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To:GIZ-SDR program

**Subject: submitted the final comprehensive economic analysis report**

GIZ-SDR designated and contracted Faisal Omer Amakar iAgelegelote to conduct an economic analysis of the first and second rounds (except for Gewane ATVET College, which did not participate in the second round) of independent capacity building training provided by partner lowland colleges (Adadale Polytechnic College - Masonry Training, Gewane ATVET College - DSM (Dry Stone Measure and Nursery Training, and Gode Polytechnic College - Masonry Training)

Thus, based on the contractual agreement, we finalized and submitted to SDR MGMT, both in soft copy and hard copy, the final comprehensive economic analysis report per course of all first and second rounds (only first round for Gewane ATVET College) of capacity building training undertaken by partner lowland colleges., we finalized and submitted to SDR MGMT both in soft copy and hard copy the final comprehensive economic analysis report per course of all 1st and 2nd rounds (only 1st round for Gewane ATVET College) of the capacity building training undertaken by partner lowland colleges.

Warm regards

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**Economic Analysis Report on ATVET Short-Term Capacity Development Trainings of Dry Stone Measure, Basic Masonry and Fruit Nursery**

**Submitted to: GIZ SDR-ASAL**

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## Introduction

This comprehensive economic analysis report was prepared to improve both administrative and financial aspects of partner lowland colleges' capacity development training to have justifiable tuition fees to ensure course sustainability. Thus, this economic analysis report covers 1st and 2nd rounds (Except Gewane ATVET college, they didn't undertake 2nd round) of independent capacity development training which was undertaken by partner lowland colleges (Adadale Polytechnic College – Masonry Training, Gewane ATVET College – DSM (Dry Stone Measure and Nursery Training, and Gode Polytechnic College – Masonry Training). The total budget allocated was 16,437,449.2 for three colleges. Furthermore, there were 218 trainees participated in the above piece of training.

## Objective

The main objective of this economic analysis identified a general description of an economic analysis of the real or true market costs to provide capacity training, and existing bottlenecks for delivering capacity-building training, and also reviewed critically whether the economic part of the training had been handled as per national directives or not.

## Methodological overview

The methodological approach consisted of three distinct phases that took place between August 23th, 2022, to Sep 23th, 2022. The overall methodological approach is intended to deliver a comprehensive description of data, including data sources, data collection methods, data gaps, and reasons for gaps. To assess the general description of an economic analysis of the real or true market costs to provide capacity development training, existing bottlenecks for delivering capacity building training, and also whether the economic part of the training had been handled as per national directives or not for the partner colleges. The following sub-sections provide an overview of the economic analysis design process.

**Desk phase:** The assessment was initiated immediately after the signing of the Contract. The desk phase is devoted to the design of the economic analysis assessment tools. Also, the expert started field visit Preparations and presented in Addis Ababa at Kick-off Meeting with the SDR-ASAL program for Mutual understanding and agreement on the objectives and the approach of the assignment. Which involved the identification, development reviewing, and refinement of the analysis tools. The tools have been designed to address each economic analysis objective.

**Objective 1.** the economic part of the training had been handled as per national directives or not? This objective is further elaborated by two indicators.

1. The first indicator was to Check the handling of funds from an audit point of view. The tools designed for the first indicator were mainly related to assessing the financial performance in implementing the process of partner colleges compliance by the requirement of the government rules and regulations.

1.1 Analyzed the financial statements by line item for significant outliers.

1.1.1. Is Income collected by raising cash receipt vouchers and states the source and the amounts of income correctly?

1.1.2. Are Expenditures accounted for when evidenced by legal and original invoices, relevant, reliable, and sufficient for the purposes and whether they were allowed by the rules and regulations?

1.1.3. Are Expenditures and purchases of goods and services incurred as per the relevant regulations and authenticated by the officials of the organization?

1.2. Recalculated the budget proposal, to determine whether these fees were being accurately calculated.

2. The second indicator related to Evaluating the partner colleges' accounting system if it is audit-proof or not. In a governmental financial audit, the auditor is required to test entity compliance with applicable laws and regulations and to prepare a written report that provides: (1) Positive assurance on the results of tests for noncompliance, and (2) A description of material instances of noncompliance, if any, to determine whether Partner Organization Management internal controls were effective, we

1. Evaluated the design and operating effectiveness of internal controls that were designed and/or operated by the independent internal audit department. To evaluate also Internal auditors of the partner colleges address qualitative issues in their work, Testing proper recording of assets, expenditures, and the reliability of financial information:

**Objective 2.** a general description of an economic analysis of the market costs to provide capacity training.

1. preparation of a budget proposal for upcoming independent training of partner lowland colleges based on current market assessment.

2. Conduct a comparative cost analysis of partner lowland college's budget proposal.

**Filed Phase:** The Field visit for data collection was conducted in three partner colleges from Sep 5 2022 to Sep 23, 2022. Before heading to partner colleges, the expert conducted a kick-off meeting in Semra and Jijiga GIZ-SDR offices for mutual understanding of the assignment.

The Write-up phase: upon coming back from the fieldwork the report writing was started.

**Data collection method:** Both primary and secondary data sources were used in this economic analysis assessment, regarding primary data collection, questionnaire, and open discussion from management bodies, while a review of financial documents was made to collect secondary data. The primary sources include data gathered by key informant discussions conducted with internal auditors, senior accountants, and finance managers in each partner colleges. The team also assessed the market cost price from transport service providers and business owners for the preparation of budget proposals and for conducting comparative cost analysis.

# 1. Adadale Polytechnic College (APTC)

## Introduction

Adadale Polytechnic College (APTC) as of September 19, 2021, and February 04, 2022, made MOU with GIZ so Based on these basic masonry training allocated budget, prescribed below the following findings, were analyzed based on the economic analysis indicators of 1 and 2 for objective 1 and objective 2.

## Findings from the Economical part of the short-term training provided

The findings include an inspection of the financial performance in the implementation process of Adadale Polytechnic College's (APTC) compliance with the requirement of the government rules and regulations. Furthermore, it included also the findings of the Adadale Polytechnic College (APTC) accounting system evaluation in terms of design and operating effectiveness of internal controls.

## Findings from the financial performance of 1<sup>st</sup> and 2<sup>nd</sup> round training

**Audit scope;** - major findings concerning the following basic masonry training budget as follow, September 19, 2021, 1s round budget, and 2nd round payment February 04, 2022.

Table 1.1.

R.N	Phase of payment	Basic masonry training allocated budget
1	1st round, 1st phase payment, for theoretical and practical training	2,422,840.00
	Contingency 10%	242,284
	Total	2,665,124.00birr
2	1st round, 2nd phase payment ( weire) for practical works	1,560,097.00
	1st round Total payment, APTC and Elidear kebele	4,225,221.00birr
3	2nd round, 1st phase payment, for theoretical works	2,406,400.00 birr
	Contingency 10%	240,640.00
	Total	2,647,040.00
4	2nd round, 2nd phase payment, weir for practical works	2,231,699.64 birr
	2nd round Total payment, Elidear kebele	Total= 4,878,739.64 birr
	Total 1st and 2nd round payment	9,103,960.64 birr

Source: MOU of Adadale collage



## 1<sup>st</sup> round 1<sup>st</sup> payment

### 1. Procurement cost

**Findings:** Regarding procurement cost, majorities of the documents are full filled and track the procurements rules and regulations starting from announcements of tenders up to informing tenders result for all competitors and in between minute were prepared in a well-designed manner incorporated with; -

Tender committees,

Technical committees; - check the overall profiles of the competitors like their business licenses, commercial registration certificate, taxpayer registration certificate, and value-added tax registration certificate.

Tender approval committees:

A last each competitor is able and capable to provide its proformas. And different educational materials like hand tools and mason tools, construction materials, as well as surveying materials were purchased.

### 2. Service contracts cost

**Findings:** Concerning service contract cost supporting documents (trade license, contract agreement) must be attached with the payment voucher, for instance, date 28-03-2014 E.C, and payment voucher no, 1545477, doesn't have any supporting documents attached to it.

### 3. Professional payment for Adadale Poly Technic College Instructors

**Findings:** according to the college management, there exist no national directives for professional fee modalities for short-term training. Therefore, the college management committee arranged the professional pay for the experts. According to Ethiopian finical regulations any payment sheet to be considered legal, it must have a legal stamp on the payment sheet and other supporting documents (attendance sheet, management decision minutes) must also be attached to the payment sheet. However, some payment sheets don't have legal stamps on the payment sheet prepared. for instance, the prepared payment sheet for one employee doesn't have a legal stamp in the payment sheet.

### 4. Administrative cost

**Findings:** some of the administrative cost expenditure vouchers have been supported by necessary documents. However, some cost expenditure vouchers have to be supported by legal formats and documents (to put legal stamps on periderm sheets, as well as to attach fuel recits).



#### **5. DSA for masonry trainees/ allocated budget**

**Findings:** From the total allocated budget of DSA for masonry have followed the financial rules and regulations. the peridern sheets have legal payment formats as well as filled the concerned body signature and stamps.

#### **6. Transportation cost of trainees**

**Findings:** based on the investigation of the documents Adadale Polytechnic College (APTC) was preparing a transport allowance payment format sheet and paid for 35 trainees round trips to their homes but it lacks the stamp and signature of the concerned body.

#### **7. Trainees medical insurance**

**Findings:** As it is mentioned by the date 28-03-2014 E.C. and payment voucher no, 1545473, trainees have got medical insurance but a business organization who renders this service didn't attach any business license.

#### **8. Graduation ceremonial and peridern honour guest**

**Findings:** as we assessed the expenditures cost spent for graduation ceremonials and peridern paid for honour gust some supporting documents must be attached with the payment vouchers this includes; - Fuel receipts, Educational materials receipts and Peridern format and attendance sheet.

#### **9. Consultancy cost**

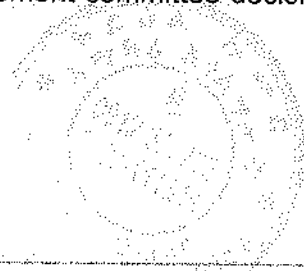
**Findings:** All payments for consultants were following the legal producers and payment vouchers were incorporated with supporting documents but some supporting documents need legal stamps to be considered as legal documents.

#### **10. Office investment**

**Findings:** As mentioned by the date 17-02-2014 E.C. the management committee of Adadale Poly Technic College decided the overall office investment allocated budget of 110,875.00 birr is used for trainees' breakfast, refreshment, and house rent for trainees during the practical WSW training in Elidar Woreda. So we can conclude that the financial documents fulfilled the financial rules and regulations,

#### **11. 1<sup>st</sup> round payment for contingency**

**Findings:** We have inspected some of the documents with the first-round contingency budget and some of the payment vouchers must have supported documents attached to them. For instance, the educational materials receipts, as well as daily labourers perdiems, don't have supporting documents (management committee decision minutes, legal stamps on the perdiem sheets).





### **1<sup>st</sup> round, 2<sup>nd</sup> phase payment (WSW) for practical works.**

**Findings:** The payment vouchers have supporting documents attached to them. For instance, as it is mentioned by the date 11-03-2014E.C. and receipt number, 0000005, as well as the date 11-03-2014e.c, payment voucher number, 1545469, attached supporting documents for the activities and fulfilled the financial rules and regulations.

### **2<sup>nd</sup> round 1<sup>st</sup> payment**

#### **1. Procurement cost**

**Findings;** - concerning procurement cost majorities of the documents are filled and follow the procurement rules and regulations starting from announcements of tenders up to informing tenders result for all competitors and in between minutes were prepared in a well-designed manner incorporated with the necessary legal procedures. However, some payment vouchers need to incorporate supporting documents. For instance: As mentioned by the date 21-06-2014E.C, payment vouchers No, 1640658 and 1640657, must incorporate legally supported documents. (management minutes, recits)

#### **2. Service contracts cost**

**Findings:** With the service contract cost, supporting documents (trade license, contract agreement) must be attached to the payment voucher.

#### **3. Professional payment for Adadale Poly Technic College Instructors**

**Findings;** - According to Ethiopian finical regulations any payment sheet to be considered legal, must have a legal stamp on the payment sheet and other supporting documents (attendance sheet, management decision minutes) must also be attached to the payment sheet. However, some payment sheets for instance voucher no, 1640630 in Eillidear for theoretical and practical training for two instructors' DSA and professional fee don't have a legal stamp.

#### **4. Administrative cost**

**Findings;** - during our assessment some payment vouchers supporting documents need to be incorporated and attached with the payment vouchers this includes fuel receipts, management minutes, and legal stamps for the attendance sheet.

#### **5. DSA for masonry trainees**

**Findings;** - DSA for masonry trainees' periderm payment vouchers have legal payment formats like attendance sheets, and payment sheets with legal stamps and fulfilled the financial rules and regulations.

#### **6. Trainees medical insurance**

**Findings;** - as it is mentioned by payment voucher no, 1640632, trainees have got medical insurance but a business organization who renders this service didn't attach any business license.



## Findings of the Adadale Polytechnic College accounting system evaluation

In a governmental financial accounting system, an internal controlling mechanism is crucial to minimize risk. so the internal auditor is required to test entity compliance with applicable laws and regulations and to prepare a written report that provides: (1) Positive assurance on the results of tests for noncompliance, and (2)A description of material instances of noncompliance.

Thus, based on the above indicator the assessment indicated that the standards related to internal audit risk assessments activity seem that there is no evidence for implementation in all the functions and processes of the organization (assessing the financial implementation process to follow rules and regulations) for 1st and 2nd rounds of short-term training, and risk identification process had not undertaken at a sufficiently high level within the organization.

## Findings of current Market assessment to provide short-term training

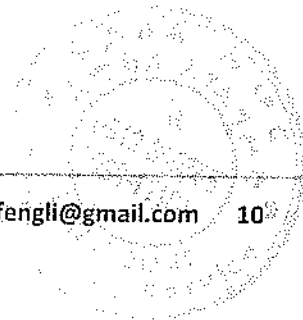
### Market Overview

Asayita city serves as the central market for most of the nearby kebeles and Afmbo Woreda. the market has more than 5 construction material wholesalers with better capacity. 70% of the interviewed traders mentioned that traders supplied the construction materials mostly from Kombolcha city and Addis Abeba and the remaining 10% mentioned as they supply it from Logiya city. The markets are functioning properly, and most of the construction materials are available with the required quality.

### Comparative market cost price analysis

The following comparative cost analysis is based on the 2<sup>nd</sup> round Masonry training budget proposal Of Adadale polytechnic college and the current construction market price assessment conducted in Asyita and Logia cities. Thus, the analyzed budget outlines are Procurement cost, Service contracts cost, DSA for Adadale Poly Technic College Trainees and Instructors, Administrative cost, Daily Labour Cost, and Graduation Ceremony Cost. From this budget outline, we focused on the budget outlines which are most essential and highly correlated to market price fluctuations.

1. **Procurement cost:** according to Adadale polytechnic college the procurement cost for have two budget proposal outlines including the budget proposal for basic masonry training and also a budget proposal for Weir Construction. Procurement cost for basic masonry training includes Construction Material Procurement Cost, Stationery Material Procurement Cost, Graduation Take Away Toolkits, and Safety Toolkits.



- 1.1. **Construction materials procurement cost:** the current market price for the items was collected from a few licensed suppliers that are available in Asyita and Logiya cities. As we can see from the table most of the items have medium price increments. However, the cement price has increased by more than 25%-30% on average. The main reason according to the suppliers is that the national cement factory has increased the gate price and also the transportation price increased because of a fuel price increase.

Table A.1: comparative cost for basic masonry training theoretical Construction Materials

	items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	Cement	Quintal	1	900.00	1600
2	Sand	Lorry	1	3,500.00	8500
3	Construction stone	Lorry	1	3,400.00	4000
4	Timber	Pcs	1	750.00	1200
5	Peg (Alana)	Pcs	1	260.00	280
6	Block (Hollow Masonry Unit)	Pcs	1	30.00	40.00

Note: the amounts indicate the average cost of the three building materials vendors.

Table A.2: comparative cost analysis for Weir construction materials

	items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	cement for masonry including transport	1.15 qt	1	950	1650
2	water for construction	0.30 m <sup>3</sup>	1	250	300
3	potable water for trainees	lit	1	2	2
4	wooden formwork	no	1	950	1050
5	wooden sticks/pegs	no	1	70	95
6	wooden banila	no	1	340	370
7	spray	no	1	170	210
8	Jerrican	no	1	300	350
9	String	roll	1	120	160
10	plastic sheet for water	no	1	3,000	3450
12	pic axe	no	1	250	600
13	shovel	no	1	250	465
14	wooden pole for temporary store	no	1	150	180
15	Nail (8)	kg	1	450	560

Note: the amounts indicate the average cost of the three building materials vendors.

**Graduation Take-Away Toolkits:** similar to the above factors mentioned by the interviewed traders most of the graduation takeaway toolkits have an increment of 30% on average compared to the 2nd round Graduation toolkit's price budget.

Table B.1: comparative cost for Graduation toolkit

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	Mason trowl	Pcs	1	210	230
2	Measuring Tape (5 Meters with plastic protection)	Pcs	1	170	220
	Water level / Spirit level	Pcs	1	280	290
4	Handsaw blade	Pcs	1	170	400
5	Sledgehammer 3 kg	Pcs	1	800	1380
6	Plumb-bob	Pcs	1	340	350
7	Nylon Rope	Pcs	1	150	100
8	Farkas	Pcs	1	340	359
9	Spade	Pcs	1	260	470
10	Toolkits canvas bag / rucksack	Pcs	1	800	820

Note: the amounts indicate the average cost of the building materials vendors.

**Safety Toolkits:** these toolkits were not available in Asyita or Logiya city market. So, based on the trader's opinion, price increment trend, and also from the Adadale polytechnic college procurement experts, we assumed it might be increased on average by 30%-35%.

Table C.1: comparative cost for Safety Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	Eye google	Pcs	1	250	300
2	Hand gloves	Pcs	1	280	350
3	Work Attire (Tuta)	Pcs	1	600	720
4	Safety shoes	Pcs	1	800	2400

**Stationery Material Procurement Cost:** this includes Printing paper, a Flip chart, a Marker, a Writing pad (Notebook), pen. As we can see from the table below except for pen the other stationary material price has increased by 25%-30% on average.

Table D.1: comparative cost for Stationery Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current average unit price in birr
1	Printing paper	pack	1	500.00	600.00
2	Flip chart	roll	1	350.00	420.00
3	Marker	pack	1	75.00	120.00
4	Writing pad (Notebook)	no	1	25.00	50.00
5	pen	pack	1	500.00	550.00

Note: the amounts indicate the average cost.

### Service contract cost

the current market price for the transportation costs was collected from a few licensed transport providers that are available in Semmara city. As we can see from the table medium price increment According to the informants' interview the price increase was mainly related to fuel price increases and spear parts increases.

Table 2.1. comparative cost for transportation price

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	ISUZU pick up	Pcs	1	4000	4500
2	SINO truck stone transport including fuel	Pcs	1	3400	4300
3	SINO truck stone transport including fuel	Pcs	1	3400	4400
4	ISUZU bus car for transport	Pcs	1	3000	6500

Note: the amounts indicate the average cost of the two transport service vendors

## Daily Labour

According to all Key informants interviewed the pricing of the work norm for daily labour is calculated as per the daily rate for most daily works listed in the table below except for loading and unloading works. For loading and unloading the cost rate is depending on the type and distance of the items that are loading or unloading. According to contractors, starting from September to April if the work is in Elidar town or near Elidar town it was 200 birr per day on average. Therefore, no cost variance was intercepted during the market price assessment period.

Table 3.1. Daily labour price

Type of work	Daily rate in ETB	Unit
Site clearance	200	day
Excavation	200	day
Backfill	200	day
Loading	30	per item
Unloading	30	per item
Watering of construction	200	Day/night
Site Guard	200	daily

- The other comparative cost analysis is based on tuition fees paid by other agencies.

The following listed trainee's tuition fees paid by other agencies for comparative reasons:

From the MOU by LLRP for Addadale collage to provide for basic masonry training per trainee it costs them around 21 thousand for 40 days and the cost items include (procurement of construction materials, per diem (300 birr) professional fee (375 birr per day) COC costs transportation cost and graduation ceremony) **however, compare to GIZ proposal it didn't have graduation toolkit, service contract cost, and consultancy cost.**

From the KII of Save the children for providing three types of training for women, it charged them 1,642,006.80 (procurement training material, trainer and admin cost, allowance, graduation and medical insurance) for 120 women trainees for 30 days. For three different types of training Handicrafts in Afar tradition, singer training for women and basic animal feed processing. The tuition fee cost paid on average is 14,000 birr per trainee. Compare to the GIZ proposal it didn't have a graduation toolkit, service contract cost, and consultancy cost.

For EDUCAS the training (hand skill) is almost 27000 birr per trainee for 2 months. Per day almost 500 birr on average. the agreement modality may differ as compared to GIZ.

For EDUCAS the agreement is to provide the training construction materials, trainees allowance covered by EDUCAS by contracting Vendors and paid to the college only the professional fees.

However, GIZ-SDR paid 1048 up to 1181 birr per day or 75,000 birr for Basic masonry WSW training. So we can conclude that the tuition fees cost almost double compared to the other agencies. The main reason related to the cost is related to the agreement modality (to mix the capacity development cost and the training fees paid for the college).

### Current tuition fee price for short-term capacity training

The findings from the current market assessment revealed that almost all the unit prices of procurement materials and transport costs (fuel and spare parts) needed for short-term capacity training have increased on average 25%-100% in total. Thus, this increment has increased the tuition fee per trainee almost by 10%-12% on average. This summary tuition fee budget proposal for theoretical and Weir prepared for Adadale polytechnic college was calculated based on the volume and number of the items of trainees listed on 2nd round budget also using the average current unit price findings from the market assessment. So based on the total cost the tuition fee per trainee is 82,609.00 for BMT and 84,374.20 on average for Weir practical training. For details, please refer to the spreadsheet.

Table: summary budget for Basic masonry training

Summary of BM Training Budget Overview		
S.No	Item Description	Grand Total
1	Procurement cost	460,155.00
2	Service contracts cost	292,500.00
3	Professional payment for Adadale Poly Technic College Instructors	173600
4	Admin cost	380,400.00
5	DSA for masonry trainees	651,000.00
6	Trainees Medical Insurance	17,500.00
7	for graduation ceremonial and periderm honour gusts	134,815.00
8	Consultancy cost	457,000.00
Total cost		2,393,370.00
	Contingency 10%	239,337.00
	sum	2,891,317.00

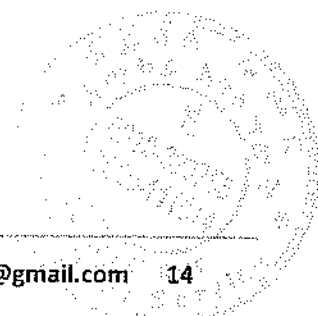
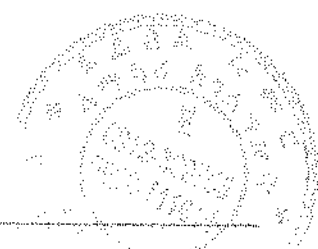


Table: Summary of WSW practical training

	W/Sr Code			TOTAL BDD
	EL1W-020B	EL1W-020C	EL1W-030	
Basic practical mason training budget calculation				
Training facilitated by APTC				
Place: Elibar				
Code of WSW: EL1W-020B, EL1W-020C, EL1W-030				
Elibar practical mason training budget				
Masonry works	unit	Quantity	Average MB/day working days	Remark
Masonry practical working days	35 Masons	592.45	24.5	24 0.7m <sup>3</sup> /person
Recovery days				4
contingency days				3
total training days				31
Daily Labour	Quantity	unit	unit Cost(ETB)	working days
sub total				705,292.53
Procurement of construction material	unit	unit constructed	Quantity	Unit cost (ETB)
sub total				1,281,949.38
Construction material transport, Service				
sub total				697,393.735
			Total Cost	2,028,817.80
			contingency (10%)	202,881.79
			Grand total	2,953,098.091

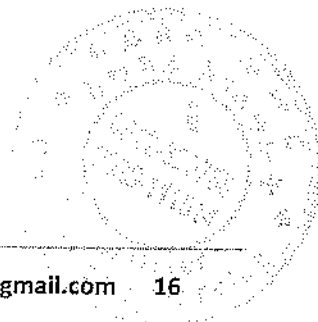




## Conclusion

Based on the findings it can be concluded as follows:

- The key solidity that can be mentioned for Adadale college is that the college already established tender committees. (Technical committees Tender approval committees) and this shows the management commitment to following the Financial rules and regulations.
- we can conclude that some of the documents are full filled and follows the procurements rules and regulations starting from Performa collection up to awarding or making announcements of tenders up to informing tenders result for all competitors and in between minutes were prepared in compliance with the regulation. However, we can conclude also that there is a void related to some of the supporting documents. Which needs incorporated supporting documents attached to the payment vouchers. (management minutes, recits, transporters trade license, contract agreements, clinic trade license)
- Employees in Adadale polytechnic college, especially those who are assigned in the positions of finance business process departments haven't precise insight regarding procurement/preparations of tenders, selections of tender committees, selections of tender approval committees, vendors' business licenses, vat registration certificates, and account codes/ so with the above-prescribed issues employees needs a capacity development training.
- The assigned accountants and auditors in the accounting system at Adadale college employees lack the know-how on the GIZ financial rules and regulations.
- It can be concluded that procurement cost covers the preponderance (70%) of the training cost specifically the investment cost or capacity development cost. moreover, it can be extrapolated that with the current market fluctuation it will increase more than the current price.
- It can also be concluded from the findings from the comparative cost analysis that the GIZ tuition fee price is almost double compared to other agencies paid for the tuition fee for the college. The main reason could be linked to the modality (agreement) of the training type provided by the college.



## 2. Gode polytechnic collage

### Introduction

The 1<sup>st</sup> and 2<sup>nd</sup> rounds of independent capacity building training which was undertaken by Gode polytechnic College – Masonry Training, of the 1st round duration of the training, will be 45 days: starting from 23 August – 10 October 2021. The 2nd round duration of the training will be 45 days: starting from 4 April – 18 May 2022.

### Findings from the economical part of the short-term training provided

The findings include an appraisal of the financial performance in the implementation process of Gode polytechnic College compliance per the requirement of the government rules and regulations. Furthermore, it included also the findings of the Gode polytechnic College accounting system evaluation in terms of design and operating effectiveness of internal controls.

### Findings from the financial performance of 1<sup>st</sup> and 2<sup>nd</sup> round training

The major findings of the financial performance evaluations are based on the evaluation indicators listed in the methodology section.

### 1st round BMT training

The MOU agreement that was signed by GIZ-SDR and Gode Polytechnic college for the masonry training of 20 trainees in a total of 45 days. The total amount allocated was 1,938,568.50 birr.

Table 2.1: 1st summary of the budget outline.

Summary of BMT Training Budget Overview		
S.No	Item Description	Grand Total
1	Procurement cost	420,250.00
2	Service contracts cost	100,200.00
3	DSA for Gode Poly Technic College Trainees and Instructors	892,700.00
4	The administrative cost of Gode Poly Technic College	100,485.00
5	Daily Labour Cost	73,200.00
6	Office Investment Cost	47,500.00
7	Graduation Ceremony Cost	128,000
	Sub Total	1,762,335.00
	10%	176233.5
	Grand Total Cost	1,938,568.50

Source: Gode polytechnic college

### **1. Procurement cost**

**Findings;** - Picked a selection of sample payment vouchers from each procured item, and inspected the financial transaction process were implemented according to government rules and regulations which include (Performa invoice, Establishment of Tender committees, and supportive receipts for the vouchers) and we can conclude that most of the payment documents are full filled and follows the procurements rules and regulations however the payment vouchers and supporting documents were placed in different places so it takes a while for finding the supporting documents. So, documentation needs to be upgraded.

### **2. Service contracts cost**

**Findings;** - Concerning service contract cost supporting documents (trade license, contract agreement) must be positioned together with the payment voucher.

### **3. DSA for Gode Poly Technic College Trainees and Instructors**

**Findings;** - according to the college management, there are no national directives for professional fee modalities for short-term training. Therefore, the college management committee set the professional pay for the experts. According to Ethiopian financial regulations any payment sheet to be considered legal, it must have a legal stamp on the payment sheet and other supporting documents (attendance sheet, management decision minutes) must also be attached to the payment sheet. However, some payment sheets and supporting documents are placed in different places and need stamps to be considered legal documents.

### **4. Daily Labour Cost**

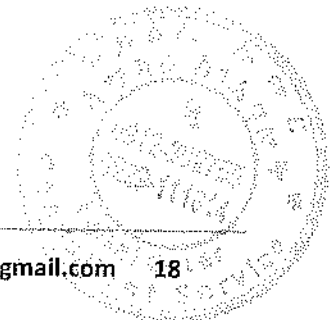
**Findings;** - the total allocated budget of Daily labour cost payment has legal payment formats as well as filled the concerned body signature and stamps.

### **5. Administrative cost**

**Findings;** - All of the administrative cost expenditure vouchers have been supported by necessary documents. For instance, every cost concerning per diem is supported by legal formats and documents. However, some payment vouchers need supporting documents (fuel receipts).

### **6. Graduation ceremonial and peridorm honour guest**

**Findings;** - as we assessed the expenditures cost spent for graduation ceremonials and peridorm honour guest the supporting documents are attached with the payment voucher this includes; - Fuel receipts, materials receipts Peridorm format and Hotel receipts.



## 7. Office investment

**Findings;** - the office investment cost expenditure vouchers have been supported by necessary documents

### 1st round payment for contingency

**Findings;** - As we have inspected some of the documents concerning the first round contingency budget some of the payment vouchers must have supported documents attached to them. For instance, the educational materials receipts don't have supporting documents in the same place as the payment voucher (management committee decision minute).

### 2nd round BMT payment

The MOU agreement that was signed by GIZ-SDR and Gode Polytechnic college for the masonry training of 30 trainees in a total of 45 days. The total amount allocated was 1,955,893.50 birr.

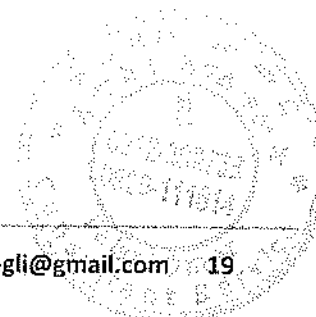
Table 2.2: Summary of BMT Training Budget Overview

S.No	Item Description	Grand Total
1	Procurement cost	547,500.00
2	Service contracts cost	101,900.00
3	DSA for Gode Trainees & Instructors	856,700.00
4	The administrative cost of Gode Poly Technic College	64,485.00
5	Daily Labor Cost	73,200.00
6	Office Investment Cost	6,300.00
7	Graduation Ceremony Cost	128,000.00
	Grand Total Cost	1,955,893.50

Source: Gode Polytechnic collage

## 1. Procurement cost

**Findings;** - after selection of sample payment vouchers from each procured item, and reviewing the final transaction process and we can conclude that most of the payment documents are full filled and follows the procurements rules and regulations however the payment vouchers and supporting documents were placed in different places so it takes a while for finding the supporting documents the same as the 1st round payment. So, more attention should be given to documentation



## **2. Service contracts cost**

Findings; - the same with the 1st round payment service contract cost supporting documents (trade license, contract agreement) must be attached with the payment voucher.

## **3. DSA for Gode Poly Technic College Trainees and Instructors**

Findings; - Performed testing around the payment expense, by reviewing the Payment Sheet Form and other supporting documents for compliance with the rules and regulations it could be concluded that it followed the rules and regulations.

## **4. Administrative cost**

**Findings:** as we assessed the expenditures spent for administration some payment vouchers and supporting documents need to be incorporated and attached with the payment vouchers this includes fuel receipts, management minutes, and legal stamps for the attendance sheet in the same folder.

## **5. Daily Labour Cost**

**Findings:** the total allocated budget of Daily labour cost payment has legal payment formats as well as filled the concerned body signature and stamps.

## **6. Office investment**

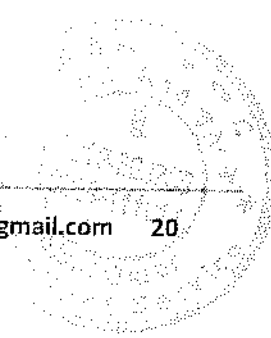
**Findings:** We couldn't find any evidence of implementing this budget.

## **7. Graduation ceremonial and periderm honour guest**

**Findings:** As we assessed the expenditures cost spent for graduation ceremonials and periderm honour guest the supporting documents must be attached in the same place as the payment voucher this includes; - Fuel receipts and Periderm format and an attendance sheet with a legal stamp.

## **Findings of the Gode Polytechnic College (GPTC) accounting system evaluation**

During the field assessment session, the internal auditor participation with the level of standards that related to internal audit risk assessment activity in all the functions and processes of the organization during the short-term training is very minimum, and also we couldn't find any evidence stating risk identification process been undertaken at a sufficiently high level within the organization and included in the audit process.



## Findings of current Market assessment to provide short-term training.

### Market Overview

Gode city serves as the central market for most of the woredas in the Shebelle zone with more than 10 wholesalers with better capacity. 90% of the interviewed traders mentioned that traders supplied the construction materials mostly from Addis Ababa and the remaining 10% mentioned as they supply it from Jijjiga and Wechale. Gode markets are functioning properly, and most of the construction materials are available with the required quality.

### Comparative market cost price analysis

The following comparative cost analysis is based on the 2nd round Masonry training budget proposal Of Gode polytechnic college and the current construction market price assessment conducted in Gode city. Thus, the analyzed budget outlines are Procurement cost, Service contracts cost, DSA for Gode Poly Technic College Trainees and Instructors, Administrative cost of Gode Polytechnic College, Daily Labour Cost, and Graduation Ceremony Cost. From this budget outline, we focused on the budget outlines which are most essential and highly correlated to market price fluctuations.

1. **Procurement cost:** according to the budget proposal outline the procurement cost includes Construction Material Procurement Cost, Stationery Material Procurement Cost, and Material for Practical Training costs.

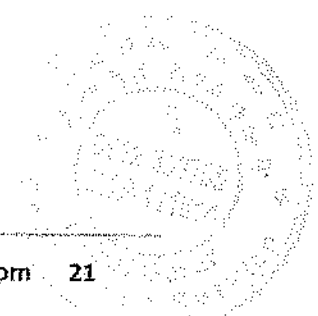
- 1.1. **Construction materials procurement cost:** this includes Hand Tools, Surveying Materials, Graduation Take Away Toolkits, and Safety Toolkits.

**Hand tools:** The comparative market price analysis revealed that the current market price for hand tools has increased by 25%-30% on average compared to the 2nd round hand tool price budget. Moreover, for some items (Hand saw blade) for instance, the price increased by 100%. According to informants the main reason for this increment is mainly related to the transport price increase because of the fuel increase starting from July and also the price increase of the hand tools items in the source market.

Table A.1: comparative cost for hand tools

	Items	Units	Qty	Unit price 1st round in birr	Current unit price in Average birr
1	Shovel	Pcs	1	250	500
2	Pickaxe	Pcs	1	250	595
4	Mason trowl	Pcs	1	150	200
5	Mason float	Pcs	1	100	150
6	wheelbarrow	Pcs	1	2000	2500
7	Water level	Pcs	1	150	230
8	Hand Saw blade	Pcs	1	250	450
9	Hammer 1.5 kg	Pcs	1	300	575
10	Carpenter Hammer	Pcs	1	200	400
11	Plumb bob	Pcs	1	220	260

Note: the amounts indicate the average cost collected by building materials vendors in Jijjiga and Gode



**Surveying Materials:** the same as hand tools items the current market price for Surveying materials have increased by 25%-30% on average compared to the 2nd round Surveying materials price budget. According to traders the main reason for this price change is mainly related to the fuel increase starting from July and this increases the transportation price of the items and also the price increase of the tool's items in the source market.

Table A.2: comparative cost for Surveying Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	Spray	Pcs	1	100	150
2	String	Pcs	1	70	90
3	Meter 50 m.	Pcs	1	100	150
4	First-aid Kit	Pcs	1	1200	1500
5	Wood Stick	Pcs	1	150	200
6	Meter 5m	Roll	1	50	230

Note: the amounts indicate the average cost of the building materials vendors in Jijiga and Gode cities

**Graduation Take-Away Toolkits:** similar to the above factors mentioned by the interviewed traders most of the graduation takeaway toolkits have an increment of 30% on average compared to the 2nd round Graduation toolkits' price budget. for some items (Hand saw blade, Spade, Faraks) for instance, the price increased by 100%.

Table A.3: comparative cost for Graduation Take Away Toolkits

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	Mason trowel	Pcs	1	150	200
2	Measuring Tape (5 Meters with plastic protection)	Pcs	1	50	100
3	Water level / Spirit level	Pcs	1	150	230
4	Handsaw blade	Pcs	1	250	450
5	Sledgehammer 1.5.kg	Pcs	1	300	620
6	Plumb-bob	Pcs	1	150	260
7	Nylon Rope	Pcs	1	100	100
8	Faraks	Pcs	1	100	250
9	Spade	Pcs	1	250	550
10	Toolkits canvas bag/rucksack	Pcs	1	200	520

Note: the amounts indicate the average cost of the three building materials vendors.

**Safety Toolkits.:** these toolkits were not available in the Gode city market. So, based on the above price increment trend and also from the Gode polytechnic college finical core directorate experts we assumed it might be increased on average by 30%-35%.

Table A.4: comparative cost for Safety Materials

	Items	Units	Qty	Unit price 1st round in birr	Current unit price in Average birr
1	Eye google	Pcs	1	500	550
2	Hand gloves	Pcs	1	300	360
3	Work Attire (Tuta)	Pcs	1	1000	1500
4	Safety shoes	Pcs	1	1,500	2400

**Stationery Material Procurement Cost:** this includes Printing paper, a Flip chart, a Marker, a Writing pad (Notebook), a pen, and a Printer cartridge. As we can see from the table below except for pen the other stationary material price has increased by 30%-45% on average.

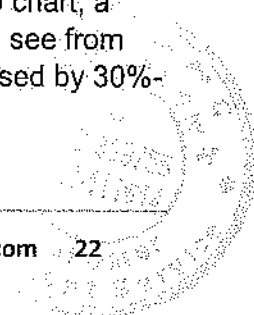


Table B.1: comparative cost for Stationery Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current average unit price in birr
1	Printing paper	pack	1	500	550
2	Flip chart	roll	1	250	450
3	Marker	pack	1	350	400
4	Writing pad (Notebook)	no	1	34	45
5	pen	pack	1	500	500
6	Printer cartridge	no	1	2100	3000

**Material for Practical Training costs:** the current market price for the items was collected from a few licensed suppliers that are available in Gode city. As we can see from the table most of the items have small price increments. However, the cement price has increased by more than 35% on average. The main reason according to the suppliers is that the national cement factory has increased the gate price and also the transportation price increased because of the fuel price increase.

Table C.1: comparative cost for practical Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	HCB 20	No	1	40	50
2	Formwork 20	No	1	500	550
3	Cement	Quintal	1	900	1400
4	Sand	Load	1	8000	8500
5	Stone	Load	1	8000	8500
6	nail (6 cm)	Kg	1	150	200

Note: the amounts indicate the average cost of the building materials vendors.

### Service contract cost

Table D.1: comparative cost Service contract cost

S.No.	Item Description	Unit	Unit Price	Current unit price in Average
1	Transport car rental fee	day	6000	6600
2	Fuel for Instructor Car	Litter	30	55

Note: the amounts indicate the average cost of the two transport providers.

### Daily Labour

According to all Key informants' interviews, the pricing of the work norm for daily labour is calculated as per the daily rate for most daily works listed in the table below except for loading and unloading works. For loading and unloading the cost rate is depending on the type and distance of the items that are loading or unloading. According to contractors, starting from September to April if the work is in Gode town or near Gode town it was 300 birr per day on average.





Table E.1. comparative cost Daily labour price

	Daily rate in ETB	Unit
Site clearance	300	day
Excavation	300	day
Backfill	300	day
Loading	10-20	per item
Unloading	10-20	per item
Watering of construction	300	Day/night
Site Guard	300	daily

- The other comparative cost analysis is based on tuition fees paid by other agencies.

The following listed trainee's tuition fees paid by other agencies for comparative reasons:

From the LLRP for Gode college to provide for halfow blocking training per trainee it costs them around 33 thousand. The cost includes (procurement of construction materials, per diem (300 birr) professional fee (375 birr per day) COC costs transportation cost and graduation ceremony) for 45 days. However, as compared to the GIZ proposal it didn't include the graduation toolkit, service contract cost, and consultancy cost.

However, GIZ-SDR paid 1048 up to 1181 birr per day or 65,000 birr for Basic masonry WSW training. So we can conclude that the tuition fees cost almost double compared to the other agencies. The main reason related to the cost is related to the agreement modality (to mix the capacity development cost and the training fees paid for the college).

#### Current tuition fee price for short-term capacity training

The findings from the current market assessment revealed that almost all the unit prices of procurement materials and transport costs (fuel and spare parts) needed for short-term capacity training have increased on average by 30%-100% in total. Thus, this increment has increased the tuition fee per trainee almost by 10% on average. This summary tuition fee budget proposal for theoretical and Weir prepared for Gode polytechnic college was calculated based on the volume and number of the items of trainees listed on 2nd round budget also using the average current unit price findings from the market assessment. So based on the total cost the tuition fee per trainee is 72917.16667 for BMT practical training on average. For details, please refer to the spreadsheet.



Summary of BMT Training Budget Overview		
S.No	Item Description	Grand Total
1	Procurement cost	420,250.00
2	Service contracts cost	308,000.00
3	DSA for Gode Poly Technic College Trainees and Instructors	892,700.00
5	The administrative cost of Gode Poly Technic College	161,700.00
6	Daily Labour Cost	73,200.00
7	Office Investment Cost	0.00
8	Graduation Ceremony Cost	132,800
	Sub Total	1,944,850.00
	contingency 10%	194,485
Grand Total Cost		2,187,515.00

### Conclusion

Based on the findings it can be concluded as follows:

- we can conclude that the key strengths that can be mentioned based on the findings were associated with majorities of the documents being full filled and tracking the procurements rules and regulations starting from Performa collection up to the award.
- The primary gap related to supporting documents is: some payment vouchers need to incorporate supporting documents. This includes (management minutes, fuel recits, and legal stamps on the payment sheets). The critical findings could be revealed that supporting documents must be located together with the payment vouchers.
- Employees in Gode polytechnic college, especially those who are assigned to the positions of finance business process department experts didn't have a precise understanding of financial implementation process rules and regulations.
- We can conclude that Internal audits may not support the financial process as it expected of their mandate.
- It can be concluded that procurement cost covers the majority (70%) of the training cost specifically the investment cost or capacity development cost. moreover, it can be concluded that with the current market fluctuation it will increase more than the current price.
- It can also be concluded from the findings from the GIZ tuition fee price is almost double compared to other agencies paid for the tuition fee for college. The primary rationale could be the modality of the training agreement type (mixed training fees and capital development cost) provided by the college.

### 3. Gewane ATVET College

#### Introduction

The 1<sup>st</sup> round of DSM and Nursery capacity building training was undertaken by Gewane ATVET College for a total of 88 trainees for both pieces of training. The 1<sup>st</sup> round duration of the training will be 17 days: starting from 7 – 23 October 2021 for both DSM and Nursery capacity building training.

#### Findings from the economical part of the short-term training provided

The findings include an inspection of the financial performance in the implementation process of Gewane ATVET College compliance under the requirement of the government rules and regulations. Furthermore, it included also the findings of the Gewane ATVET College accounting system evaluation in terms of design and operating effectiveness of internal controls.

#### Findings from the financial performance of 1<sup>st</sup> rounds DSM and Nursery training

The major findings of the financial performance evaluations are based on the evaluation indicators listed in the methodology section.

Table 3.1. NURSERY and DSM Training Budget Summary

	Item	Total expenditure for DSM	Total expenditure for Nursery
1	Per diem for trainee	165,000.00	165,000.00
2	Per diem for the trainer	237,000.00	237,000.00
3	Logistics	97,928.00	98,556.80
4	Services for a stay of trainees	362,480.00	406,480.00
5	Investment cost	255,875.00	151,500.00
6	Procurement for course	159,500.00	144,500.00
7	Professional Consultancy Payment Cost	197,000.00	197,000.00
8	Graduation ceremony	125,784.00	125,784.00
	Grand sum	1,600,567.00	1,525,820.80
	Contingency 10%	160,056.70	152,582.08
	<b>Total</b>	<b>1,760,623.70</b>	<b>1,678,402.88</b>

### 1. Per diem for trainee

**Findings;** - Performed testing around the per diem expense allocation for both pieces of training, by reviewing the Payment sheet and attendance sheet Form for the Shared trainees for both trainees; from selected payment vouchers and supportive documents, it can be concluded that the expense followed the rules and regulations. However, documentation needs to be upgraded with legal stamps on attendance and payment sheets and placed together with the payment vouchers.

### 2. Per diem for the trainer

**Findings;** - Performed sampling around the payment expense for both pieces of training, by reviewing the Payment Sheet Form and other supporting documents for compliance with the rules and regulations it could be concluded that it followed the rules and regulations because all the supporting documents were attached with the payment voucher.

### 3. Logistics

**Findings;** - Conducted testing around the payment expense for both pieces of training, by reviewing the payment voucher and other supporting documents (fuel recite, contract rent agreement for rent car) for compliance following the rules and regulations it could be concluded that it needs additional supporting documents to be labelled as compliance with the rules and regulations because some (trade license, contract agreement) documents weren't attached with the payment voucher.

### 4. Service for a stay of trainees

**Findings:** Expense Summary by items and Invoices for the four samples (two sample payment vouchers from each training) selected for testing the expenses. All the sample payment vouchers have attached the supporting documents (requested minutes from the management, performas with a business license, and Tin No) so it can be concluded that the procurement process has flowed the finical rules.

### 5. Investment cost

**Findings:** Gewane college is a federal institution so it followed the federal government rules and regulations. All the procurement items were purchased from one vendor assigned by the public procurement and property disposal service. So, the reviewed supporting documentation of the payment vouchers followed the government rules and regulations.



#### **6. Procurement for course**

**Findings:** Selected a total of thirty-four vouchers from the Registers for both tracings, (a total of ten samples) utilizing a risk-based approach and reviewed the supporting documentation to determine whether the expenses incurred by the college followed the government rules and regulations. The payment vouchers have supporting documents. But needs legal stamps and the supporting documents must have placed in the same place as the payment vouchers.

#### **7. Professional consultancy payment cost**

**Findings;** - all payments for consultants following the legal producers and payment vouchers were incorporated with supporting documents but some supporting documents need legal stamps to be considered legal documents.

#### **8. Graduation ceremony**

**Findings:** Reviewed the Expense Summary for graduation ceremonials Invoices for the four samples (two samples from each training) selected for testing of the Payment vouchers. The total of the sample Payment Vouchers Expense has completed supporting documents attached to it. It can be concluded as it compliances with the rules and regulations.

#### **Findings of the Gewane ATVET College accounting system evaluation**

During the discussion with the college management and internal auditor department head about the implementation process of internal auditor, it seems that the internal audit risk assessment activity has not been implemented in all the functions and processes of the organization, and the risk identification process had not been commenced at all level within the organization. According to the informants, the main reason is that the college has recently assigned a budget and experts (it took a long time for hiring and budget to be allowed from the federal Finance Ministry) for the position, and started from this year they have a plan to start engaging to implement the task.

#### **Findings of current Market assessment to provide short-term training**

##### **Market Overview**

Gewane city serves as the central market for most of the kebeles in Woreda with few retailers with minimum capacity and most of the construction materials are not available with the required quality and volume. So, the main market for construction materials was located in Awash city or Adma and Addis Ababa. 60% of the interviewed traders mentioned that traders supplied the construction materials mostly from Addis Ababa and the remaining 40% mentioned as they supply it from Adma city.

## Comparative market cost price analysis

The following comparative cost analysis is based on the 1st round budget proposal of both DSM and Nursery training of Gewane ATVET collage and the current construction market price assessment conducted in Awash and Adama city. Thus, we focused on the budget outlines which are most essential and highly linked to market price fluctuations.

1. **Procurement cost:** according to the budget proposal outline the procurement cost includes practical Material Procurement Costs, Stationery Material Procurement Costs, Material for Practical Training costs and. Safety Toolkits

1.1. **practical materials procurement cost:** this includes construction stone and Peg (Atana) for DSM training, Sand, forest soil, and agricultural soil for Nursery training.

A. **Hand tools:** The comparative market price analysis revealed that the current market price for hand tools has increased by 25%-30% on average compared to the 1st round hand tool price budget. Moreover, for some items (Hand saw blade) for instance, the price increased by 100%. According to informants the main reason for this increment is mainly related to the transport price increase because of the fuel increase starting from July and also the price increase of the hand tools items in the source market.

Table A.1: comparative cost for both Nursery and DSM practical materials

Procurement practical materials					
S.No	Item Description	Unit	Qty	Current average Unit Price	Unit price 1 <sup>st</sup> round
1	Line Level	pcs	1	330	170
2	Rope	roll	1	150	50
3	Range Pole	Pcs	1	310	250
4	Meter 50m	Pcs	1	150	100
5	Calculator	Pcs	1	500	150
6	Spade	Pcs	1	460	200
7	Digging Hoe	Pcs	1	311	200
8	Hammer 3kg	Pcs	1	1,400	250
9	Plumb-bob	Pcs	1	315	200
10	Clinometer	Pcs	1	260	180
11	Saw	pcs	1	559	315
12	machete	pcs	1	953	720
13	Axe	pcs	1	739	420
14	nail	kg	1	1220	715
15	Wheelbarrow	Pcs	1	5512	1500

B. **Safety Toolkits:** these toolkits were not available in the Awash city market. So, based on the above price increment trend and also from the Gewane college financial core directorate experts we assumed it might be increased on average by 30%-35%.

Table A.4: comparative cost for Safety Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current unit price in Average birr
1	Eye google	Pcs	1	500	130
2	Hand gloves	Pcs	1	300	95
3	Work Attire (Tuta)	Pcs	1	1000	150
4	Safety shoes	Pcs	1	1,500	1500

**Stationery Material Procurement Cost:** this includes Printing paper, a Flip chart, a Marker, a Writing pad (Notebook), a pen, and a Printer cartridge. As we can see from the table below except for pen the other stationary material price has increased by 30%-45% on average.

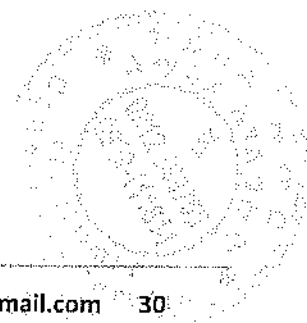
Table B.1: comparative cost for Stationery Materials

	Items	Units	Qty	Unit price 2nd round in birr	Current average unit price in birr
1	Printing paper	pack	1	500	550
2	Flip chart	roll	1	250	450
3	Marker	pack	1	350	400
4	Writing pad (Notebook)	no	1	34	35
5	pen	pack	1	500	500
6	Printer cartridge	no	1	2100	3000

### Service contract cost

Table C.1: comparative cost Service contract cost

S.No	Item Description	Unit	Current unit price in Average
1	Transport car rental bus fee	day	8500
2	Fuel for Instructor Car	Litter	55



- **The other comparative cost analysis is based on tuition fees paid by other agencies**

For comparative reasons we provided the tuition fee price for LLRP paid for Gewane collage

From the KII of LLRP in Semera for the training (NRM AND forage) Gewane college offers 200 birr per day for Accommodation, and refreshments per trainee for 8 days and 4 days consecutively. 450 birr per day for pocket money for the trainees. Regardless, as compared to the GIZ proposal it didn't include procurement cost, graduation toolkit, service contract cost, and consultancy cost.

However, GIZ-SDR paid 1048 up to 1181 birr per day or 38,000 birr and 40,000 for DSM and Nursery training. So we can conclude that the tuition fees cost almost double compared to the other agencies. The main reason related to the cost is related to the agreement modality (to combine the capacity development cost and the training fees paid for the college).

### **Current tuition fee price for short-term capacity training**

The findings from the current market assessment revealed that almost all the unit prices of procurement materials, investment costs, and transport costs (fuel and spare parts) needed for short-term capacity training have increased on average by 30%-60% in total. Thus, this increment has increased the tuition fee per trainee almost by 10% on average. This summary tuition fee budget proposal for DSM and Nursery prepared for Gewane ATVET collage was calculated based on the volume and number of the items of trainees listed on 1st round budget also using the average current unit price findings from the market assessment. So based on the total cost the tuition fee per trainee is **44,995.87 for DSM and 43,881.00 for Nursery practical training on average**. For details, please refer to the spreadsheet.





**Table Summary of DSM Training Budget Overview**

Summary of DSM Training Budget Overview		
S.No	Item Description	Grand Total
1	333,465.00	333,465.00
2	170,000.00	170,000.00
3	119,000.00	119,000.00
5	289,813.00	289,813.00
6	39,150.00	73,200.00
7	650,300.00	650,300.00
8	198,107	175,260
9	1,313,000	1,313,000
10	197,000	197,000
	1,799,835.00	1,811,037.50
	179983.5	181,103.75
<b>Grand Total Cost</b>		<b>1,979,818.50</b>

Summary of Nursery Training Budget Overview		
S.No	Item Description	Grand Total
1	Procurement cost	279,570.00
2	Service contracts cost	170,000.00
3	DSA and professional payment	119,000.00
5	Administrative cost	289,813.00
6	Daily labour cost	48,450.00
7	Investment cost	650,300.00
8	Graduation ceremony	198,108
9	DSA for trainees	1,088,600
10	Consultancy cost	197,000
	Sub Total	1,755,240.50
		175524.05
<b>Grand Total Cost</b>		<b>1,930,764.55</b>

### Conclusion

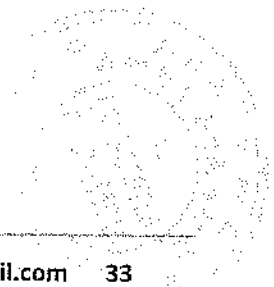
Based on the findings it can be concluded as follows:

- we can conclude that majorities of the documents are filled and follows the procurement rules and regulations. because most of the procurements have to be bought from one vendor that was provided by the Public Procurement and Propriety Disposal agency.
- The major gap related to supporting documents is: some payment vouchers need to contain supporting documents. (fuel receipts, management minutes, legal stamps, trade license, contract agreement) and didn't place them jointly with the payment vouchers.
- Internal audits may not support the financial implementation process as it anticipated of their mandate, especially in implementing risk assessment for the financial process in compliance with the finical rules and regulations.
- It can be concluded that the procurement cost covers the majority (70%) of the training cost specifically the investment cost or capacity development cost. moreover, it can be concluded that with the current market current fluctuation it will increase more than the current price.
- It can also be concluded from the findings from other agencies that, the GIZ tuition fee price is almost double compared to other agencies paid for the tuition fee for the college. The main reason could be the modality of the training agreement type with the college.
- Gewane college may not have the capacity (accommodation for the trainees and trainers) to provide two different type of trainings at the same time.

#### 4. Existing Challenges (bottlenecks)

The following major challenges arise from providing short-term pieces of training stated by the Partner collages

- All the partner colleges mentioned that the payment modalities stated in the MOU (20%,50%,20%,10%), from this the first 20% was released after the trainees were admitted to the college. so to provide the materials needed (safety toolkits, stationary materials) it was very challenging to follow the financial rules because of the urgency to provide the materials on time.
- To keep following the rules and regulations for settling the payment vouchers with building material shops and transport providers was challenging because most of the providers didn't have any proper legal documents (transport license, recite, etc.). (Gode polytechnic collage)
- A standard reporting format could be prepared for reporting progressive reports. (Gewane ATVET collage)
- Providing an invoice without receiving the money was challenging in settling the financial statements. (Gewane ATVET collage)
- Market prices fluctuate highly to set a single tuition fee. The majority of the costs (60%-70%) are related to procurement costs, making it challenging to determine standard tuition fees for short-term training.



## 5. Recommendation

Based on the findings from the economic analysis and the above challenges listed we provide the following recommendation.

- All partner colleges' documentation must be upgraded: the supporting documents required to make the payment vouchers credible must be documented in the same place as the payment vouchers.
- All the partner colleges have already established a structure for income-generating activity. This structure needs to be nurtured and strengthened to be functional to facilitate the colleges short-term training to be effective.
- Short and refresher training on public sector Internal Control Standards and Guidelines could be provided to college accountants and auditors.
- A prior awareness-raising workshop for potential partners on GIZ contract modalities, financial management processes, and documentation.
- GIZ Cloud revises the existing short-term training modality with partner colleges to make it even more economically viable by splitting it into two modalities: short-term training and capacity development.
- GIZ could revise the current model with partner colleges based on local conditions and circumstances to make short-term training tuition fees more affordable. GIZ could for instance, agree with partner colleges on the cost or tuition fees for providing short-term trainings only, which would include skill trainings and refreshment. However, GIZ Cloud then cover the trainees per diem and stationery costs during the training.
- Pertinent GIZ staff should handle Monitoring and supervision and compulsory to bolster and make the of training more efficient and address the training aligned with the GIZ expectation.
- Entrepreneur skills cloud be integrated with short-term capacity-building training so that the trainees can enter the market skillfully.