country analyses, this report describes and interprets a series of indicators and how they relate to each other, as well as providing information on the methodology and data sources used to measure skills mismatch.

[Marché du travail, dynamique des compétences et politiques d'emploi en Tunisie](#) – Exploration and analysis of the characteristics of the Tunisian labour market with particular attention to skills mismatch and the situation of young people.

1.7 Entrepreneurial Learning and Enterprise Skills

To reinforce the contribution of human capital to each country's national competitiveness drive through entrepreneurial learning and enterprise skills.

In Entrepreneurial Learning the main activity of the year has been the assessment of the Small Business Act (SBA) in the countries of the Eastern Partnership, ([Armenia](#), [Azerbaijan](#), [Belarus](#), [Georgia](#), [Moldova](#) and [Ukraine](#)) results were presented in each country and with the regional SBA coordinators at the OECD.

As a follow up to the assessment in 2018, in the Western Balkans and Turkey, ETF experts participated in the national launching events in [Bosnia and Herzegovina](#), [Montenegro](#), [North Macedonia](#), [Kosovo](#) and [Turkey](#) and presented the human capital dimension results of the SBA. The regional report was launched in Sarajevo on 7 May 2019, back to back with the EBRD 2019 Annual meeting and Business Forum. The ETF shared the SBA assessment findings on entrepreneurial learning, women entrepreneurship and enterprise skills development in the countries in the region together with OECD, EC and EBRD to inform post 2020 planning.

SMART Specialisation methodology developed—building on the joint work with JRC, produced and disseminated and the work on skills identification in countries developing smart specialisation strategies has started in [Montenegro](#) and [Moldova](#).

As members of the Commission's Advisory Board providing support to the DG GROW's activity "Entrepreneurship Education and Women's Entrepreneurship Peer-Learning Workshops" ETF experts actively participated in the Entrepreneurship Education peer learning workshop in Budapest, Women's Entrepreneurship peer learning workshop in Prague, and Entrepreneurship Education peer learning workshop in Tallinn.

The workshops engaged mixed groups of practitioners and policy makers from EU member states and a number of eligible ETF partner countries, and contributed to the better engagement of these professional and policy networks into the promotion and application of the key competence approach, namely, entrepreneurship key competence and the related EU instruments (e.g. EntreComp), as well as helped to consolidate policy actions in support of women's entrepreneurship.

[SME Policy Index: Eastern Partner Countries 2020](#) – a comprehensive overview of the state of play in the implementation of the ten SBA principles, and progress made since 2016 identifying remaining challenges affecting SMEs in the Eastern Partnership (EaP) countries with recommendations to address them based on EU and international good practice examples. The 2020 edition includes an assessment of three new dimensions going beyond core SME policy (competition, contract enforcement and business integrity) looking at key structural reform priorities that are critical to establishing a level playing field for enterprises of all sizes and ownership types.

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains how the ETF delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and all other relevant information that support the ETF management's assurance on the achievement of the financial management and internal control objectives. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes relevant to the ETF.

The second subsection deals with other components of organisational management: human resources, information management and external communication.

2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director. The reports produced are:

- Quarterly Management Reports
- Annual Progress and Performance Report
- The annual assessment and review of internal controls
- Evaluation reports
- Ex-post audit reports
- The observations and recommendations reported by the Internal Audit Service (IAS)
- The observations and the recommendations reported by the European Court of Auditors (ECA)

BUDGET MANAGEMENT

	2019	2018	2017	2016	2015	2014
Overall Budget ETF (EU Contribution) (€)	20,546,000	20,144,018	20,144,089	20,146,132	20,153,042	20,158,053

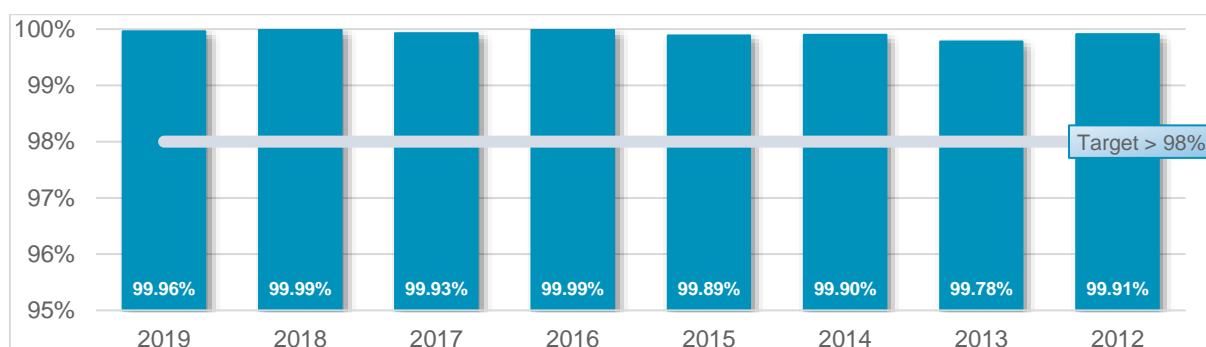
Out of the €20 546 000 available as the EU contribution, in 2019 the ETF has committed 99.96% (compared to 99.99 % in 2018, 99.93% in 2017, 99.99% in 2016 and 99.89% in 2015), paid 96.01% (98.07% in 2018, 97.97% in 2017, 97.66% in 2016, 96.04% in 2015) and has performed 4 budgetary transfers (7 in 2018, 7 in 2017, 7 in 2016, 9 in 2015).

COMMITMENT AND PAYMENT RATES BY TITLE

Budget 2019	Available Budget (€)	Committed (€)	%	Paid (€)	%	Carry Forward/RAL into 2020 (€)	%	Carry Forward/RAL from 2018 Paid (€)	%
Title 1 Staff	13,748,646	13,747,770	99.99	13,591,511	98.9	156,259	1.1	74,181	85
Title 2 Infrastructure	1,889,651	1,887,316	99.88	1,454,370	77.0	432,946	22.9	284,767	98
Title 3 Operational	4,907,702	4,901,759	99.88	3,479,077	70.9	1,443,625	29.6	1,201,851	90
Grand Total	20,546,000	20,536,844	99.96	18,524,958	90.2	2,032,829	9.9	1,560,800	91

The ETF continued to maintain a high commitment rate of (99.96%) in 2019 maintaining the excellent level of previous years and indicates the continued upholding of high standards of budget management, planning and monitoring.

COMMITMENT RATE EVOLUTION 2014 - 2019



Transfers

The ETF carried out 4 budgetary transfers (compared to 7 in 2018, 2017 and 2016 respectively, 8.2% in 2015), representing an improvement from previous years. The overall amount transferred was also less than in previous years (2.7% in 2019 compared to 4.2% in 2018, 5.4% in 2017, 6.1% in 2016 and 8.2% in 2015). This is attributed to the fact that the planning process has been more successful, and lower priority activities were in place to be activated when savings or changes in the plan were identified.

Payment Times

The ETF continued to respect payment times with only 55 out of 878 payments being paid after the legal due date (6.3%). This is in line with the improvements of previous years (6.7% in 2018, 6% in 2017, 8.7% in 2016 and 15% in 2015).

Amount returned to the EU budget (Budget outturn)

The amount to be reimbursed to the EU budget is €246,713 representing 1.2% of the total EU contribution. Although the amount increased compared to previous years (€20,101 in 2018, €57,070 in 2017, €87,703 in 2016; €373,397 in 2015; €188,193 in 2014) it continues to represent a good result, considering that the threshold which would have an impact on budget negotiations is 5% (1 M€). The

main reason for the increase is linked to a small time-shift of operational activities in connection with the 15% budget freeze in the first quarter of the year.

Carry Forward and RAL 2019-20

Overall, the carry forward (Titles 1 and 2) has increased slightly from previous years (3.8% for 2019-20 compared to 2.5% in 2018-19, 2.6% in 2017-18, 3.1% in 2016-17, 3.3% in 2015-16 and 6.4% in 2014-15), but still illustrates a positive alignment between the ETF's administrative activities and payments to its annual cycle through regular monitoring of open commitments and follow-up of payments. The RAL (reste à liquider) remains aligned compared to previous years, 29.6% (27.8% in 2018, 30.8% in 2017-18, 30.3% in 2016-17; 36.4% in 2015-16 and 32.4% in 2014-15).

In Title 1, the €156,259 (1.1%) carried forward is higher than the 2018 figure of €87,112 (0.7%) and 2017 (€78,436 - 0.6%) but in line with previous years such as in 2016 (€155,186 - 1.2%); in 2015 (€180,398 - 1.4%) and 2014 (€183,350.40 - 1.5%) and well below the attention threshold of 10%, and is linked mainly to:

- Learning and development €83,619 (€36 176 in 2018-19, €41,823 in 2017-18, €72,972 in 2016-17)
- Interim support, relocation and reception services for €52,284 (€29,837 in 2018-19, €11,703 in 2017-18, €47,683 in 2016-17)
- Administrative missions €13,735 (€7,546 in 2018-19, €10,206 in 2017-18, €13,548 in 2016-17)

In Title 2, the €432,946 (22.9%) represents a small increase from 2018 (€290,665 - 14.7%), 2017 (€317,371 - 16.9%), 2016 (€313,450 - 18.4%) and 2015 (€316,442.29 -16.1%) (attention threshold 20%) and is derived mainly from:

- Hardware €126,830 (€66,687 in 2018-19, €6,092 in 2017-18)
- Building maintenance €102,783 (€70,712 in 2018-19, €170,718 in 2017-18, €45,509 in 2016-17)
- Software development €97,888 (€108,412 in 2018-19, €68,002 in 2017-18, €69,409 in 2016-17)
- Technical equipment and furniture €30,895 (€5,750 in 2018-19, €9,706 in 2017-2018)

The excess of the attention threshold level for Title 2 (20%, internal ETF) is due mainly to hardware ordered towards the end of the year with payment forecast for early in 2020.

In Title 3, the RAL of 1,443,625 (29.6%) has been maintained at similar levels to previous years (27.8% in 2018, 30.8% in 2017, 30.3% in 2016, 36.4% in 2015 and 32.4% in 2014), mainly due to the considerable reduction in open mission claims payments, and better planning/scheduling of activities.

2019 BUDGET IMPLEMENTATION OVERVIEW

	Title	Subvention 2019	Committed in 2019 (%)	Paid in 2019	To be paid in 2020 (RAL) (%)	of which (%)		
						Done in 2019 pending payment	To be implemented in 2020	
							planned	delayed
Admin (CF)	T1	13,748,646	99.99	98.86%	1.14	0.87	0.19	0.04
	T2	1,889,651	99.88	76.96%	22.91	15.21	7.70	0.00
	T1+T2	15,638,298	99.98	96.21%	3.77	2.60	1.10	0.04
Operational (RAL)	T3	4,907,702	99.88	70.89%	29.40	10.93	18.19	0.29
	T3 – pre-2017	1,341,810		89.61%				
Overall ETF		20,546,000	99.96	96.01%	9.89	4.59	5.18	0.10

Cancellation of carry overs from 2018

At the end of 2019, the cancelled carry overs amounted to €18,733 which maintains the level of improvement observed in 2018 compared to previous years (€10,235 in 2018, €42,925 in 2017, €87,788 in 2016; €53,404 in 2015; €85,129 in 2014).

In order to reduce the amount of cancelled appropriations, the ETF has implemented a series of measures such as:

- budget reallocation - out of the list of reserved activities which could receive funding should there be appropriations available, the ones which generate a reduced carry over and with the highest likelihood to be paid are preferred;
- appropriation management - the ETF implements its Title 3 budget as differentiated appropriations thus generating "Reste à Liquider"(RAL) rather than carry forward; unpaid RAL does not lead to cancellation of appropriations provided the payment appropriations allocated for them are re-assigned to other ongoing payments;
- re-evaluation of commitments - in the last months of the year (usually December) all open commitments are re-evaluated, so that only the amount actually needed is carried over;
- risk assessment - in the case of some commitments where the incertitude is higher (missions, events, utilities), a risk assessment is made and commitments reduced so that they cover the most likely expenditure/participation, taking the conscious risk therefore that in N+1 there might be a small additional commitment.

Inter-institutional tenders

Synergies with other institutions (EC or agencies) on procurement has been sought with a systematic ad-hoc opportunity assessment to all procurement needs. In 2019, the ETF was part of 49 inter-institutional contracts and has opened 1 ETF tender to other agencies.

This section is for reporting the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.

2.1.1 Control results

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives. The ETF's assurance building and materiality criteria are outlined in Annex 4 and 11 outlining the internal control principles and indicators used to measure the performance of the control systems.

Cost effectiveness and efficiency of controls

Based on an assessment of the most relevant key indicators and control results, the ETF has positively assessed the cost effectiveness and efficiency of controls related to financial, budget and procurement management.

Legality and regularity of the transactions

ETF has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

Ex-ante control systems are in place with the definition and regular review of the financial circuits and related controls' roles and responsibilities. Segregation of tasks, risk management, avoidance of conflict of interests, adequate audit trails and procedures are control activities integrated in the ETF control strategy. This includes a variety of checks, supervision arrangements and where appropriate a balance of approaches to mitigate risks, considering manual and automated controls, and preventive and detective controls.

The ETF has never received any critical recommendations from controlling bodies and 2019 was no exception.

Results of ex-ante payment verification show a constant low rate of risk of errors with a proportion of 9% of transactions being stopped for correction or refused, in line with the 8% of 2018.

Analysis of registered exceptions

There was one non-compliance registered in the third quarter in the register of exceptions for 2019 with a financial value of €1,108.32 that represents less than 0.01% of the total budget 2019. In 2018 there were 4 non-compliances registered for a value of €93,139.86 that represented 0.46% of the total budget 2018.

Fraud prevention, detection and correction

Since 2014 the ETF has put in place an overall approach to develop and implement an in-house anti-fraud culture. In this context an Anti-fraud Strategy has been adopted to identify and assess existing anti-fraud measures as well as the residual areas of intervention needed to strengthen the ETF anti-fraud framework. In line with best practices and guidance issued by OLAF, the strategy has been updated in 2019 complemented by an annual Action Plan.

The activities implemented in 2019 included the adoption of the Antifraud Strategy 2020-2027 with ref. ETF/19/DEC/038, the delivery of an Ethics and Integrity workshop tailored made for managers and various inductions sessions for newcomers.

No cases of fraud detected and/or have been reported in 2019.

Results of internal transactional ex-post controls

Since 2011, the ETF introduced ex-post controls on financial transactions with a risk-based sampling of commitments and payments.

The 2019 exercise was carried out by internal financial verifying agents on the basis of the methodology reviewed by external in order to provide a reasonable assurance on the legality and regularity of its 2019 financial transactions. The outcomes of the 2019 ex-post controls confirm that:

- The expenses included in the payment transaction listings, reflecting expenditure incurred between 1 January and 31 October 2019 through light workflow for low risk transactions, were properly documented and duly authorised;
- The funds were used for their intended purpose and disbursed in accordance with the ETF regulatory framework and the principles of sound financial management; and
- The control system set up surrounding low risk payments and budgetary commitments level 2 on level 1 is considered well designed and is operating effectively in all material respects.

Results of risk management process

The 2019 risk management process was embedded into ETF activities at various levels: high level macro level risks were assessed during the programming of the work programme, this led to the development of the ETF risk register for 2019.

Operational level risks identified throughout the year were assessed and monitored on a quarterly basis to ensure mitigating actions were implemented where necessary.

At the request of DG Budget, a peer review exercise on the approach to risk management was carried out with the 4 other agencies (Cedefop, Eurofound, EUOSHA, CdT). The review confirmed that the approach to risk management in the ETF was in line with other agencies and enables a comprehensive and consistent control over the potential risks which may affect the achievement of the organisational objectives at strategic, organisational and operational levels.

Overall, the risk management exercise in 2019 showed that the risk profile of the organisation is medium/low. The same risk profile was recorded in last three years.

Considering the benefits resulting from the control strategy, namely low risk of fraud, favourable auditor's opinion, low reputational damage, low number of errors, the budget related control strategy is considered effective overall.

In 2019, developments in financial management were guided by the overall objective of increased efficiency, digitalisation of processes and assessment of risks inherent to financial transactions and systems.

The review of the payment process initiated several years ago and the centralisation of the management of finance and procurement processes proved its worth in the reduction of the process

duration and the removal of paper copies for processing invoices. The e-procurement project progressed with the receipt of electronic invoices (42% of incoming invoices were received electronically in 2019 versus 25% in 2018) and the receipt of electronic offers for all open tenders (e-tendering and e-submission).

The Time-to-pay has improved in 2019 (18.5 days on average, compared to 20.63 days in 2018 and 20.09 days in 2017) with a concomitant improvement of the average time of suspension (1.74 days in 2019 vs 1.77 in 2018 and 2.22 in 2017), indicating an improvement considering the reduced resources in the ex-ante control system and the same volume of transactions. This is due to the redesign of the payment process implemented a few years ago with the implementation of the light payment circuit involving two actors for low risk payments as well as with a stricter monitoring of end date of activities with reports automatically produced for the financial circuit's actors. Within the late payments (6% in 2019 vs 7% in 2018 and 6% in 2017), none of them implied the payment of late interest in 2019.

The average Time-to-award was 2.2 months in 2019, which is in line with the previous years (1.9 months in 2018, 2.2 months in 2017). Nevertheless, it needs to be noted that a shorter "Time-to-award" does bring some risks as it reduces the time available for the ETF to carry out extensive checks before signing contracts.

Efficiency gains started to show as from 2015 because of the centralisation of the financial management and the gradual centralisation of the procurement procedures implying related economies of scale.

The ex-ante control strategy can be said to be efficient overall. Nevertheless, it was reviewed at the beginning of 2019 to permit the revision of the ETF financial circuits and further differentiate the level of controls to the risk-profiles of the amounts processed.

2.1.2 Audit observations and recommendations

Audits

The ETF has never received any critical recommendations from controlling bodies and 2019 was no exception.

European Court of Auditors (ECA)

Audit on legality and regularity of transactions: In October 2019, ECA published the annual audit report on EU agencies for the financial year 2018. This contains a clean unqualified audit opinion for the ETF. In particular,, the ECA auditors conclude that: *"in our opinion, the accounts of the Foundation for the year ended 31 December 2018 present fairly, in all material respects, the financial position of the Foundation at 31 December 2018, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer"*

In November 2019, ECA carried out the first audit on the legality and regularity of transactions for the financial year 2019. This audit did not result in any preliminary findings for the ETF. ECA will finalise the 2019 audit on the ETF with an audit desk review planned for February 2020.

ECA Performance Audit of EU Agencies 2019: The ETF was one of the Agencies visited by the auditors in July 2019. Final report due in the first quarter of 2020.

Audit on ETF accounts 2019: The audit on ETF accounts for the financial year 2019 was carried out by PKF Littlejohn LLP in February 2020. This audit was outsourced through the inter-institutional framework contract on audits and controls.

Internal Audit Service (IAS)

Audit on human resources management and ethics in the ETF: The audit was carried out 2018-2019 and IAS issued the final audit report in July 2019. In general, the report is positive and provides the ETF with reasonable assurance regarding the functioning of HR and ethics processes. The ETF received recommendations in 6 areas, one of which was very important on recruitment and selection procedures. All other recommendations are important - on performance appraisal and reclassification; HR strategy, planning and organisation; effectiveness of the time recording system; ethics and conflict of interest attestation, procedures and training; data security and confidential information disposal. Actions to address all the recommendations have already been completed or are expected to be completed in 2020 with no delays foreseen.

Follow up on previous IAS audit recommendations: Having formally closed all previous IAS audit recommendations, the ETF does not have any outstanding open audit recommendations issued before 2019.

The information above confirms the trend of positive audit results and is a strong indicator of ETF performance to support the management assurance on the achievement of internal control objectives.

2.1.3 Assessment of the effectiveness of the internal control systems

The ETF uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

The ETF has assessed its internal control system during the year and has concluded that it is effective, and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to 'control over technology'.

The results of the 2019 final assessment are positive, as sixteen out of seventeen principles were assessed as effective or partially effective (functioning well or with some improvements needed – categories 1 or 2). There is a reduction in the perception of principles assessed as having a major weakness (from 3 in 2018 to 2 in 2019). 15 out of 17 principles (88%) were assessed in 2019 as having a score of 1 or 2, compared to 82% in 2018. However, 7 principles were assessed in 2019 as category 1 (effective system in place) compared to 9 principles in 2018.

Only one principle (ICP 11 'control over technology'¹⁶) was assessed as category 3 or above (partially effective with major weaknesses). Specific issues identified for improvement include ICT governance, support and systems, digitalisation and cyber-security which was identified as an emerging risk during the annual risk assessment and as such was captured in the ETF risk register together with a number of mitigating actions. The area of ICT was also identified as needing improvements in the 2018 assessment.

¹⁶ ICP 11 'we select and develop general control activities over technology to support the achievement of objectives'

The improvements and/or remedial measures implemented or envisaged are to sign an agreement with Computer Emergency Response Team (CERT-EU), implement a digitalisation project and review and improve the document management system and internal communication tools. (Annex 11)

The results of the 2019 assessment of the effectiveness of internal controls support the Director's positive declaration of assurance in the CAAR 2019. They provide reasonable assurance that the internal control system in the ETF is present and functioning, with only some improvements needed

2.1.4 Conclusions on the assurance

The information reported in sections 2.1, 2.2 and 2.3 stem from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and completely covers the budget delegated to the ETF.

The declaration of assurance of the ETF Authorising Officer in the 2018 Annual Activity Report did not contain any reservations.

Based on the criteria established by the ETF policy to define the materiality criteria for the Director to base his decision as to whether a reservation should be included in the annual declaration of assurance in the context of annual activity reporting, **the ETF has no reservations to report for 2019.**

Overall Conclusion

In conclusion, management has reasonable assurance that, overall suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5 Declaration of assurance

Declaration of assurance in cascade by (Sub) Delegated Authorising Officers

In 2019, budgetary implementation powers were delegated by the Authorising Officer through a Director's Decision¹⁷, which allocated the different budgetary areas, including specific budget lines, to the delegated and sub delegated authorising officers ((S)DAOs). In line with ETF rules and procedures on the deputising mechanism and the presence of managers on the ETF premises¹⁸, it introduces a second level of back-up for delegated authorising officers, in order to reduce the number of transactions to be approved by the Director and ensure transactions are dealt with by the most informed authorising officer available.

The decision is accompanied by individual delegations, signed by the Director, the authorising officer by delegation and his/her back-up. The signature of the act confirmed the acceptance of the charter of the authorising officer by delegation.

To reinforce the assurance cascading process, in an annex to each declaration of assurance signed by (S)DAOs, the (S)DAOs are required to report/account for the use of their respective budgetary powers and issue a special declaration at the end of the year to confirm their compliance with the

¹⁷ ETF/12/DEC/002 Issue 5

¹⁸ ETF/12/DEC/003

charter. The statement of the (Sub) Delegated Authorising Officers aims also at informing the flow between ETF Managers and the Director on internal control matters in the context of the preparation of the Annual Activity Report.

The Director has reasonable assurance that, overall suitable controls are in place and working as intended; risks are appropriately monitored and mitigated; and necessary improvements and reinforcement measures are being implemented. As a result, there have not been reasons to introduce any reservation for the year 2019.

DECLARATION OF ASSURANCE

I, the undersigned, Cesare ONESTINI, Director of the European Training Foundation in my capacity as Authorising Officer by delegation,

- declare that the information contained in this report gives a true and fair view¹⁹,
- state that I have reasonable assurance that the resources assigned to the activities described in this report 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.

This reasonable assurance is based on my own judgement and on the information at my disposal as reported in this report, such as:

- the end of year declaration of assurance issued by (Sub) Delegated Authorising Officers based on the knowledge gained from daily operation and management supervision activities;
- the results of the annual review and management self-assessment of the internal control system and organisational performance;
- the results of the internal transactional ex-post exercise;
- the progress and follow-up of risk management activities;
- the results and follow-up of ex-post audits and controls;
- the results of ex-post evaluations and the monitoring of ETF activities;
- the recommendations of the Internal Audit Service, the accompanying action plans and their follow-up; and
- the lessons learnt from the reports of the Court of Auditors for the years prior to the year of this declaration.

I confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Turin, 6 May 2020



Cesare Onestini

¹⁹ True and fair in this context means a reliable, complete and correct view on the state of affairs in the institution.

2.2 Other organisational management dimensions

Other organisational management dimensions such as human resources management, environment management, health and safety, facilities and ICT management as well as external communication are outlined in this section.

2.2.1 Human resource management

In accordance with the outcomes outlined in the 2019 work programme the focus of the unit was on staff engagement and performance improvement whilst maintaining full compliance with the relevant legal frameworks and to replace the human resources management system (Allegro) with the European Commission system (SYSPER).

Main actions were the follow up actions on the 6 recommendations arising from the IAS audit on HR Management and ethics and preparatory steps for the development of an HR Strategy to complement the ETF Strategy 2027.

New staff development actions were initiated through a call for sabbatical leave, with 2 staff being successfully placed, one at the University of Turin and the other in Finland. New 'induction buddies' were selected and trained by staff in the HR unit.

A new Staff Committee has been elected as of October 2019.

A 360° feedback exercise was launched and concluded for all managers and the resulting development needs discussed with respective line managers. A team coaching exercise for all managers may be necessary to foster an increased team and partnership spirit.

The internal communication function was entrusted to HR from early 2019 and efforts have concentrated on ensuring a constant cascading of information from management to staff mainly through Workplace posts, minutes sharing and All Staff meetings.

The project to move from Allegro to SYSPER continued throughout the year, however due to the increased complexity in the transfer of data, the project slowed down in the last quarter. Solutions to resolve the problem will be put in place in the first quarter of 2020 with external ICT consultants.

All corporate / collective training courses highlighted by management as a priority for 2019 took place with a total of 98 distinct learning and development activities, including both individual and collective courses. This figure rises to 117 when repeated group training sessions are included. Of these, a significant investment was in organising training sessions for all staff on Office 365 and SharePoint online, including 15 group sessions plus several individual sessions. The average satisfaction rate of collective course remains high at 86%.

With regards to staff movements there were 11 newcomers, 6 leavers and 15 reassignments managed.

Additionally, papers and guidelines for internal use were drafted, including presentations to managers, the Staff Committee and concerned staff on sabbatical leave, the procedure for potentially upgrading AST9, the concept paper on revised job descriptions, the handover guide including knowledge management transfer, guide for tutors of trainees, mentoring toolkit, top up reimbursement for international schools.

Three revised implementing rules have been adopted by the Governing Board - (types of post, protecting the dignity of people and recruitment of contract agents).

Environment Management

Work has started on the EMAS project and external consultants have finalised a gap analysis. The ETF environmental policy has been drafted and the next step is to define the environmental indicators to support the environmental KPI (composite indicator).

Health and Safety

Collaboration with the EEAS continued for the risk assessment of threat level four countries, although the service level agreement between the EEAS and the ETF remains in draft form, pending feedback from the EEAS Legal Advisor. In 2019 there were 11 security assessments made in total for missions to countries with a threat level 4.

2.2.2 Data protection, Ethics and Integrity

Data Protection

2019 saw the introduction of a formal data breach response procedure. Under this new procedure, 4 breaches were recorded at the ETF, of which one breach, due to its potential risk level, was notified to the EDPS. As follow-up to this breach, the ETF has intensified its ICT security measures, in particular subscribing to the CERT-EU service (Computer Emergency Response Team (CERT-EU) for the EU institutions, agencies and bodies, and removed staff data from the ETF website (removing the possibility of spoofing or mis-use of staff credentials). The other breaches were minor incidents, which have been followed up by improving operational procedures in the field of laptop loans and by providing guidance to a Confidential counsellor on the application of confidentiality and permission restriction measures on the email and calendar tools.

The data protection function was carried out by the Data Protection Officer and Deputy Data Protection Officer with the support of the Assistant to the Director.

Ethics and Integrity

In 2019, the Ethics and Integrity function is carried out by the ETF Legal Advisor (Ethics and Integrity Correspondent) with the support of a newly appointed Deputy Ethics and Integrity Correspondent.

Furthermore, under the guidance of the Ethics and integrity correspondent, a cross departmental working group reviewed the expired Anti-fraud strategy and prepared the ETF Anti-fraud Strategy 2020-2027 which was adopted in December 2019.

2.2.3 Facilities and ICT management

FACILITIES MANAGEMENT

Area	Indicator and Target	Achievement 2019	Achievement 2018	Achievement 2017
Facilities	Annual reduction of building cost/m ² (target >1% after correction for inflation and energy costs)	-5%	2%	1.85%

The separation of the utilities systems has had a positive impact on the consumption costs, with a decrease of 14%, mainly due to optimisation in gas consumption. As for the electricity optimisation, despite the separation of the system, the supply contract remains the one of the Regione Piemonte

and the ETF will be able to have its own contract only after the construction of a new electrical cabin, as requested by the competent authority.

The Region will lead the project and it is expected that they will build a new cabin by the end of 2020. This means that the ETF will be able to have an independent contract in 2021.

In the meantime, the ETF has started the EMAS project, which aims at reducing consumption by sensitising staff and by promoting a more environmentally friendly approach to business.

ICT management

Area	Indicator and Target	Achievement 2019	Achievement 2018	Achievement 2017
ICT	Availability of IT critical systems (target >99%)	99.85%	99.6%	99.8%
Run vs Grow ICT	Budget ratio target <75%	75,01%	70.8%	63.1%
ICT	No of online meetings	358	151	115

Information and communication technologies

The aim of provision of secure, reliable and interoperable solutions focusing on initiatives improving enabling and leveraging ETF work was implemented in the year through the following improvement actions.

A SLA has been signed with CERT-EU in July 2019 to get better cyber security following the revision of the pricing model by CERT-EU.

A new stakeholder relation management system (SRM) was rolled out to ensure capturing, for organisational knowledge management, ETF interactions with its main stakeholders during missions, activities and events and through relevant correspondence.

Information security management

Information security management project started April 2019, with the objective of introducing an Information security management system (ISMS) at the ETF, based on the ISO/IEC 27001 international standard.

Work is ongoing with the new Information Security System Policy and a first draft has been prepared, based on model 2015/443 'Security in the Commission'. The 2019 meeting of security officers (IISTAG) was hosted by the ETF in Turin in October 2019.

Business Continuity Plan

In 2019 the Business Continuity Plan was kept up to date including related process maps and procedures.

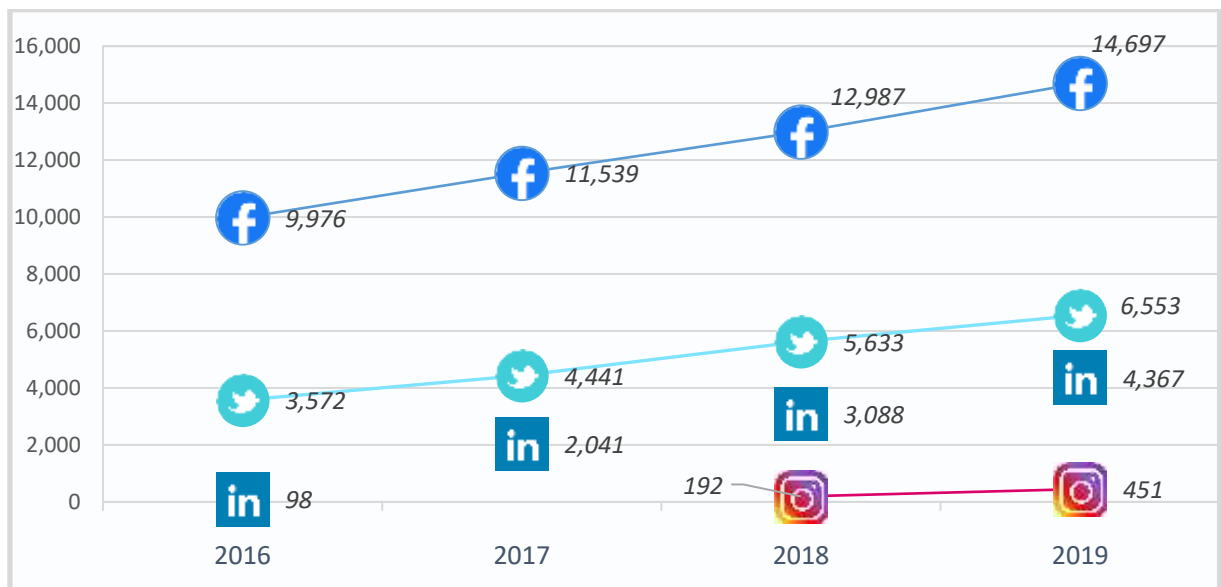
2.2.4 External communication activities

The highpoints of the year for communication were the corporate event "Skills and Qualifications: Benefits for People" held in Turin and the ETF 25th Anniversary event held in Brussels in November 2019. Both events were live-streamed, with each attracting over 500 viewers in addition to those participating physically (180 and 60 respectively). The communication campaigns around these events, combining digital, audiovisual and social media communication, reached over 100,000 people.

2019 was the first full year of operation of the ETF's new website, launched in 2018. The new web analytics system is for the first time able to exclude visits by internal users and web crawlers. This gives a far more accurate picture of website activity, but yields aggregate figures very significantly lower than in previous years.

An important development in 2019 was the launch in November of a new online knowledge-sharing platform, Open Space. Building on over a decade of experience in managing on-line communities, Open Space is a platform on which experts, policy makers and practitioners from around the world can share experience and practice and co-create knowledge on education, training, skills and employment in developing and transition contexts. Within three months of its launch, Open Space has over 1,000 members and a constant flow of content from internal and external contributors. The new platform is a key element in the ETF's drive to digitalise its working methods by fostering virtual interaction with its partners and stakeholders. Open Space will be a key pillar of the ETF's strategic goal to enhance its status as a global knowledge hub.

SOCIAL MEDIA GROWTH IN FOLLOWERS 2016 – 2019



Annex 1 – Statement of the Head of Department in charge of risk management and internal control



Ref: 2020-134

Statement of the Head of Department in charge of risk management and internal control

I declare that in accordance with the Commission's communication on the internal control framework²⁰, I have reported my advice and recommendations on the overall state of internal control in the European Training Foundation in 2019 to the Director.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

Turin, 30 January 2020

[signed]

Henrik Faudel
Head of Resources and Services Department

²⁰ C(2017)2373 of 19.04.2017

Annex 2 – Human resources

HR Quantitative

Table 1 – Staff population; overview of all categories of staff

A. Statutory staff and SNE

Human Resources	2019		
	Authorised Budget	Actually filled as of 31/12/2019	Occupancy Rate %
Administrators (AD)	56	56	100%
Assistants (AST)	30	30	100%
Assistants/Secretaries (AST/SC)	0	0	
ESTABLISHMENT PLAN POSTS	86	86	
Contract Agents (CA)	41	41	100%
Seconded National Experts (SNE)	1	0	0%
Local Agents	1	1	100%
TOTAL STAFF	129	128	

* During 2018, on the basis of article 38.2 of the ETF Financial Regulation, the ETF used for the first time the opportunity to “offset the effects of part-time work” by one additional appointment (function group AD). Should all posts be filled in since then, the number of TA employed would therefore be 86 +1. During 2020, it is expected to reach 86+2 should part time continue to be above 2 FTE.

B. Other Staff

Structural service providers

	Actually filled as of 31/12/2019
Security	1
IT	1
Receptionist	1
Facilities support	1

Interim workers

	Actually filled as of 31/12/2019
Number	7

Table 2 – Establishment plan

Function group and grade	2019			
	Authorised Budget		Actually filled as of 31/12 *	
	Perm. posts	Temp. posts	Perm. posts	Temp. posts
AD 16				
AD 15				
AD 14		1		1
AD 13		5		3
AD 12		15		4
AD 11		9		11
AD 10		6		11
AD 9		12		11
AD 8		7		6
AD 7		1		8
AD 6				1
AD 5				
AD TOTAL	0	56	0	56
AST 11		3		1
AST 10		6		
AST 9		8		8
AST 8		7		9
AST 7		4		1
AST 6		2		4
AST 5				3
AST 4				4
AST 3				
AST 2				
AST 1				
AST TOTAL	0	30	0	30
AST/SC 6				
AST/SC 5				
AST/SC 4				
AST/SC 3				
AST/SC 2				
AST/SC 1				
AST/SC TOTAL	0	0	0	0
TOTAL	0	86	0	86
GRAND TOTAL	86		86	

* During 2018, on the basis of article 38.2 of the ETF Financial Regulation, the ETF used for the first time the opportunity to “offset the effects of part-time work” by one additional appointment (function group AD). Should all posts be filled in since then, the number of TA employed would therefore be 86 +1. During 2020, it is expected to reach 86+2 should part time continue to be above 2 FTE

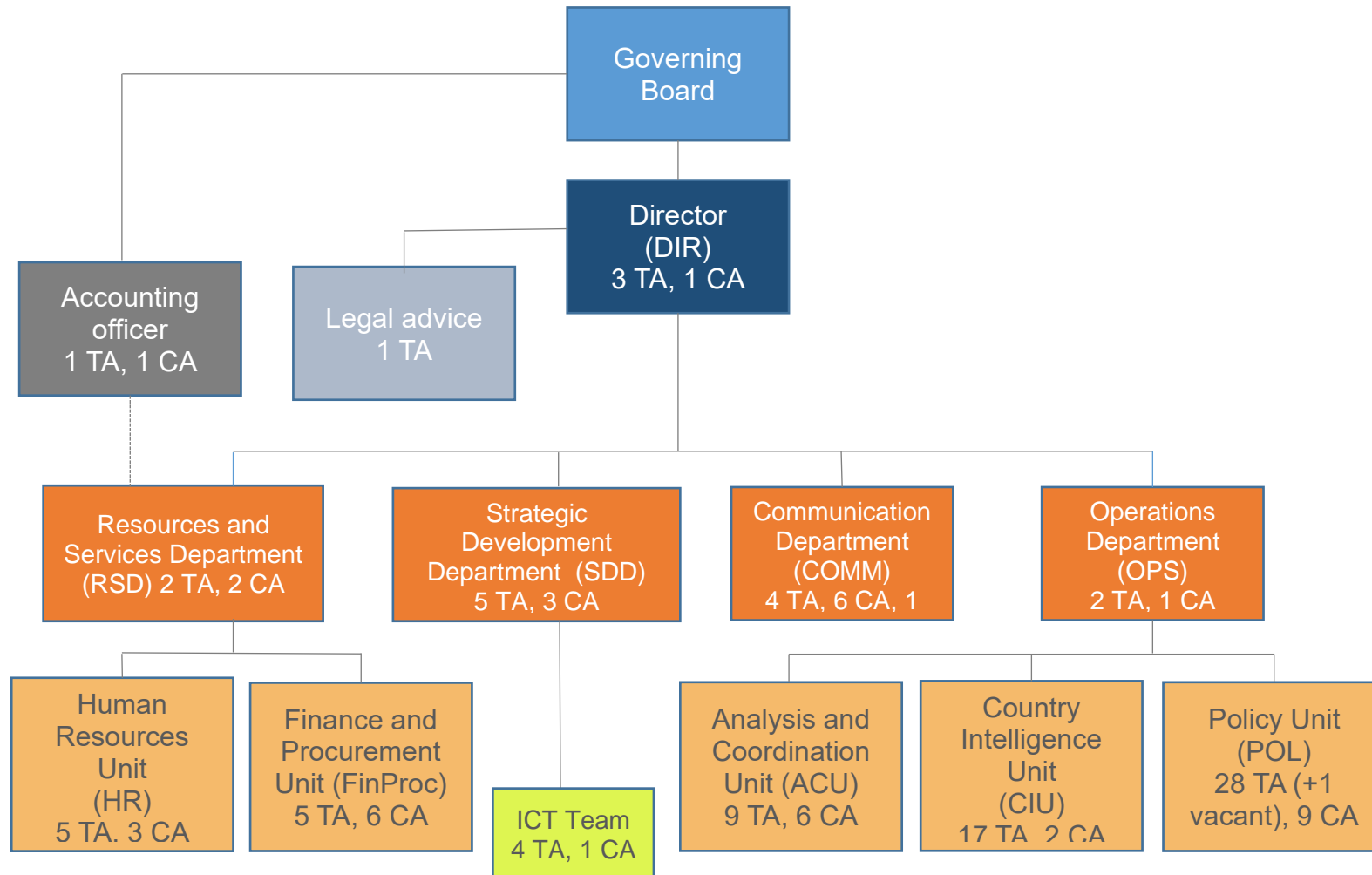
External personnel

Contract agents	Authorised 2019	Recruited as of 31/12/2019
Function Group IV	12	13
Function Group III	24	19
Function Group II	5	9
Function Group I	0	0
TOTAL	41	41

Local agents	Authorised 2019	Recruited as of 31/12/2019
Function Group AL/N2	1	1

Seconded National Experts	Authorised 2019	Recruited as of 31/12/2019
TOTAL	1	0

ETF organisational structure 31.12.2019



Human Resources Qualitative

Appraisal and reclassification/promotions

Table 1 - Reclassification of temporary agents/promotion of officials

Average seniority in the grade among reclassified staff							
Grades	2015	2016	2017	2018	2019	Actual average over 5 years	Average over 5 years (annex IB SR)
AD05	2.7	0.0	0.0	0.0	3.8	3.3	2.8
AD06	0.0	0.0	2.0	3.5	0.0	2.8	2.8
AD07	4.4	4.5	3.2	6.0	2.5	4.1	2.8
AD08	0.0	3.0	3.6	4.3	2.8	3.4	3
AD09	8.0	2.8	0.0	5.4	5.9	5.2	4
AD10	4.0	0.0	0.0	4.5	5.0	4.6	4
AD11	0.0	0.0	22.7	0.0	0.0	22.7	4
AD12	0.0	0.0	3.5	8.3	0.0	5.1	6.7
AD13	0.0	0.0	0.0	0.0	0.0	0.0	6.7
AST1	0.0	0.0	0.0	0.0	0.0	0.0	3
AST2	0.0	0.0	0.0	0.0	0.0	0.0	3
AST3	5.0	7.0	2.5	0.0	0.0	5.7	3
AST4	3.0	3.0	3.5	2.0	0.0	2.9	3
AST5	0.0	3.0	2.0	0.0	5.5	4.0	4
AST6	3.0	4.5	0.0	0.0	4.5	4.1	4
AST7	0.0	11.5	2.0	3.5	0.0	6.7	4
AST8	3.0	4.0	2.5	0.0	0.0	3.2	4
AST9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AST10 (Senior assistant)	0.0	0.0	0.0	4.5	0.0	4.5	5
AST/SC1							4
AST/SC2							5
AST/SC3							5.9
AST/SC4							6.7
AST/SC5							8.3

Table 2 -Reclassification of contract staff

Function Group	Grade	Staff in activity at 1/01/2018	How many staff members were reclassified in 2019	Average number of years in grade of reclassified staff members	Average number of years in grade of reclassified staff members according to decision C(2015)9561
CA IV	17				Between 6 and 10 years
	16	1	1	3.8	Between 5 and 7 years
	15	4			Between 4 and 6 years
	14	4			Between 3 and 5 years
	13				Between 3 and 5 years
CA III	11	5	1	4.5	Between 6 and 10 years
	10	10	1	2	Between 5 and 7 years
	9	5			Between 4 and 6 years
	8				Between 3 and 5 years
CA II	6	1	1	7.5	Between 6 and 10 years
	5	4	2	3.2	Between 5 and 7 years
	4				Between 3 and 5 years
CA I	2				Between 6 and 10 years
	1				Between 3 and 5 years

Gender Representation

Table 1 - Data on 31/12/2019 statutory staff (only officials, TA and CA)

		Official		Temporary		Contract Agents		Grand Total	
		Staff	%	Staff	%	Staff	%	Staff	%
Female	Administrator			31	36%	9	21%	40	31%
	Assistant (AST & AST/SC)			24	28%	24	57%	48	38%
	TOTAL			55	64%	33	79%	88	69%
Male	Administrator			25	29%	4	10%	29	23%
	Assistant (AST & AST/SC)			6	7%	5	12%	11	9%
	TOTAL			31	36%	9	21%	40	31%
GRAND TOTAL				86	100%	42	100%	128	100%

Table 2 - Data regarding gender evolution over 5 years of the Middle and Senior management²¹

	2015		2019	
	Number	%	Number	%
Female Managers	5	56%	6	60%
Male Managers	4	44%	4	40%

Job screening exercise

In accordance with Article 38.1 c) of its Financial Regulation, the results of the job screening exercise in 2019 demonstrate how the ETF continues to gradually increase the overall allocation of staff to the core operational job category from about 47% in 2014 to 57.7% in 2019 while reducing administrative support and neutral functions.

The following table presents the outcome of the job screening exercise in 2014-19 for statutory staff.

Job Type (sub) category	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	2019 (%)
Administrative support and Coordination	22.18	23.83	18.56	18.15	19	17.19
Administrative Support	15.68	16.69	14.55	14.23	13.30	13.75
Coordination	6.50	7.14	4.01	3.92	5.70	3.44
Operational	61.65	62.78	69.47	70.31	70.47	72.42
General operational	3.76	3.01	2.27	2.31	8.17	8.20
Programme management	46.99	50.00	55.08	56.46	56.28	57.73
Top level Operational Coordination	3.38	4.51	4.55	4.62	2.17	2.97
Evaluation & Impact assessment	7.52	5.26	7.58	6.92	3.88	3.52
Neutral	16.16	13.38	11.97	11.54	10.47	10.39
Finance/Control	15.41	12.63	11.59	10.77	9.69	9.61
Linguistic	0.75	0.75	0.38	0.77	0.78	0.78

²¹ From Head of unit only

Geographical Balance

Explanatory figures to highlight nationalities of staff (split per Administrator/CA FG IV and Assistant /CA FG I, II, III)

Table 1 - Table on 31/12/2019 - statutory staff only (officials, TA and CA)

Nationality	AD + CA FG IV		AST/SC- AST + CA FG I/II/III + LA ALN/2		TOTAL	
	Number	% of Total Staff members in AD and FG IV categories	Number	% of Total Staff members in AST SC/AST and FG I, II, III + AL/N2 categories	Number	% of total staff
AT	4	6%		0%	4	3%
BE	4	6%	3	5%	7	5%
CY	1	1%		0%	1	1%
CZ	1	1%		0%	1	1%
DE	4	6%	2	3%	6	5%
DK	2	3%		0%	2	2%
EE		0%	2	3%	2	2%
ES	6	9%		0%	6	5%
FI	3	4%	1	2%	4	3%
FR	4	6%	2	3%	6	5%
GR	3	4%		0%	3	2%
IE	2	3%		0%	2	2%
IT	15	22%	36	61%	51	40%
LU		0%	1	2%	1	1%
LV	1	1%	1	2%	2	2%
MA	1	1%		0%	1	1%
MK	1	1%		0%	1	1%
NL	3	4%	1	2%	4	3%
PL	2	3%	2	3%	4	3%
PT	2	3%		0%	2	2%
RO	2	3%	3	5%	5	4%
SI		0%	1	2%	1	1%
TN	1	1%		0%	1	1%
TR	1	1%		0%	1	1%
UA	1	1%	1	2%	2	2%
UK	5	7%	3	5%	8	6%
Grand Total	69	100%	59	100%	128	100%

Table 2 - Evolution over 5 years of the most represented nationality in the Agency

Most represented nationality	2015		2019	
	Number	%	Number	%
IT	48	37%	51	40%

The ETF receives constantly a higher proportion of applications from its host country despite the wide publication of its vacancy notices, in particular for administrative and support positions (AST/FGII-FGIII), which explains the constant higher number of Italian nationals recruited. The ETF selection procedures are merit-based but where there are equal merits, the ETF would favour the under-represented nationalities.

Annex 3 – Draft annual accounts and financial reports

BALANCE SHEET	31/12/2019	31/12/2018
<i>NON-CURRENT ASSETS</i>		
Intangible fixed assets	1,272,920.85	1,276,653.87
Property, Plant and Equipment	659,394.00	736,917.00
<i>CURRENT ASSETS</i>		
Receivables and recoverables	195,786.91	158,611.51
Pre-financing	123,221.21	154,109.83
Cash and cash equivalents	824,671.34	363,912.08
TOTAL ASSETS	3,075,994.31	2,690,204.29
<i>CURRENT LIABILITIES</i>		
Payables	1,259,781.13	1,209,187.93
TOTAL LIABILITIES	1,259,781.13	1,209,187.93
<i>NET ASSETS</i>	1,816,213.18	1,481,016.36
Accumulated surplus/deficit	1,481,016.36	1,634,809.69
Economic result of the year	335,196.82	-153,793.33
STATEMENT OF FINANCIAL PERFORMANCE	2019	2018
Operating revenue	20,312,528.82	20,129,403.71
Operating expenses	-19,974,803.26	-20,281,078.59
Financial expenses	-145.40	-300.46
Extraordinary losses - exchange rates	-2,383.34	-1,817.99
ECONOMIC RESULT OF THE YEAR	335,196.82	-153,793.33
CASH FLOW STATEMENT	2019	2018
Cash and cash equivalents at beginning of the year	363,912.08	440,842.03
Net increase in cash and cash equivalents	460,759.26	-76,929.95
Cash and cash equivalents at year-end	824,671.34	363,912.08
BUDGET RESULT ACCOUNT	2019	2018
Revenues	20,561,154.13	20,146,935.71
Expenditures	-20,331,167.65	-20,135,329.02
Outturn for the year	229,986.48	11,606.69
Adjustment for carry forward from previous years	0.00	1,300.05
Appropriations carried forward and cancelled	18,732.64	8,934.73
Exchange gains/losses	-2,005.95	-1,740.15
Balance for the financial year	246,713.17	20,101.32
Balance carried over from previous year	57,010.39	57,010.39
Amount reimbursed to the EC	-57,010.39	-57,010.39
Amount related to 2018 to be reimbursed to EC	246,713.17	20,101.32

Annex 4 - Materiality criteria

The ETF has decided to follow the same approach as the Commission regarding the assessment and quantification of significant deficiencies and materiality thresholds. Main potential areas of deficiencies are:

- Significant occurrence of errors in the underlying transactions (legality and regularity)
- Significant control system weaknesses
- Insufficient audit coverage and/or inadequate information from internal control systems
- Critical issues outlined by the European Court of Auditors, the Internal Audit Service and OLAF
- Significant reputational events.

The ETF's quantitative materiality threshold is 2% of its overall budget. This means that for any deficiency with an exposure risk value judged to be at least 2% of the total ETF budget a reservation must be reported in the annual declaration of the ETF director.

To support the quantitative judgment of a deficiency, the following qualitative factors are also considered:

- The nature, scope and duration of the deficiency;
- The existence of mitigating controls which reduce the impact of the deficiency;
- The existence of effective remedial actions to correct the deficiencies (action plans and financial corrections) which have had a measurable impact.

Annex 5 Cooperation with international and bilateral organisations

The ETF's cooperation with international and bilateral organisation contributes to the fulfilment of the ETF functions as outlined in its mandate²², more specifically:

- to facilitate the exchange of information and experience among donors engaged in human capital development reform in partner countries; and
- to disseminate information and encourage networking and the exchange of experience and good practice between the EU and partner countries and among partner countries in human capital development issues

During 2019, the ETF has regularly engaged with international and bilateral development actors at the European, international and partner country level to extend the reach of the work of the ETF as well as to ensure that its interventions are sustainable and relevant to the partner context and complement the interventions of other actors.

EU Member States bilateral organisations

Through the ETF Governing board Members, the ETF has strengthened involvement of Member State representatives in its activities and cooperation with EU MSs bilateral organisations which are active in the field of HCD in particular with:

Agence Francaise developpement (AFD)	Cooperation at country level in all countries where the organisations are active.
Belgium Development Agency (ENABEL)	Annual exchange at institutional and operational level. Cooperation at country level in all countries where the organisations are active and in particular in Palestine and Jordan
British Council (BC)	Annual exchange at institutional and operational level. Cooperation at country level in all countries where the organisations are active.
German Development Agency Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)	Regular exchange at institutional and operational level. Cooperation at country level in all countries where the organisations are active. In particular cooperation with GIZ Jordan ²³ supporting the newly established National Sector Skills Councils (NSSCs), the National Qualifications Framework (NQF) and permeability between different education systems and Work-based learning Dual (cooperative)
KulturKontakt Austria	Regular exchange in Western Balkans on Work-based learning , Social inclusion (Albania Bosnia Herzegovina, North Macedonia)
Lux Development	Annual exchange at institutional and operational level. Cooperation at country level in all countries where ETF is active.

²² Art.2 (paragraph c, d and f) of the ETF Regulation No 1339/2008,

²³ GIZ 6-year project (2017 – 2022) on “labour market oriented VET” with an overall budget of 8 million EUR.

International organisations and donors active in the area of human capital development globally:

- The ETF actively participates in the IAG-TVET group (and related working groups) coordinated by UNESCO for structured knowledge sharing and exchange of expertise among key players in VET with the ILO, OECD, UNIDO, WHO, WB, AfDB, EC, Cedefop, IADB and IDB.
- ITCILO and the ETF joint action with the city of Turin celebrating the 100 and 25th anniversaries of the ILO and the ETF presence in the city. Experts from around the world ranging from high-level public actors in charge of policy making and shaping, funding and local lifelong learning-focused authorities, social partners representatives, civil society, academia experts, company owners and youth leaders were brought together to develop innovative solutions to concrete challenges faced by the city of Turin in the areas of Lifelong Learning and Future Skills.

Anna Lindh Euro Mediterranean foundation for dialogue between Cultures	Cooperation to promote civil society organisations participation and share knowledge in the field of human capital development and intercultural dialogue
International Labour Office (ILO)	Seventh guide on skills anticipation and matching, specifically on the use of Big Data to feed labour market information.
International Training Centre of the International Labour Office (ITCILO)	Joint capacity building and trainings on career guidance, Quality apprenticeships, VET financing; ad hoc expertise input and cooperation in matching and anticipation of skills, skills for the future and migration.
Organisation for Economic Co-operation and Development (OECD)	Cooperation in the fields of Entrepreneurial Learning, Small Business Act, skills system governance
Swiss development	Annual exchange at institutional and operational level. Cooperation at country level in all countries where ETF is active. In particular in Bosnia Herzegovina, North Macedonia, Serbia
United Nations Educational, Scientific and Cultural Organization (UNESCO)	Approaches, methodologies and tools in the areas of Policy Analysis, Qualifications and Work based learning. Global NQF Inventory, co-production ETF, Cedefop and UNESCO (survey and analysis of global trends in qualifications frameworks). Joint study WBL in Arab countries - 4th Euro-Mediterranean Employment and Labour High-level Working Group Meeting (informal economy)
UNESCO-UNEVOC International Centre for Technical and Vocational Education and Training	Cooperation for exchange of knowledge, the ETF contributes to Leadership academy and UNEVOC global events
United Nations Children's Fund UNICEF	Knowledge exchange and active participation in the areas under the Torino Process and on initiatives on skills/competences, reform of education sector and on Skills for Adolescents

International financial institutions investing in the area of human capital development globally

The expertise and experience of the ETF work in partner countries at policy level has been the main asset to complement the sector level approaches of the international financial institutions and demonstrates the complementarity between the institutions in terms of mandate, networks and policy entry points enabling the ETF to act as quality assurer/sparring partner and a bridge to EU and partner countries good practices.

Asian Development Bank (ADB)	Institutional level exchanges and operational cooperation in Central Asian countries, knowledge exchange and expertise input for publications and events
European Bank for Reconstruction and Development (EBRD)	Institutional level exchanges and cooperation on social inclusion and public private partnership at country level mainly in Albania, Egypt, Jordan, Kazakhstan Tunisia Turkey and Ukraine.
European Investment Bank	Institutional level exchanges
World Bank (WB)	Cooperation in the area of skills anticipation and matching

	Knowledge exchange on Human Capital Indicator and measures for policy analysis in development and transition countries
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Regional bodies to enable building and benefiting from already existing partnerships, research and knowledge bases at regional and/or cross-country level.

African Union (AU)	In the context of the AU-EU cooperation agenda, the ETF is partnering with the EU and GIZ to support the development of the African Continental Qualifications Framework (ACQF), as defined in Action 4 of the Africa-Europe Alliance for Sustainable Investment and Jobs (adopted on 12/09/2018) over the period 2019-2022. The ACQF development activities are part of the AU-EU Skills for Youth Employability Programme and the Skills Initiative for Africa – a programme initiated by the AU in cooperation with the German government.
Asia-Europe Meeting education secretariat (ASEM)	Presentation of Global Inventory on Qualification Expertise input on EU cooperation in VET in third countries.
Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP)	Cooperation to strengthen the multi-level governance of the human capital development systems in the context of the neighbourhood policy;
Education Reform Initiative of South Eastern Europe (ERISEE)	Mutual contribution to knowledge sharing activities, access and support to regional network building and expert input in regional events, in areas that fall under the domain of human capital development and vocational education and training.
Euro-Mediterranean Regional and Local Assembly (ARLEM)	Cooperation to strengthen the territorial dimension of Euro-Mediterranean cooperation and multi-level governance in the neighbourhood policy
International Institute of Administrative Sciences - European Group for Public Administration (IIAS-EGPA)	Peer reviewing the Analytical Framework under the Torino process; Contributing to ETF dialogues, platforms through its permanent study groups; Contributing to the ETF initiatives on governance and policy leaders capacity building through conferences, training sessions, round tables, study visits
Regional Cooperation Council Secretariat (RCC)	Cooperation in the fields of human capital and economic and social development in South Eastern Europe, in: social inclusion; sustainable development; adult education; evidence based policy making; governance; labour market need; employability; entrepreneurial learning
Union for the Mediterranean Secretariat (UfM)	Information sharing on analytical work and country and regional intelligence, e.g. exchange of findings of country and regional or sub-regional work, methodologies, practices, publications
Mediterranean Universities Union UNIMED	Knowledge exchange and mutual participation to events in the area of employment, qualifications, skills anticipation, entrepreneurial learning

EU Agencies

The ETF actively participates in the **EU Agencies Network** (EUAN) for regular exchange of practices and exploring areas for joint actions or shared services.

As required by its mandate the ETF has a cooperation agreement with Cedefop and Eurfound and an annual plan for cooperation has been established and implemented to ensure mutual benefit and exchange of experience between the EU and partner countries. See Annexes 6 and 7 which follow.

Annex 6 – Collaboration with CEDEFOP 2019

Core Themes	Specific themes for 2019	Joint actions progress of implementation
Vocational education and training system development and provision	VET policy reporting Riga and post 2020	<ul style="list-style-type: none"> - Cooperation and coordination on the launching of the 2019 Riga Questionnaire. - Joint presentations of Riga outcomes in ACVT-DGVT platforms - Joint drafting of Riga final report - Regular exchange of expertise and input on “Future of VET” - Initiated discussions for the post 2020 developments and Osnabruck Communiqué - Launched preparations (draft concept note and agenda) for the joint Riga conference in June 2020 - related items like the Platforms of Centres of Vocational excellence
	Adult learning and continuing training with a focus on guidance, validation and work-based learning	<ul style="list-style-type: none"> - Mutual contributions to thematic workshops and other events - Co-operation in the frame of the IAG-Interagency Working Group on Work-based learning : Agreement on testing four WBL indicators in selected countries - New co-operation started on career guidance; (joint development of an advocacy tool for career guidance, together with other IAG members) - Joint participation at ET2020 Working Groups (1) on VET and TT, (2) on Adult Learning and (3) in the Expert Group ‘Platform of European Associations of VET Providers’ - Cedefop will be invited to contribute to the joint DG EMPL-ETF seminar on EAfA for EU Candidate Countries (Northern Macedonia, September 2019) and to the Annual WBL Forum for EaP countries (Ukraine, October 2019)
	Qualifications validation, European Qualifications Framework Advisory Group, World Reference Levels Skills matching and anticipation and identification of skills needs	<ul style="list-style-type: none"> - Co-development of the fourth edition of the Global Inventory of regional and national qualifications frameworks, (co-production Cedefop, the ETF and UNESCO) identifying themes for Volume 1 of the publication. - ETF inputs on SEET countries for Cedefop’s annual update to its European Inventory on NQFs. - ETF experts participated in Cedefop-run workshops on NQFs, qualifications and learning outcomes, delivering presentations and appearing on panel discussions
Evaluation		<ul style="list-style-type: none"> - Joint tender for Framework contract for Evaluation services
Knowledge sharing Seminars		<ul style="list-style-type: none"> - Thessaloniki June 2019 and in Turin in December 2019. The latter was organised also with the participation of Eurofound and JRC and focused on Digitalisation, digital economy, skills for future.
Agency Governance	Participation in the Governing Board meetings	<ul style="list-style-type: none"> - Cedefop: GB meeting took place in Sept or Oct 2019 - ETF GB meetings took place in Jun and Nov 2019

Annex 7 – Collaboration with EUROFOUND 2019

Actions	Joint actions progress of implementation
<p>Participation in activities and exchange of information</p>	<p>Social partnership Cooperation focused on exchange of information and knowledge, with a special focus on EU level social dialogue, in particular:</p> <ul style="list-style-type: none"> - Eurofound's participation on the advisory board of the ETF study on PPP involved peer reviewing of draft report, organisation of a dissemination event by ETF on 4-5/12/19, and possible input to final publication <p>Digital economy Knowledge sharing seminar organised on 16/12 in Turin on 'digital economy' (also with the participation of Cedefop) Exchange of draft work programmes before their approval by the respective Administrative Boards. Both agencies refer to each other's work and cooperation where appropriate.</p>
<p>Development of Programming Document</p>	<p>Organisation of an annual meeting to discuss and assess progress on the above and other relevant issues.</p>
<p>Organisation of the annual consultation</p>	<p>Cooperation focused on exchange of information and knowledge, with a special focus on EU level social dialogue, in particular:</p> <ul style="list-style-type: none"> - Eurofound's participation on the advisory board of the ETF study on PPP involved peer reviewing of draft report, organisation of a dissemination event by ETF on 4-5/12/19, and possible input to final publication

Annex 8 – Activity based budgeting

The ABB for operational activities is presented in the seven core thematic areas and by geographic region.

Overall, actual expenditure vs planned has a high level of correlation with only slight variations, mostly due to rapidly changing socio-political environments in the partner countries.

Operational activities / Strategic Projects	2018		2019			
	Actual (m€)	%	Planned (m€)	%	Actual (m€)	%
Support to EU assistance in the context of EU external policies	1.16	6%	2.26	11%	2.21	11%
Policy analysis and system wide progress monitoring	3.24	16%	5.14	25%	4.81	23%
VET governance	2.41	12%	1.85	9%	1.76	9%
VET provision and quality	3.86	19%	3.70	18%	4.12	20%
Qualifications and qualifications systems	3.62	18%	3.08	15%	2.54	12%
Employment, skills and employability (including skills and migration)	3.75	19%	2.47	12%	2.92	14%
Entrepreneurial learning and enterprise skills	2.10	10%	2.05	10%	2.18	11%
Total	20.14	100%	20.55	100%	20.54	100%

Geographical region	2018		2019			
	Actual (m€)	%	Planned (m€)	%	Actual (m€)	%
South Eastern Europe and Turkey (SEET)	7.17	36%	7.48	36%	7.74	38%
South and Eastern Mediterranean (SEMED)	5.46	27%	4.08	20%	5.24	25%
Eastern Partnership (EaP)	5.60	28%	7.54	37%	5.45	27%
Central Asia (CA)	1.91	9%	1.44	7%	1.70	8%
Africa					0.41	2%
Total	20.14	100%	20.55	100%	20.54	100%

Annex 9 - Evaluations

ABB activity:	Work Based Learning
Type of evaluation:	Interim Evaluation - Evaluation of ETF activities in work-based learning in VET
Summary of performance related findings and recommendations:	<p>The evaluation assessed the effectiveness and impact of the ETF actions in developing work-based learning in both South Eastern Europe and Turkey (SEET) and Eastern Partnership (EaP) countries during the period 2015 – 2018.</p> <p>The main findings were that the ETF is well connected with international stakeholders and is highly involved in events and initiatives at EU level, and its contributions in the IAG-TVET are highly valued. The ETF publications such as the Handbook for policymakers and social partners on WBL, and the Handbook on Financing of WBL, WBL Readiness Tool are appreciated and used by development partners as they are practical and policy oriented.</p> <p>The ETF has been successful in connecting partner countries to international developments and provided the partner countries with examples and experiences from other (European) countries. All five candidate countries have been supported and have become members of the EAfA and made formal commitments to concrete actions for apprenticeships and WBL and in the Eastern Partnership (EaP), national stakeholders have been successfully engaged in Peer Learning Activities (PLA), study tours and e-learning courses.</p> <p>The added value of the ETF in promoting work-based learning in the partner countries is that the Agency is able, more than other organisations, to combine in-depth understanding of the national context, the national needs and the EU priorities and developments to provide timely direct advice and feedback in a more flexible and tailored (non-project-based) way.</p> <p>The key recommendations arising from the report are that the ETF should consider to:</p> <ul style="list-style-type: none"> - Use a differentiated approach to cluster countries for peer learning and exchange of experience, allowing for more cross-links between different countries based on the stage of development and the system weaknesses needing attention. - Strengthen the line of reasoning on how the set of ETF activities as a whole support country reforms. - Continued cooperation with other international organisations and be more active in the framework of European Commission supported projects to contribute more to value addition and synergies. - Better align actions between the different ETF projects and approaches that contribute to developing employer engagement in the partner countries.
Report:	https://europa.eu/cw36Fw

ABB activity:	External Evaluation – commissioned by DG Employment
Type of evaluation:	Evaluation of the EU Agencies under the remit of DG Employment: EUROFOUND, CEDEFOP, ETF and EU-OSHA
Report:	Link to DG EMPL website https://europa.eu/!fX48HN

ACTION PLAN –AGENCY SPECIFIC RECOMMENDATIONS FOR ETF²⁴ (PAGE 57, 6.2.2 D)

Recommendation in Staff Working Document	Response by ETF	Proposed action by ETF	Time frame
28. Given that the capacity of ETF's partner countries varies considerably, ETF must do more to understand where its interventions are likely to have the most effect and how the nature of the required activities may vary.	Country interventions are designed following a detailed analysis of the country context, policy analysis and stage of development as well as taking into account the criteria of EU prioritisation and related assistance; country ownership and commitment for reform; and country stability.	The findings from the 2019 Torino Process conducted in all partner countries as well as the new strategic orientation on differentiation adopted by the GB as part of the new ETF strategy 2027 will be used to programme country interventions for 2021 – 2024.	November 2020
29. To ensure sustainability and adequate policy implementation by partner countries following ETF activities, more systematic links could be put in place between ETF projects and EU programming and technical assistance.	As part of the operationalisation of the ETF strategy 2027 the ETF has initiated an enhanced collaboration with the EU services in programming and technical assistance in the partner countries with DGs (in particular with EMPL, NEAR, DEVCO, EAC, GROW and HOME) to identify better synergies with EC programming and technical assistance.	The ETF receives over 100 requests for support from EU services on an annual basis. More discussion with EC services through the structured dialogue process on how best to put in place systematic links for this support. The ETF continues close collaboration with EU Delegations on programming.	DONE during the structured dialogue in Nov 2019
30. In the same vein, better use could be made of the Torino process to identify the conditions needed for successful interventions and to inform about the choice and right sequence of interventions.	The Torino Process has as its primary objective the analysis and assessment of human capital policies in partner countries. As such the Torino process is an input to the identification of needs and intervention but it is not to be intended as a direct outcome of the Torino process and its assessment reports.	The ETF has reinforced the dissemination of the TRP findings and policy uptake by countries, EU and other donors through specific actions, which have been added to the Torino Process milestones in the preparation and validation and dissemination phase at country and regional levels.	June 2020
31. ETF's operational capacity could be strengthened based on cost savings stemming from improved cost-effectiveness and efficiency gains.	The ETF constantly strives to identify areas for cost-effectiveness and efficiency gains in the annual work programme. Additional expertise is contracted when	The ETF to explore with EU services on how to deploy ETF expertise in actions such as thematic studies and surveys.	November 2020

²⁴ Evaluation of EU Agencies in the field of employment and social affairs, Staff working document and Executive summary <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9348&furtherNews=yes>

Any gaps in internal expertise could be filled by using external experts with specific country knowledge.	resources are available. However, given the current Multiannual financial framework forecasts, the ETF operational budget will decrease over the next 7 years.		
32. In addition to the biannual structured dialogue meetings between ETF and the Commission, communication and coordination could be strengthened to better focus on strategic issues in work programmes.	In the future the ETF will continue to strengthen EC involvement in ETF-led processes wherever possible. The ETF benefited from the input of the Commission during the consultation process for the development of the new ETF Strategy 2027.	The ETF will continue to explore better synergies between the ETF and programmes funded by Community instruments in the area of human capital development through the structured dialogue and the Commission opinion on the work programme.	October 2019
33. A more systematic basis could be created for the triangular relationship between ETF, the Commission and EU delegations in partner countries.	The ETF has begun a series of structured regional meetings with EU delegations. The first meetings with the delegations in the partner countries in South Eastern Europe & Turkey and the Eastern Partnership have taken place.	The ETF will continue with the regular Regional meetings with EU delegations, the ETF and the Commission services and the annual DEVCO delegation training.	December 2020

6.2.1 OVERALL RECOMMENDATIONS FOR THE FOUR AGENCIES

Recommendation in Staff Working Document	Response by ETF	Proposed action by ETF	Time frame
<p>a) Service-level innovation (effectiveness and impact)</p> <p>1. There is room to improve the quality and relevance of research/monitoring reports and activities by:</p> <p>1.1 improving the readability and policy focus of publications, in particular for non-academic users and policy-makers;</p> <p>1.2 basing their activities on a robust quality assurance process (see the points for improvement on the quality of agency deliverables in Section 5.1.1.b).</p> <p>2. Agencies' research/monitoring reports and activities could be improved by making use of the most effective means of communication/dissemination. In particular the agencies could be advised to:</p> <p>2.1 continue to explore and utilise innovative communication channels such as webinars, communities of practice, interactive videos and live streaming, while maintaining and, if needed, expanding their social media presence, as this is a cost-effective way of reaching diverse groups of stakeholders;</p> <p>2.2 further adapt communication activities to different target group, and identify intermediaries who could support the dissemination of outputs;</p> <p>2.3 better disseminate and use their results at national level, in particular by encouraging governing/management board members to take a more proactive role in disseminating and using results.</p>	<p>The ETF strives to continuously improve the quality and relevance of its publications and reports. It has an international editorial board with expertise in the field of human capital development who provide support and guidance to the ETF on the relevance and quality of its publications.</p> <p>ETF Communication and Operations departments plan annually on how to best target and disseminate ETF outputs using webinars, communities of practice, interactive videos and live streaming and social media presence.</p> <p>The ETF Strategy 2027 focuses on further developing partnerships with international and national stakeholders to extend the reach of ETF products and services</p>	<p>1.1 A quality assurance process for publications has been introduced in the revised ETF publication policy and the editorial board has been tasked to support the ETF on improving the readability and policy focus of publications</p> <p>1.2 Use of ETF outputs and services and quality will continue to be measured using indicators that will be tracked and reported on in the annual activity reports.</p> <p>2.1 ETF Open Space – a platform for all ETF networks for an enhanced interaction with communities of practice and stakeholders will be launched in November 2019.</p> <p>2.2 and 2.3 Indicators for tracking of effectiveness of partnerships in disseminating ETF products and services developed and use of ETF Open Space.</p>	<p>June 2020</p> <p>March 2021</p> <p>June 2020</p> <p>December 2020</p>

<p>b) Agency-level innovation (efficiency)</p> <ol style="list-style-type: none"> 3. While there is no single optimal internal structure or process, it is advised that the agencies revisit internal structures to better balance operational and administrative functions within the organisation. 4. Transparency in decision-making based on results of performance measuring systems could be introduced 5. The agencies' performance measuring systems can be further aligned and made more comparable. Therefore the agencies could work to further align their performance indicator methodologies. They are advised to consider developing a more systematic approach to measuring use of their outputs at national level, while taking account of individual agencies' mandates and the cost-effectiveness of the additional investments this requires. 	<p>A further alignment of the ETF organisational structure with the new strategy will take place in 2020 to identify further opportunities to redeploy staff from support services to operational activities. In order to promote staff engagement and expand career perspectives. Decision making at ETF is based on results of the performance management systems in place through the internal control assessment and the quarterly and annual management reports. ETF actively participates in the EU Agencies Network (EUAN) and in particular with the Performance Development Network (PDN) on sharing methodologies and experience.</p>	<ol style="list-style-type: none"> 3. Updated organisational structure approved by GB 4. The ETF has an effective performance management system in place therefore no additional actions proposed. 5. Compare methodologies of performance measurement (indicators) related to inputs and outputs between the four Agencies, and align where possible. ETF will continue to share ideas on performance indicator methodologies with other Agencies in the context of the PDN 	<p>November 2020</p> <p>November 2020</p>
<p>c) Governance (for the three tripartite agencies)</p> <ol style="list-style-type: none"> 6. Electronic decision-making (e.g. written procedure) and, where appropriate, virtual meetings of the governing boards could be further explored as a way to achieve more efficient and quicker decision-making. This will be a cost-effective way to make tripartite stakeholders feel represented, committed, involved and consulted. 	<p>ETF has these in place already Training of Board members Involve GB member institutions in ETF activities use an annual survey for expressions of interest ETF has electronic decision making in place through a written procedure.</p>	<p>No additional actions proposed, as ETF is not one of the tripartite agencies.</p>	
<p>d) Reinforced cooperation</p> <p>The four agencies could engage in a structured common framework of reinforced cooperation with the following elements:</p> <ol style="list-style-type: none"> 7. Corporate functions such as strategy, human resources, legal and financial management, coordination and support services such as ICT could be shared. Logistical arrangements could also be shared as regards the Brussels Liaison Offices (e.g. sharing a single office). 8. On performance management, common or coordinated systems among the agencies would lead to cost savings, as detailed in point b), while respecting each agency's specific objectives. 9. Mutual learning and sharing of services with decentralised agencies outside DG EMPL or with the Commission, and other forms of cooperation through the EU Agencies Network. This would save resources allocated to horizontal functions by relying when necessary on other agencies' expertise. 10. Joint delivery where common tools and approaches exist, for example, managing expert networks and running surveys (e.g. a joint company 	<p>Cooperation with Agencies and other institutions is ongoing and referred to as a specific strategic component in the draft Single Programming Document 2020-2022.</p> <p>The ETF however has doubts that corporate functions could be shared between agencies in the absence of common governance structures.</p> <p>Through the well –established process of exchanging draft annual work programmes with Cedefop and Eurofound, meaningful options for joint delivery are explored.</p>	<p>ETF SPD 2020 – 2022 and WP2020 contains annexes detailing cooperation actions with Cedefop and Eurofound.</p>	<p>November 2019 DONE SPD20 includes annexes outlining cooperation actions – also reported on in CAAR 2019.</p>

<p>panel). Agencies may join efforts and resources without substituting specific targeted surveys carried out by the EMPL agencies.</p> <ol style="list-style-type: none"> 11. Joint programming and planning could be put in place, but focused exclusively on areas suitable for cooperation and/or joint delivery. 12. In practical terms, such reinforced inter-agency cooperation could be reflected by broadening and aligning the time-frames of the agencies' multiannual programming documents, since the annual work programmes will continue to be agency-specific. 	<p>ETF intends to continue its exploration of cooperation between other Agencies through the EUAN. ETF is currently participating in joint tenders with other agencies and seeks opportunities for shared services where there are cost benefits or efficiency gains.</p>		
<p>e) Policy support for the EU</p> <ol style="list-style-type: none"> 13. The four agencies could aim to better align with and support EU policymaking. Work programmes must be flexible enough to allow for changes in the case of sudden reconfigurations of EU priorities. 14. Negative priorities could continue to be a tool for addressing ad hoc requests. The agencies may consider introducing a more structured and formalised reprioritisation mechanism and embedding a certain room for manoeuvre in its programming document to allow for unforeseen activities of high policy relevance. 15. Other adaptability instruments could be used, such as: <ul style="list-style-type: none"> • adjusting the aims of tasks or projects at the implementation stage; • designing intermediate project outputs to feed into policy discussions rather than waiting until the project ends; • producing short-term deliverables and updates (e.g. briefing notes) and further recalibrating ad hoc procedures so that they can be deployed relatively quickly. 	<p>Since 2014, the ETF receives over 100 ad hoc requests annually from EU services that amount to approximately 20% of the total ETF budget. The ETF has been able to accommodate and to flexibly address these requests, whilst maintaining implementation priorities as laid out in the annual work programmes.</p> <p>ETF is currently faced with resource constraints in terms of addressing the volume of requests due to the fact that the number and size of ad hoc requests in terms of resource needs has increased in the past years. However, as regards cost-effectiveness of EU action, empowering agencies such as ETF carry out actions such as in-depth analyses, surveys, or the creation of thematic platforms would provide closer synergies between the agencies' mandates and the EU's impact.</p> <p>The ETF incorporates negative priorities in the work programme and through the planning process has a mechanism for prioritising activities.</p>	<p>The ETF is exploring avenues for collaboration with EC services to address this issue through the structured dialogue and bilaterally with relevant EC departments.</p>	<p>December 2020</p>

Annex 10 – Specific annexes related to financial management

Overall ETF Budget 2019 (EU contribution)

	2019	2018	2017	2016	2015	2014
Overall Budget ETF (EU Contribution)	20,546,000	20,144,018	20,144,089	20,146,132	20,153,042	20,158,053
Committed (C1)	20,536,844	20,141,889	20,128,994	20,144,796	20,130,677	20,137,595
Rate (%) of implementation of Commitment Appropriations	99.96%	99.99%	99.93%	99.99%	99.89%	99.90%
Rate (%) of cancellation of Payment Appropriations	1.20%	0.11%	0.28%	0.44%	1.85%	0.934%
Rate of payments executed within the legal/Contractual deadline	93.7%	93.3%	94.0%	91.3%	85.0%	78.6%
Rate (%) of outturn (Total payments in year N and carry-forwards to Year N+1, as a % of the total EU funding and fee income, where applicable, received in Year N).	98.88%	99.94%	99.93%	99.99%	98.51%	99.47%
Payments Executed out of year's budget (PAY C1+ PAY C8T3) / Budget	96.01%	98.07%	97.97%	97.66%	96.04%	94.85%
Overall CF+RAL into N+1	9.89%	8.53%	9.09%	10.12%	11.55%	13.14%
Amount CF+RAL into N+1	2,032,829	1,719,011	1,831,540	2,039,124	2,326,674	2,679,538
CF in N+1 - T1	1.1%	0.7%	0.6%	1.2%	1.4%	1.5%
CF in N+1 - T2	22.9%	14.7%	16.9%	18.4%	16.1%	36.2%
Total CF (T1&T2)	3.8%	2.5%	2.6%	3.1%	3.3%	6.4%
RAL in N+1 - T3	29.6%	27.8%	30.8%	30.3%	36.4%	32.4%
Number of Transfers	4	7	7	7	9	8
Transferred budget	2.7%	4.2%	5.4%	6.1%	8.2%	7.1%
Lines with more than 3 transfers	4	11	13	15	10	15
Number of transfers in the last 2 months	3	3	3	3	5	4
Amount committed last two months for T2	21.3%	8.1%	26.7%	24.0%	22.4%	34.8%
Amount committed last two months for T3	15.1%	12.0%	10.6%	11.0%	14.5%	12.6%
Cost of GB meetings (2 or 3* per year)	90,626.92	116,555.00	152,100.6*	199,589.56	226,811.15	189,781.92
Total to be reimbursed:	246,713.17	20,101.00	57,010.39	87,703.81	373,397.00	188,193.47

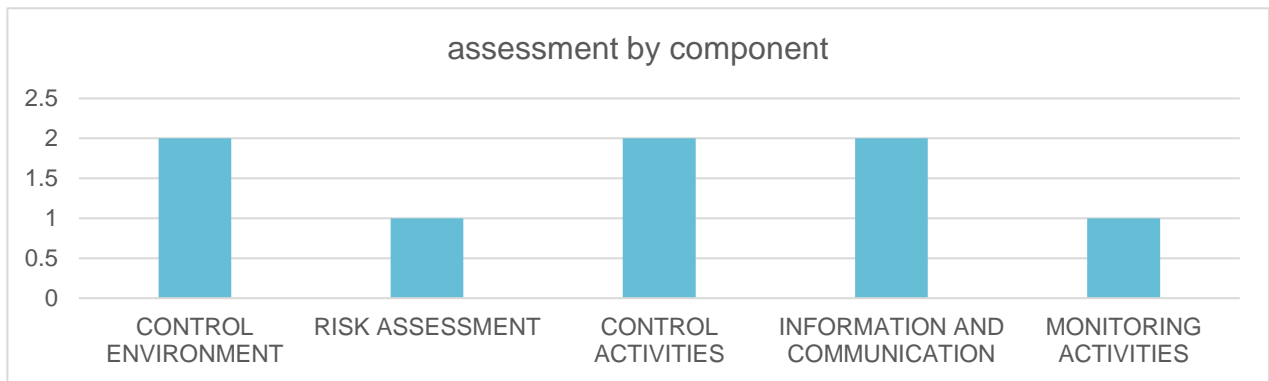
Annex 11 - Assessment of the effectiveness of the internal control systems

The annual assessment of internal controls was launched in November 2019 by inviting 15 managers, coordinators and key staff²⁵ to complete the questionnaire, on the effectiveness of internal controls in the ETF in 2019. The results are based on 13 completed questionnaires, an 86% response rate.

Respondents assessed each principle in turn, using an assessment scale (1 – 4), and the average score for each principle was calculated:

Following an assessment of each principle, the Internal Control Coordinator carried out an assessment of the internal control components. These are the 'building blocks' of the internal control system (groups of principles). The aim was to facilitate the overall assessment by building up the picture of the main areas of internal control to support the overall assessment.

The results of the assessment by component are illustrated in the chart below:



The results of the 2019 final assessment are positive, as sixteen out of seventeen principles were assessed as effective or partially effective (functioning well or with some improvements needed – categories 1 or 2).

Four principles showed a clear improvement in scores from 2018 to 2019: ICP 6 (objectives), ICP 7, (risk assessment) ICPs 14 and 15 (communication). The recent work done behind the scenes in relation to the adoption and ongoing implementation of the ETF Strategy 27 could be attributed to the improved scores in terms of objectives. The 2019 peer review exercise on risks and the increased focus on working towards an integrated approach to risk management could help to explain the improved scores in this area. Actions have been ongoing in 2019 in the area of internal and external communication as a follow up to the 2018 staff engagement survey.

Only one principle (ICP 11 'control over technology'²⁶) was assessed as category 3 or above (partially effective with major weaknesses). Specific issues identified for improvement include ICT governance, support and systems, digitalisation and cyber-security which was identified as an emerging risk during the annual risk assessment and as such was captured in the ETF risk register together with a number of mitigating actions. The area of ICT was also identified as needing improvements in the 2018 assessment.

²⁵ In 2019, the target group for the assessment was expanded to include EMT + Legal Advisor, ICT Coordinator, Accounting Officer, Monitoring & Evaluation Officer, Process Development Officer and Facilities Coordinator.

²⁶ ICP 11 'we select and develop general control activities over technology to support the achievement of objectives'

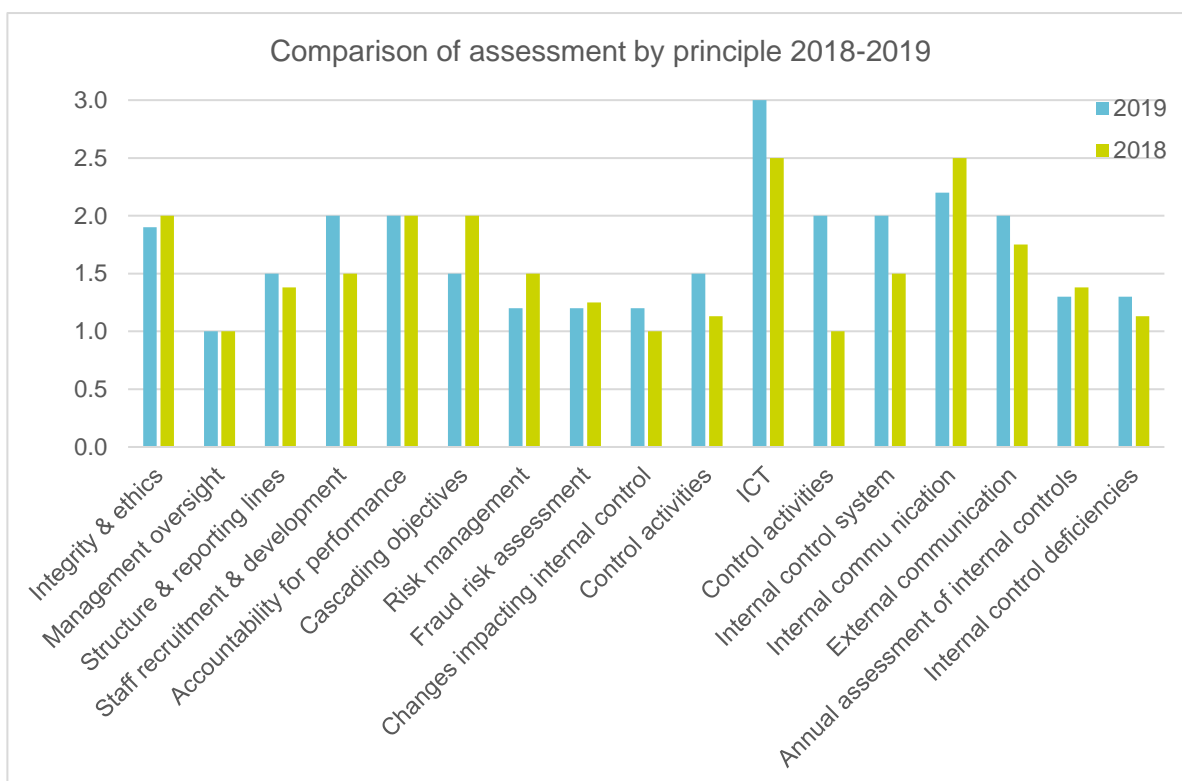
The table below shows the average and final assessment scores for each principle, with explanations to justify the re-assessed scores:

IC Principle	Average score ²⁷	Final ICC score	ICC comments / justification for re-assessment
1. Integrity & ethics	1.9	→ 1.9	
2. Management oversight	1.0	→ 1.0	
3. Structure & reporting lines	1.8	↓ 1.5	Score downgraded by the ICC as reporting lines are comprehensive and targets have been met. Deputising mechanisms and back-ups will be reviewed as part of the 2020 review of ETF structure. This has been planned for 2020 in the context of implementation of the ETF strategy 27.
4. Staff recruitment & development	2.5	↓ 2.0	Score downgraded by the ICC as issues such as attracting, retaining, and growing staff are key areas to be considered in the context of the new HR strategy. This is expected to be developed by Q2-2020 to align the strategy for human resources with the overall ETF strategy 27.
5. Accountability for performance	2.5	↓ 2.0	Score downgraded as actions are being implemented to address the results of the IAS audit on HR management and ethics. This area will also be considered during the development of the HR strategy.
6. Cascading objectives	1.5	→ 1.5	
7. Risk management	1.2	→ 1.2	
8. Fraud risk assessment	1.2	→ 1.2	
9. Changes impacting internal control	1.2	→ 1.2	
10. Control activities	1.5	→ 1.5	
11. ICT	3.0	→ 3.0	
12. Control activities	2.0	→ 2.0	
13. Internal control system	2.0	→ 2.0	
14. Internal communication	2.2	→ 2.2	
15. External communication	2.0	→ 2.0	
16. Annual assessment of internal controls	1.3	→ 1.3	
17. Internal control deficiencies	1.3	→ 1.3	

In general, the 2019 results are positive, as there is a reduction in the perception of principles assessed as having a major weakness (from 3 in 2018 to 2 in 2019). 15 out of 17 principles (88%) were assessed in 2019 as having a score of 1 or 2, compared to 82% in 2018. However, 7 principles were assessed in 2019 as category 1 (effective system in place) compared to 9 principles in 2018.

For the second year running, ICT emerged as a priority area identified for improvement as the average score increased for ICP 11 (control over technology) from 2.5 in 2018 to 3.0 in 2019. Several actions are ongoing in the area of ICT, having been planned for 2019-2020. Indeed, the emerging risk of cybersecurity and corresponding mitigating actions were included on the ETF high-level risk register for the first time. In addition, the ICT team was transferred from RSD to SDD in September 2019 and work will continue in 2020 on the development of a digitalisation strategy.

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1. ²⁷ **Effective system in place:** principle is present and functioning well, only minor improvements needed (score 1.5 or below)
 2. **Partially effective system in place (minor weakness):** principle is present and functioning but some improvements are needed (score 1.6 - 2.5)
 3. **Partially effective system in place (major weakness):** the principle is partially present and functioning, major improvements are needed: (score 2.6 - 3.5)
 4. **Ineffective system in place:** The principle is not present and functioning (score 3.6 or above)



Internal Control Principle	score	Cluster
11. Develop general control activities over technology to support the achievement of objectives	3.0	<p>Sept 2019 the ICT team was transferred from RSD to SDD.</p> <p>Cyber security: In 2019 cyber-security was flagged as an emerging risk in the 2019 annual risk assessment. As a result, a number of actions to mitigate the risk of security breaches are ongoing, including close cooperation with CERTT-EU under a service level agreement signed in 2019.</p> <p>Digitalisation: To be addressed by the digitalisation roadmap for 2020-2024 to be applied to the whole organisation. The objective is a 'more digital, SMART ETF', In particular, the ETF aims to increase the use of digital and online tools for engaging with stakeholders and delivering services.</p>
4. We demonstrate a commitment to attracting, developing and retaining competent individuals in alignment with objectives	2.0	<p>HR strategy: issues such as attracting, retaining, and growing staff will be key pillars of the new HR Strategy, expected to be developed by Q1-2020.</p>
5. We hold individuals accountable for their internal control responsibilities in the pursuit of objectives	2.0	
12. The ETF deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action	2.0	<p>Document management: SDD review 2020 as part of the ongoing work in the area of digitalisation. Document management to be agreed at corporate level in 2020.</p> <p>Dashboard: Improvements needed to Dashboard to address the intervention logic of 2021.</p>
13. The ETF obtains or generates and uses relevant quality information to support the functioning of internal controls.	2.0	
14. We communicate information internally, including objectives and responsibilities	2.2	<p>Deficiencies were partly addressed in 2018-2019 through the introduction of WorkPlace and the intranet as internal communication tools and OpenSpace (ETF's knowledge sharing platform and external communication tool). Key messages for the implementation of the ETF strategy 27 are under development.</p> <p>Communication is a key issue in the follow up of the staff engagement survey with actions continuing in 2020.</p>
15. We communicate with external parties about matters affecting the functioning of internal control	2.0	

Annex 12- Performance tables

In 2019, the ETF contributed to the overall objectives of the EU in the field of human capital development by projecting the external dimension of EU VET skills policies in the partner countries as can be seen by the achievement of the outcomes in the thematic areas in which the ETF works.

The table below outlines the outcomes and indicators of achievement for each of the ETF thematic areas according to the ETF 2019 Work Programme²⁸

OPERATIONAL ACHIEVEMENT 2019

EU SUPPORT

Outcome

The relevance, efficiency and effectiveness of EU interventions in the partner countries on human capital development is enhanced with the ETF's support to programming and project design, implementation and monitoring

EU policy dialogue on HCD issues is enhanced in partner countries through ETF policy and thematic contributions

Indicator

80% of the EU services supported for policy dialogue, programming/project design monitoring and evaluation assess the ETF contribution positively

The ETF is requested to support the implementation, monitoring or evaluation in 50% of its partner countries

Achievement 2018

100% of the respondents to the survey in 2019 have assessed ETF's contribution in terms of quality and usefulness positively

ETF has been requested to support implementation, monitoring or evaluation in 62% of partner countries (16 out of the 26 countries eligible for EU support).

POLICY ANALYSIS AND SYSTEM WIDE PROGRESS MONITORING

Increased availability of indicators and information available across partner countries (quantity and periodicity improved)

The TRP VET policy assessment framework is developed and the implementation process revised to increase the policy uptake by partner countries

Quantitative indicators (KIESE and National VET and LM indicators) increase by at least 50%

Participation of stakeholders is increased by at least by 10%

TRP is used in at least half of participating partner countries for national and/or EU policy dialogue.

Additional data compilation from 21 countries collected (13 countries in 2018 and in 8 additional countries in 2019)

In 2019 TRP5 participation reached 1706 stakeholders, a 41% increase compared to 1214 of TRP4) Out of the 1706, more than 250 represented international organisations (15% of the total representation an increase 200% compared to TRP4) and roughly 150 the private sector (10%).

TRP has been used in 21 countries (78% of participating countries) for national and/or EU policy dialogue

²⁸ ETF Work Programme 2018

<https://www.etf.europa.eu/sites/default/files/document/Work%20programme%20FINAL%20doc%20Nov%202019.pdf>

VET GOVERNANCE

VET governance reviews inform policy options for good and multilevel governance including financing in selected partner countries.

Social partners and other civil society organisations have stronger capacity to take an active role in VET governance at national and/or territorial level in selected partner countries

VET decentralisation policy development and implementation is based on governance analyses, and skills development is embedded in territorial strategies in selected regions/countries.

ETF analysis on the financial sustainability of VET strategy informs decision on potential new EU intervention,

Social partners and other civil society organisations increased participation by 20% in VET governance actions in selected partner countries

Targeted countries introduce mechanisms for national and sub-national coordination in VET (85% of targeted countries)

Joint training in VET finance delivered with ITC/ILO.

Provision of technical input on governance and financing aspects of the VET strategy in Montenegro. Peer learning workshop organised, with examples from Estonia and Slovenia on reform in financing and the formula for funding of the VET schools.

Support to SSCs to enhance their capacity of sectoral dialogue in Moldova, ETF explored with NQF Department the governance dimension related with the qualifications framework and study visit on NQF and NQF register in Slovenia

Support to VET decentralisation issues in Ukraine, ETF Policy Paper on setting up VET Centres of Excellence and Innovation in Ukraine Report on implementation of VET school autonomy and accountability produced.

VET PROVISION AND QUALITY ASSURANCE

Work-based learning enhanced in different forms, with special attention to apprenticeships and internships/ traineeships, by involving social partners, companies, chambers and VET providers
Systematic approaches to, and opportunities for continuous professional development of VET teachers, trainers and mentors introduced.

Further development and implementation of QA mechanisms in VET in line with EQAVET recommendation

All 5 candidate countries implement MTD WBL policy options and participate in EAfA.

A majority of EaP countries participate in the WBL Annual Forum /Modular training.

At least three participating countries in the ETF survey identify measures to improve CPD or the conditions of VET teachers in general.

At least 16 partner countries participate in the Transnational Forum on QA in VET and at least 5 partner countries identify systematic monitoring of QA improvement.

All Candidate Countries implement MTD WBL policy options and have participated in EAfA.

All EaP countries participated in the WBL Annual Forum financed by EaP Platform 4.

Albania, Serbia, Montenegro, Kosovo, Moldova, Turkey, Algeria, Belarus, Tunisia participated. Countries that have identified measures to improve CPD for VET teachers:

Montenegro – set up network for CPD coordinators and appointed national CPD coordinator – explicit statements in VET Strategy.

Albania – Commitment to appoint and train CPD coordinators in each school

Turkey – Setting up Centres of Excellence dedicated to CPD for VET teachers

16 countries are members of the forum: Albania, Algeria, Egypt, Jordan, Montenegro, North Macedonia, Kosovo, Bosnia and Herzegovina, Tunisia, Morocco, Libya, Lebanon, Palestine, Israel, Serbia and Turkey.

10 countries took part in Tunisia peer review in the design phase of the system to certify trainers' pedagogical skills.

QUALIFICATIONS AND QUALIFICATIONS SYSTEMS

NQFs and VNFIL systems developed or implemented in selected partner countries.

Countries orient qualification system to EU systems and tools.

Partner countries apply ETF-developed policy recommendations, tools and methodologies in qualifications systems, SEET countries reference NQFs to EQF or progress towards; in SEMED and EE, NQF to EQF relationship is advanced; VNFIL and recognition systems progressed.

Albania, Kosovo, North Macedonia, Serbia, Azerbaijan, Belarus, Ukraine, Georgia, Moldova, Israel and Morocco applied ETF policy recommendations, methodologies and tools. In SEET, Serbia and Bosnia & Herzegovina progressed towards eventual referencing to the EQF (Turkey, North Macedonia, Montenegro, and Kosovo are already referenced). In SEMED and EE, Morocco, Israel, Azerbaijan, Belarus, Georgia, Moldova and Ukraine adopted laws, regulations, tools such as databases and registers, adopted standards, reformed institutions and established or developed stakeholder bodies, developed or implemented VNFIL systems and other qualification system

EMPLOYMENT

Further development and implementation of labour market and skills intelligence tools and mechanisms. Further development and implementation of comprehensive policies and mechanisms to facilitate transitions to work.

Increased information and awareness of partner countries about Mobility Partnerships with the EU to develop and implement migrant support measures

At least half of the countries receiving ETF support use labour market and skills intelligence to inform VET and skills development policies. At least 50% of countries covered by ETF activities use the information to establish mechanisms to support transitions to work.

In at least four of the partner countries with Mobility Partnership agreements, skills-related measures are developed to support migrant integration into labour market.

Georgia, Belarus, Morocco enhanced their LMIS and use in VET policies. Updated reports for all 6 EaP countries on status and progress of skills anticipation systems, including online job vacancies websites. Azerbaijan - new labour market Observatory. Moldova established a labour market Observatory and LMI are formally considered. Lebanon - a Pilot Employer survey to set up a comprehensive skills needs mapping mechanism. Egypt used the EU programme findings to set up a LMIS. Kosovo, Serbia, Montenegro, North Macedonia use data to design policy interventions. All countries in EaP have youth transition (from school to work) mapping reports used for policy discussions and design new measures. Georgia, new EU budget support programme (50 million Euro) puts skills anticipation and matching at the core for youth programmes. In Moldova, the ETF youth report was used as main source for policy discussions and new youth programmes. ETF MISMES reports shared with MP countries for new policies and programmes especially for refugees (Morocco, Turkey, Lebanon, Jordan).

ENTREPRENEURIAL LEARNING AND ENTERPRISE SKILLS

Progress achieved in partner countries implementing SBA human capital recommendations

Improvement in SBA²⁹ performance on the human capital dimensions in at least 10 partner countries.

New SBA Eastern Partnership assessment report (Eastern Partnership SME policy Index 2020) all six countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) demonstrated progress in entrepreneurial learning, women's entrepreneurship and SME skills dimensions. SEET region completed in 2018 and compared to the scoring results of SBA assessment in 2016, all countries of SEET region achieved progress on Entrepreneurial learning Dimension, with highest results by Turkey, Serbia and Montenegro.

²⁹ Between the 2016 and the 2020 SME Policy Index Reports a new SBA assessment methodology in the area of Human Capital was introduced, so the comparison of scores should be treated with moderation.

