



ANNUAL ACTIVITY REPORT 2009 – ANALYSIS AND ASSESSMENT

The Governing Board has analysed and assessed the Director's report on the results for the 2009 financial year. The Board acknowledges the results achieved by the ETF, and notes the following analysis and assessment.

Analysis

The 2009 Annual Activity Report records the achievement of the ETF's objectives for 2009 following its annual work programme and according to the functions and regions in its Council Regulation.

The overall target for the year of 155¹ outputs was achieved. The final distribution of the outputs varied in terms of function and region from the original planned projections for the year². Notably, differences include a lower number of capacity building actions and a higher number of interventions to support policy analyses and reviews. The adjustment in the distribution of outputs shows the flexibility of ETF to manage the priorities requested by EC services and/or partner countries stakeholders during the course of the year, in the framework of the objectives set in the WP. This enabled the additional support in the areas of policy analysis and contribution to the EC project/programme cycle to be provided.

The AAR contains a detailed record and description of the outputs achieved in 2009 together with specific tables outlining areas of expenditure by theme, region and country. The report incorporates details on the specific requests received from the European Commission and the services provided by the ETF in response.

In 2009, the Governing Board endorsed a new Mid Term Perspective (MTP) to cover the period 2010-2013. The new MTP intended to frame ETF assistance to partner countries in a way that supports economic recovery and the maintenance of modernisation efforts at a time of increasing pressure on national fiscal resources.

Pillar 1: Support to the European Commission under its external assistance instruments

Enlargement

ETF interventions in the pre-accession region to support EU Enlargement policies included multi-country actions and specific initiatives tailored to national priorities. These are presented in the report in a structured and precise form. Differences between the planned and achieved level of outputs in this region were caused by a larger than expected number of activities directed to policy reviews and analysis. These activities responded to requests made by the EC services in the benefit of the Partner

¹ Overall 156 outputs were achieved.

² The 155 outputs for 2009 were anticipated by the European Commission's financial Perspective (Proposal for a Regulation of the European Parliament and of the Council establishing a European Training Foundation (recast) Brussels, 25.7.2007 COM(2007) 443 final 2007/0163 (COD) Appendix 8.1.)

Countries. This was also mirrored in a higher number of interventions related to supporting the Commission, e.g. in Kosovo (under USCR 1244).

European Neighbourhood

As in the Enlargement region, the number of capacity building interventions was smaller than initially planned. ETF dedicated more than 40 % of its 2009 resources³ to the region. During the year, actions responded to local demands for support in public policy development and implementation. Actions included national qualification frameworks in the Mediterranean region (Morocco, Tunisia, Jordan, Egypt and Lebanon), peer learning in career guidance (Egypt), social partnership (Jordan), the analysis of the transition from school to work (Syria), quality management in vocational education (Georgia), matching training supply and demand (Republic of Moldova), the development of occupational standards (Ukraine) and the analysis of national employment patterns and labour markets in the countries covered by the Eastern Partnership.

Central Asia

ETF actions in Central Asia supported the Commission and capacity building for public policy development and implementation while also promoting the exchange of information and policy ideas. The ETF also conducted a series of cross country interventions to facilitate the sharing of knowledge and experience between stakeholders in the regions engaged in similar reforms, i.e. based on an earlier multi-country project on skills development for poverty alleviation (2007-09), a policy briefing was finalised and distributed.

Initiatives in Central Asia during the year were the commencement of a new school development project involving all countries of the region and the support that ETF provided to the European Commission in its engagements with Turkmenistan.

Innovation and Learning

In 2009, the Innovation and Learning Programme (ILP) operated through a series of communities of practice and specific projects. The ILP programme was commenced in 2008 and is due to be completed in 2010. The overall results from the programme will be included in the 2010 annual activity report. A major work in 2009 was the preparation notably of the methodology for the 2010 cross-regional initiatives (involving all the ETF Partner Countries) of the Torino Process and the Education and Business Study.

Pillar 2: Corporate communication

In accordance with the ETF's new, extended mandate as set out in the recast regulation that came into force in January 2009, communication activities aimed at enhancing the impact of EU external assistance by providing information on ETF projects, results and added-value.

Furthermore, in line with the European Commission's objectives for mainstreaming information and encouraging dialogue and debate with EU citizens in general and with citizens in the ETF's host country in particular, a number of communication activities were carried out including the organisation of a number of corporate events, media activities, website revisions and updates, as well as publications throughout the year.

During the year the ETF contributed to major trends in the external dimension of vocational education and training through three major corporate conferences: the European Qualifications Framework, the relationship between Business and Education and Innovations in Apprenticeship Systems.

The Communication Unit also launched and completed a major project to revitalise the ETF's brand identity.

³ (resources from 3 sources: the ETF 2008 subvention from the European Commission, funding for the ETF from the MEDA-E TE and funds provided by the Italian Ministry of Foreign Affairs.

Pillar 3: Strengthening knowledge and systems

The AAR explains the management of its resources, both human (in 2009 ETF made an important recruitment effort, and the report also gives the reasons why not all the positions in the establishment plan were totally filled at the end of the year) and financial (with a clear improvement in 2009: almost 100 % of budget commitment, 82.5 % of payment with only 17.5 % of carry-forward to 2010 and with a consumption rate of funds carried-forward from 2008 of 84 %).

Following the strict management of payments and cash flow, the ETF's budget outturn for 2009 resulted in a small short-fall (-€0.07m) as opposed to the surpluses of previous years. With regard to 2009 financial management, the agency did not return any funds to the Commission.

A detailed section describes the approach followed and the activities undertaken in 2009 in respect to the Internal Control System, Quality and Risk Management as well as the building blocks of ETF internal control system, the Data Protection activities and how ETF has implemented its new financial regulation.

The results from independent evaluations and audits during 2009, included:

- ex-post external evaluations (Labour Market Observatories, Egypt Country Plan, Entrepreneurial Learning project)
- results-oriented monitoring (5 projects followed on the monitorability of their results)
- ex-post audits by an externally contracted audit companies (travel agency, NQF projects, MEDA-ETE project), and
- audits carried-out by European institutional bodies (IAS and Court of Audits).

The 2009 Court of Audits final report included two preliminary observations: one on procurement related to the assessment of the economic and financial capacity of the economic operator and prefinancing, and one on the timing of payment of installation allowances. IAS conducted an audit on the "Building Blocks of the Director's Declaration of Assurance" and a follow-up audit on earlier audits of "Human resources management" and "Implementation of internal control Standards" at the ETF.

The report presents these reports and how the lessons learnt out of these have been transformed into Action Plans framing improvement activities aiming at the implementation of recommendations.

In 2009, the overall value of transactions affected by the exception procedure⁴ (1.53 % of the total budget) remained below the limit of the reservations to be reported in Part D (the materiality threshold is 2% of the ETF's overall budget). The report explains the exceptions included in the register as part of the ETF's internal control system and with a transparency purpose. The number of exceptions being reported in 2009 is 50 % lower than in 2008.

⁴ Such transactions are included in the ETF Register of Exceptions.

Assessment

During 2009, the ETF

- continued to adjust its activities in line with its new mandate including greater diversity in the services it provides to the European Commission and a growing focus on policy support;
- produced the total number of outputs planned in the work programme, with slight changes between types of outputs and regions, due to the requests received during the year and the discussions with EC services and partner countries stakeholders;
- executed its activities within the resource framework adopted by the Board. In particular, the ETF committed 99.82% and disbursed 82.5% of its annual subsidy of € 19,872,000 with the remaining funds to be disbursed in 2010; and
- continued to implement a comprehensive system of internal controls, quality and risk management ensuring a proportional compliance and effectiveness of internal procedures,

The Board celebrates the strict management of payments and cash flow in 2009, the fact that the ETF's budget outturn for 2009 resulted in a small short-fall (-€0.07m) as opposed to the surpluses of previous years and thus the fact that the agency did not return any funds to the Commission.

The AAR represents a comprehensive and transparent statement of the ETF's activities during the year. The Board acknowledges that the ETF has no reservation or critical issues to report for 2009. The report explains the materiality criteria adopted by ETF for establishing reservations in the AAR - based on an IAS recommendation issued in 2009. As a conclusion, ETF has no reservation to report in 2009.

The information provided in the report gives the Governing Board reasonable assurance that the resources assigned to ETF in 2009 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.

<p>In the light of the above analysis and assessment, the Governing Board adopts the ETF Annual Activity Report 2009, and requests that it be forwarded, together with this analysis, to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Court of Auditors.</p>
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