

CONSOLIDATED ANNUAL ACTIVITY REPORT 2020 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2020 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 2020, the last year of the implementation of the midterm perspective 2017 – 2020.

The report demonstrates that the ETF, even under the extraordinary circumstances due to the COVID-19 pandemic, remains relevant and is a key interlocutor in providing support to partner countries to adapt to changing and emerging needs in human capital development.

The executive summary highlights the effective response of the ETF in adapting the Work Programme 2020 to ensure the achievement of the objectives set and at the same time respond to the COVID-19 pandemic by using its stakeholder networks in the partner countries. The ETF was able to quickly replan its activities and also set up a system to regularly map measures in place in the EU neighbourhood in education and training systems and to increase collaboration with other EU agencies and international organisations such as UNICEF, UNIDO, EBRD, CEDEFOP and the ILO. Collaboration with all EU agencies was maintained through the network of Agencies and joint actions implemented with the four agencies under the remit of DG EMPL.

Given the unique circumstances of the year, the ETF was still able to contribute to the social wellbeing, stability and prosperity in the countries surrounding the European Union by implementing the Annual Work Programme 2020 activities at only slightly below the normal target for previous years with an 87% activity completion rate and a timely achievement rate of 76% illustrating the ability for the Agency to proactively respond to the evolving conditions in partner countries.

In terms of organisational performance as measured by the Key Performance Indicators (KPIs), the effect of the pandemic was relatively minimal with only 3 KPIs measuring slightly below target and all of the KPIs for financial management remained high, well above target and almost at the same high levels as in previous years. This indicates that the measures the ETF put in place in response to the pandemic were very effective in ensuring a continued and very high level of delivery of the annual work programme.

In 2020, the ETF was active in 28 countries from 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. The Agency engaged directly with over 5 000 country stakeholders and reached over 100 000 people through its digital communication channels.

The Agency also extended its digital presence in the delivery of the work programme, without comprising security measures, using the website and social media and online tools to actively engage and continue to share knowledge and information in the areas of skills development for enterprise, youth and career guidance and lifelong education and training systems.

Support to the EU external policies in the partner countries continued with 86 requests including actions linked to the Osnabrück Declaration, the European Vocational Skills Week and the Africa-EU alliance with support to the African Continental Qualifications Framework component of 'The Skills for Youth Employability' programme and the design and monitoring of EU interventions of approximately

€305 million. As in previous years, the ETF received a 100% satisfaction rate from EU services on the quality and usefulness of ETF support.

From a qualitative perspective, the Governing Board acknowledges the findings and recommendations of the evaluations commissioned by the ETF in 2020 of the relevance and impact of the work of the ETF in the partner countries, confirming that ‘the ETF activities produce high impact in developing the mechanisms, frameworks, and processes of partner countries to undertake qualifications systems’ reforms, and the added value of the work of the ETF as being ‘widely recognized as a knowledge source in the development of Human Capital reforms’.

The ETF’s response to the pandemic also prepared the groundwork for the new ETF Strategy 2021-2027 with a review of the performance measurement system and KPIs to align them with the paradigm shift emerging towards a broader and more comprehensive perspective focusing on lifelong learning, more flexible learning pathways, formal and informal ways of learning, encompassing hard and soft skills. The Strategy aims to utilise the nearly three decades of knowledge and expertise of the ETF to become a global asset for the EU and a resource to be used in support of European Union investments in human capital development focused on delivering the 2030 Sustainable Development Agenda and the EU’s external relations priorities.

The operational achievements of the Agency are outlined in **Part I** of the report measuring performance under the three specific objectives in the annual work programme 2020: i) supporting EU assistance in the context of EU external policies, ii) ensuring intelligence and evidence gathering, analysis and diagnosis, iii) leading methodological development to support skills policies and systems change in partner countries. Outcomes completion in each of the thematic areas confirm the successful achievement of the objectives as well as the utilisation of resources in the activity based budget tables presented in Annex V for the year and across the midterm 2017 – 2020. 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.

Part II of the Report presents the effective management of the human and financial resources and confirm the maturity and stability of the ETF. Of the €20,957,000 available for commitment appropriations in 2020, the ETF achieved:

- A commitment appropriation rate for subvention funds of 99.88% (99.96% in 2019) demonstrating that even under extraordinary circumstances the ETF continues to perform very well on financial indicators, as underlined by the European Parliament in the latest discharge for 2019.
- Rate of outturn well above target at 98.79% (98.88% in 2019):
- Rate of payment appropriations cancellation slightly below target at 1.46%, (2019 of 1,21%);
- Timely payments rate within deadline maintained at the same level as in 2019 at 94%.
- A slightly higher level in Carry Forward out of the €1,443,624 “reste a liquider” (RAL) from previous years (€1,341,810 in 2019), the ETF has paid 81% (91% in 2019), with € 273,147.83 being declared “lost opportunity” (compared to €119,016 in 2019).

- The job screening exercise demonstrates an increase in the overall allocation of staff to the core operational job category from 61.7% in 2014 to 72.7% in 2020 with a corresponding reduction in administrative support and neutral functions.
- The average vacancy rate of ETF staff in authorised posts is 1%, with all posts filled at the end of December 2020.
- The Governing Board takes note that the staff engagement survey conducted in 2020 has shown a positive small increase to 56% from 54% in 2018.
- An assessment of the outcomes of audits of the ETF by the European Court of Auditors and the Internal Audit Service indicate 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.
- With regard to external evaluations all the recommendations from the cross-cutting evaluation of the four EU Agencies under the remit of DG EMPL carried out in 2016, have been closed.

Part III & IV provide the assessment and assurance of the effectiveness of the system of internal control that the ETF uses to ensure its effective and efficient functioning as an EU agency. The results of the 2020 assessment of internal controls are positive with all internal control principles assessed as effective or partially effective (71% effective, 29% partially effective) with only minor improvements needed.

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, 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 2020 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 2020 Consolidated Annual Activity Report and:

Acknowledges that 2020 was the final year of the successful implementation of the ETF mid-term perspective 2017-2020, as measured by the overall achievement in organisational performance in respect of the Key Performance Indicators;

Recognises the nearly three decades of experience of the ETF that enabled a high level of achievement of completion of ETF activities of 87% in 2020, as well as the high quality of work as indicated by the 100% satisfaction rate of the quality and usefulness of ETF support of the nearly 90 targetted requests from the European Commission services;

Encourages the continued involvement of the ETF in providing support to the European Commission external actions at the request of the European Commission and EU delegations;

Supports the evidence from commissioned evaluations of the relevance, impact and added value of the work of the ETF in the partner countries confirming that the ETF activities produce high impact and the work of the ETF as being widely recognized as a knowledge source in the development of Human Capital reforms;

Notes that there is one outstanding audit recommendations and that all the recommendations of the cross-cutting evaluation carried out in 2016 of the four EU Agencies under the remit of DG EMPL have been closed.

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 work that has begun on the increased use of digital and online tools which supports one of the objectives of the strategy of the ETF as a global knowledge hub for human capital development policies and the continued effort to increase its outreach to over 100 000 stakeholders, 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 the network of agencies and the close collaboration with the other 4 agencies under the remit of DG Employment, in particular Cedefop and Eurofound;

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

Takes account of the comprehensive internal control system put in place by the ETF, which has concluded that ETF has once again no reservations or critical issues to report for 2020;

Congratulates the Agency on the preparation for the implementation 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 2020 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 2020, 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.