

CONSOLIDATED ANNUAL ACTIVITY REPORT 2021 - ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2021 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 2021**, the first year of implementation of the ETF 2027 Strategy and its accompanying new organisational structure.

The report demonstrates that the ETF, in spite of facing the second year into 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 agency's ability to respond to the changing needs of the partner countries and the requests of the European Commission and the EU Delegations, while continuing to respond to the COVID-19 pandemic by using and expanding its **partnerships and networks**. The ETF has successfully achieved its objectives set out in the 2021 work programme and consolidated its collaboration with other EU agencies and international organisations such as UNICEF, UNIDO, EBRD, CEDEFOP, EUROFOUND and the ILO. Collaboration with all EU agencies was maintained through the network of Agencies and joint actions implemented with the other four agencies under the remit of DG EMPL.

The **rate of achievement** of its planned actions in its 29 partner countries within the work programme is at 95.58% (and timely completion at 91.15%), which are 5 and 10 points above target respectively, and the highest in the last five years. It once again reflects a high level of planning and implementation discipline, at the same time without 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 terms of organisational performance, as measured by the **Key Performance Indicators (KPIs)**, the ETF was able fully recover from the effect of the COVID-19 pandemic having all KPIs measured in the year above or well above target. Hence, the year closure shows outstanding results in all areas of work with solid performance, which demonstrates the relevance of the work of the ETF.

In line with ETF's 2027 strategy, in 2021 it provided **support to the Commission services and partner countries** by combining the delivery of its three core services, which together enabled the achievement of its three strategic objectives: skills relevance and anticipation, skills development and validation, and performance and quality of education and training policies.

In this context, the ETF **three core services** were integrated across its operations to increase the impact of its work and generate value for stakeholders. The knowledge hub and the monitoring and assessment services shaped the ETF's diagnostic and anticipation capabilities that drove innovation, and served as a sound basis for providing policy advice to both partner countries and EC services.

To align ETF operations to the **objectives of the Commission**, the ETF reinforced four transversal dimensions across activity areas: greening, digitalisation, gender and migration. These have been embedded in the achievements of the ETF across all geographical regions, including in South Eastern Europe and Turkey, in the Southern and Eastern Mediterranean, in the Eastern Partnership and in Central Asia.

In parallel to ETF's work in its partner countries in the **EU Neighbourhood and Enlargement regions**, it has also led the consultation on the preparation of the Africa Action Plan and worked on Africa related projects with a view of supporting the implementation of the wider EU-Africa strategy. Furthermore, encouraged by the Commission opinion of July 2021, the ETF used its agility in programming "to respond to the new European Commission priorities and to pursue opportunities to work beyond current partner countries or to engage in new priority thematic areas".

In terms of **reach**, in 2021 the ETF achieved a significant increase in overall reach on social media, as well as on its website and online community, OpenSpace. The campaigns generated also requests for communications' partnerships, such as with UNIDO and RCC. Two different media partnerships were used in the campaigns with BBC Global and Politico to broaden ETF's target audiences. These results clearly demonstrate the value and appreciation of the content generated by ETF.

The ETF closed one ongoing **external evaluation** on its operational work and commissioned another one. The findings of the evaluation of the use and future development of ETF knowledge products have all been incorporated in the newly developed knowledge manifesto. Initial findings of the evaluation of ETF's monitoring and assessment function have already been used in the draft of its new monitoring framework.

Finally, in 2021 the ETF received 22 new requests from Commission Services, including DGs and EU Delegations, throughout the implementation of the work programme. This adds to the 28 requests received prior to January 2021 already included in the work programme, totalling 50 EU requests. Addressing these ad-hoc requests is an indication of the **flexibility of the ETF** in the implementation of its work programme and the priority given to the requests directly coming from the EU services, even when not initially planned. The ETF was involved in different stages of programme implementation, corresponding to a total EU investment of €271,950,000 with a direct ETF contribution to €168,450,000 of EU investment. The ETF contribution also provided methodology development and analysis that may contribute to future programming and EU interventions, such as the education diagnostic assessment pilot in Lebanon and the labour market study in East Jerusalem. In terms of direct costs for ETF, in 2021 this represented €118,226 for planned and €133,395 for unplanned EU ad-hoc requests.

The operational achievements of the Agency are outlined in **Part I** of the report measuring performance under the ETF three strategic objectives and across its eight thematic activity areas: i) skills demand analysis, ii) sustainability, inclusion and resilience through active labour market policies and the skills dimension of labour mobility, iii) modernisation of qualifications and establishment of qualification systems, iv) vocational excellence provision models, v) innovative teaching and learning, vi) engaging enterprises in skills development, vii) lifelong learning policies and system change, and viii) quality assurance and governance mechanisms. Achievements in each of the thematic areas confirm the successful achievement of the objectives. A few highlights in 2021 were:

- Skills relevance & anticipation: i) analysis of skills for green transition in five PCs; ii) human capital development training for 30 EU Delegations with INTPA; iii) youth employability in the Western Balkans; iv) migration study in Western Balkans and regional conference; and v) qualification inventory with Cedefop.
- Skills development & validation: i) ENE with 243 members in 39 countries in its first year; ii) support to African Qualifications Framework with African Union and GIZ; iii) mapping of centres of vocational excellence with INTPA; iv) digital education with SELFIE in Ukraine and Azerbaijan; v)

innovation and resilience study on agribusiness with EBRD; vi) work-based learning roadmap in Armenia; vii) survey on micro-credentials in partner countries; and viii) validation of prior learning in partner countries.

- Performance and quality of education and training policies: international conference 'Building lifelong learning systems' and Education Diagnostic in Lebanon.

The above achievements also confirm the successful **utilisation of resources**, which are outlined in the activity based budget tables presented in Annex V for the year. 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 adaptation 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 €21,434,114 available for commitment appropriations in 2021, the ETF achieved:

- A commitment appropriation rate for subvention funds of 99.91% (99.88% in 2020) demonstrating that even under extraordinary circumstances the ETF continues to perform very well on financial indicators.
- Rate of outturn well above target at 99.91% (98.79% in 2020). Rate of payment appropriations cancellation above target at 0.44% (2020 at 1,46%). Timely payments rate within deadline at 97.60% (2020 at 94.3%).
- A slightly higher level in Carry Forward out of the €1,997,429 "reste a liquidier" (RAL) from previous years (€1,443,624 in 2020), the ETF has paid 87% (81% in 2020), with € 90,649 being declared "lost opportunity" (compared to €273,147.83 in 2020).
- 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 74.08% in 2021 (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 0%, with all posts filled at the end of December 2021.
- 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.

Parts 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 2021 **assessment of internal controls are positive** with internal control principles assessed as 82.4% effective (71% in 2020) and 17.6% partially effective (29% in 2020), 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 2021 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 2021 Consolidated Annual Activity Report and:

Congratulates the successful implementation of the 1st year of the ETF 2027 strategy, 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 activities (91.15% in 2021), 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 50 targeted 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 its activities produce high impact, being widely recognised as a knowledge source in the development of Human Capital reforms;

Commends the ETF's efforts to actively engage with over 7 600 stakeholders in partner countries and to cooperate with the European Commission, EU member states and international actors active in the field of Human Capital Development;

Welcomes 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, which in 2021 was over 100 000 stakeholders, notably through the use of digital media and live interactions on social platforms;

Appreciates the active engagement with the network of EU agencies and the close collaboration with the other 4 agencies under the remit of DG EMPL, 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 of the continued COVID-19 pandemic, and calls on the ETF to maintain its performance in this regard;

Takes account of the comprehensive internal control systems in place, which has concluded that ETF has once again no reservations or critical issues to report for 2021;

Congratulates the Agency on having achieved its environmental goal of obtaining the EMAS registration and the ISO 14001 certification in 2021;

Urges the European Commission to utilise the Agency as a resource for upscaling selected methodologies, intelligence, diagnosis and 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;

Confirms that the information provided in the report gives the Governing Board reasonable assurance that the resources assigned to the ETF in 2021 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 2021**, 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.