

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 Analysis and Assessment
GB/20/DEC/006



Joost KORTE

Chair of the Governing Board

Date: 08 June 2020

CONSOLIDATED ANNUAL ACTIVITY REPORT 2019 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2019 financial year as presented in the Consolidated Annual Activity Report.

Analysis

The Consolidated Annual Activity Report records the achievement of the ETF's objectives for the year in accordance with the ETF Annual Work Programme 2019.

The executive summary highlights the key operational achievements of the year. In 2019, the ETF successfully engaged over 5,500 stakeholders in 29 partner countries in the reform of their human capital development systems with 79% of countries showing progress in the areas of qualifications, governance, employability, VET provision and entrepreneurial learning as measured by the qualitative Country Progress indicators (CPIs) annual assessment.

The completion rate of the activities planned in the work programme was also above target at 91%, reflecting a high level of planning and implementation discipline, but at the same time not compromising the Agency's ability to respond to the changing needs of the partner countries and the contribution of the work of the ETF to the social wellbeing, stability and prosperity in the countries surrounding the European Union.

In the context of **support to the EU external policies** in the partner countries, the ETF has supported EU actions through the identification, formulation, implementation, monitoring and evaluation of EU external programmes in skills, employment and human capital development amounting to approximately €360 million, carried out through 116 targeted requests from EU services and Delegations. The ETF has also contributed to the new Africa-EU alliance with support to the African Continental Qualifications Framework component of 'The Skills for Youth Employability' programme. As in previous years, the ETF received positive feedback from EU services on the quality of ETF support with 100% of respondents confirming the quality and timeliness of ETF support.

The ETF contributed to **European Union policy dialogue** in the regions 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.

In terms of shaping the international agenda in the reform of qualifications systems, the ETF held an international conference on **Skills and Qualifications 'Benefits for People'** with over 150 policy makers from 40 countries and where the ETF toolkit was launched. in Turin.

To extend the reach of the work of the ETF, cooperation continued with international and bilateral development actors, including Member States, at the European, international and partner country level and to ensure sustainability and complementarity with: the IAG-TVET group coordinated by UNESCO, 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 and international financial institutions: the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank and World Bank (WB).

The ETF Strategy 2027, defining a holistic vision of human capital development and focused on delivering the 2030 Sustainable Development Agenda and the EU's external relations priorities was developed in consultation with key stakeholders and approved. The strategy maximises the utilisation of ETF knowledge and experience for the Agency to become a global asset for the EU and to become a resource to be used in support of European Union investments in human capital development through a diversified provision of clearly agreed services.

Section I of the report summarises the **objectives and outputs achieved** in the targetted thematic areas of the operational work carried out in the partner countries and confirms the **added value** of the ETF compared to other relevant actors from external evaluation findings. **Outcome indicators** with targets in each of the thematic areas confirm the successful achievement of the objectives in Annex 12 as well as the utilisation of resources in the activity based budget tables presented in Annex 8. Overall, the actual budget expenditure is in line with the planned resource allocation with very small variations in a few budget lines which can be justified by the adaption of the work programme implementation to respond to new requests, changing needs and priorities of the partner countries.

With the aim to improve **policy making in education and training systems**, the fifth round of the **Torino Process** was carried out broadening the analyses to include an independent ETF assessment of the human capital development challenges facing the partner countries. The process actively involved over 1,700 key policy makers and stakeholders in the 27 partner countries that participated.

To improve **VET system governance**, stakeholders in partner countries were empowered to design, formalise and implement coordination mechanisms at national, regional, sectoral and local levels through horizontal (social partnership), vertical (sub-national level actors) as well as at the legislative and financial levels.

During the year, the ETF was active in all four geographic regions and bilaterally contributed to countries advancing 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. Countries also made good progress in the area of **Work Based Learning** 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.

Work on the development of **qualifications and qualifications systems** continued through targeted actions in partner countries to modernise VET for lifelong learning employability and competitiveness as well as support for the development and use of **labour market intelligence** as an input to employment and VET policy.

The **Small Business Act** (SBA) assessments were conducted in the countries of the Eastern Partnership and follow up activities from the 2018 assessments carried out in the Western Balkans and Turkey.

From a qualitative perspective the Governing Board acknowledges the findings and recommendations of the evaluations commissioned by the ETF in 2019 on the ETF activities in work-based learning in VET and supports the ongoing follow up actions of the external evaluation commissioned by DG Employment 'Evaluation of the EU Agencies under the remit of DG Employment' (Annex 9). The conclusions of the evaluations provide evidence of the added value of the work of the ETF in particular in the field of work-based learning where the ETF 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) way' to the partner countries.

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

Of the €20,546,000 available for commitment appropriations in 2019, the ETF achieved:

- A commitment appropriation rate for subvention funds of 99.96% (99.99% in 2018) demonstrating that in its 25th year of operation the ETF continues to perform very well on financial indicators, as underlined by the European Parliament in the latest discharge for 2018.
- Rate of outturn well above target at 98.88% (99.94% in 2018):
- Rate of payment appropriations cancellation below target at 1.21%, (2018 of 0.11%);
- Timely payments rate within deadline 94% (93% in 2018);
- A slight increase in Carry Forward of 3.8%, compared to (2.5% in 2018), as well as in Reste a Liquider (RAL) at 29.6% compared to (27.8% in 2018) ;
- The job screening exercise demonstrates an increase in the overall allocation of staff to the core operational job category from 47% in 2014 to 57.7% in 2019 with a corresponding reduction in administrative support and neutral functions.
- The average vacancy rate of ETF staff in authorised posts at the end of 2019 was 0%, also an improvement from 1% in 2018,
- The Governing Board takes note that the staff engagement survey was not conducted in 2019 as it is only carried out periodically.

An assessment of the outcomes of audits of ETF by the European Court of Auditors and the Internal Audit Service is included in Part II and indicates the Agency's high level of compliance with its regulatory framework, in particular financial and procurement procedures, and 100% incidence of recommendations implemented within agreed deadlines for four consecutive years.

ETF's internal control system is in place and is functioning correctly, including internal transactional ex-post controls, risk management process, management self-assessment and procedure to register exceptions and/or control weaknesses. There was one non-compliance registered in the register of exceptions with a financial value of €1,108.32, representing 0.01% of the total 2019 budget compared to 4 exceptions/non-compliances in 2018 (financial value of 0.46%). This exception is well below the materiality threshold established by the ETF policy on materiality.

Details are also provided of the building blocks towards the Director's declaration of assurance that the ETF used the resources assigned to the activities described in the report for their intended purpose and in accordance with the principles of sound financial management. According to the ETF

policy on materiality drawn up following the IAS recommendation¹, there are no reservations on ETF performance.

Given the high level of achievement of operational results and the positive outcomes of the annual review of the internal control system and organisational performance, the 2019 Consolidated Annual Activity Report concludes that there is reasonable assurance without reservation that the ETF used the resources for their intended purpose.

Assessment

The Governing Board takes note of the 2019 Consolidated Annual Activity Report and:

Recognises the overall high level of achievement of completion of ETF activities of 91% in 2019, and the timeliness in delivery of the Work Programme actions of 85% as well as the high quality of work through the fulfilling of the more than 100 requests from the European Commission, illustrating the high level of discipline in planning, but also the level of flexibility to respond to the challenging and dynamic environment in which ETF operates;

Notes the relevance and impact of the work of the ETF in the partner countries, in the reform of their human capital development systems as demonstrated by 79% of countries showing progress in the areas of qualifications, governance, employability, VET provision and entrepreneurial learning as measured by the annual assessment of the qualitative Country Progress Indicators (CPIs);

Encourages the continued involvement of the ETF in the identification, formulation, implementation, monitoring and evaluation of EU external aid programmes at the request of the European Commission and EU delegations;

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

Commends the ETF's efforts to actively engage with over 5,000 stakeholders in partner countries and to cooperate with the European Commission and EU member states and international actors active in the field of Human Capital Development ;

Welcomes the efforts made by the ETF to increase its outreach, notably through the use of digital media and live interactions on social platforms ;.

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

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

Commends the Agency for the sustained high level of performance in resource management in terms of commitment and payment and calls on the ETF to maintain its performance in this regard;

¹ Final Report on the Audit of "Building Blocks of Directors Declaration of assurance with the ETF". IAS.A-2009-W ETF-001

Takes account of the comprehensive internal control system put in place by the ETF, which has concluded that ETF has no reservations or critical issues to report for 2019;

Welcomes the work that has begun on the development of an ETF policy on Eco-Management and Audit Scheme (EMAS)

Congratulates the Agency on the adoption of the new ETF Strategy 2027 and urges the European Commission to utilise the agency as a resource for upscaling selected methodologies, intelligence, diagnosis or policy advice for countries with the support of dedicated funds in accordance with the ETF's regulation and the scope afforded by its financial regulation.

Stresses the importance of ensuring adequate staff and financial resources allowing the Agency to implement its tasks;

The Board confirms that the information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2019 have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

In light of the above, the Governing Board adopts the ETF Consolidated Annual Activity Report 2019, and requests that it is forwarded, together with this analysis and assessment, to the European Parliament, the European Council, the European Commission, the European Economic and Social Committee and the Court of Auditors.