



Regional School of Public Administration (Phase 1)

A Joint Initiative of the European Union
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ReSPA/SC(2008)3/003

COST ANALYSIS OF TRAINING MODULES IN 2007

The Steering Committee asked for an analysis of the cost drivers of past training activities. For time reasons this item was not discussed at the 7th meeting and is carried over the present meeting. The analysis of cost drivers is an important input to the development of ReSPA's business plan.

Committee action

The Steering Committee is invited to:

- **Note** the training costs drivers and their implications for the present and future ReSPA costs of training

In the draft conclusions of the 6th session of the SC, (see document RESPA/SC(2008)M1) the Chair invited the Secretary to prepare a paper on the costs of ReSPA training for discussion at the 7th session of the Steering Committee, 23-24 April 2008 in Maastricht. The Steering Committee decided to postpone the discussion of this document until the 8th Session of the Steering Committee, in Podgorica, 26 – 27 May 2008.

The purpose is to understand the cost drivers of training as an input to planning ReSPA's future work programme.

For this purpose the 2007 exercise, the first complete year of training activities by ReSPA, is taken as the base for analysis. The reference document is the ReSPA 2007 annual report (see document RESPA SC(2008)1-001 final).

The 2007 Exercise

The key figures of the basic cost elements for the training delivered in 2007 are summarised below.

	Region		EU-MS		Total	
Modules	6		3		9	
Participants	100		73		173	
Part/Mod	17		24		19	
	Average/ module	Average/ participant	Average/ module	Average/ participant	Average/ module	Average/ participant
Travel	7,544	453	18,687	768	11,259	586
Per diem	9,48	569	36,382	1,495	18,452	960
Facilities	5,12		22,500		27,621	
Expenses	17,031	1,022	55,069	2,263	29,711	1,546
Fees	10,136	608	15,552	639	11,941	621
Total cost	27,168	1,630	70,621	2,902	41,652	2,167
Total cost per part/day	468		683		570	

"Fees" are sums paid to the training providers; "facilities" are sums paid to hotels for meeting rooms and business services etc. "Expenses" are the sum of "travel" and "per diem".

Comparative analysis

The average total cost per person/day of training (€570) is high, although the costs for the training organized in the region were lower than those pertaining to the EU-based training events. The most significant differences in costs between the EU- and region-based training are observed in the travel and per diem categories, whereas the fees paid to the training providers are not influenced much by the training location.

Cost driver 1: Travel and facilities

The high travel cost was the result of phase 1 arrangements to hold some of the training in EU Member States. From 2009, ReSPA will have a physical location in the Western Balkans region (although there may continue to be some travel to EU-MS).

Accessibility was a key element of the decision on localising ReSPA (see document RESPA/SC(2008)1/004). Danilovgrad is accessible by land transportation from Tirana, Sarajevo, Pristina, and Podgorica. Travelling from Skopje can be either by car or plane. Air travel is needed from Belgrade and Zagreb only. Travel by car is cheaper in absolute terms, but can be further reduced by car pooling.

To illustrate costs:

TRAVEL COST PER PERSON IN €			
To Danilovgrad ¹ and back	Air ticket + car travel from/to Podgorica airport	Car (1 pax)	Car pooling (3 pax)
Tirana	1,046	163	54
Sarajevo	384	276	92
Belgrade	124	392	130
Pristina	1,888	258	86
Skopje	373	330	110
Zagreb	665	605	202

In all cases, the ReSPA management will have to formulate a policy on transportation to/from Danilovgrad and make it transparent to the stake-holders.

Once installed in Danilovgrad, there should be no further demand for facilities charges.

Cost driver 2: Subsistence

¹ There is no airport at Danilovgrad. Air travel costs are therefore based on an economy return air fare to Podgorica from each city of departure and car travel costs are based on the OECD kilometric allowance payable for a return journey from each city of departure with the addition of Danilovgrad/Podgorica/Danilovgrad journey i.e. 20 EUR

The per-diem paid to the trainees, during phase 1 of ReSPA, is based on the per-diem rate paid by the OECD to its staff and consultants. (ReSPA trainees in phase 1 have, contractually, the status of OECD consultants). The amounts for non-OECD members are based on the relevant UN system applied to staff and consultants of UN agencies.

Typical per-diem amounts are listed in the following table for local capitals and cities in the ReSPA region and in the Member States where training took place in 2007:

Cities	EUR per day (exchange rate of 10.04.08)
Athens	230
Belgrade	134
Brussels	211
Dubrovnik	84
Paris	247
Podgorica	130
Pristina	110
Sarajevo	123
Skopje	101
Tirana	106
Turin	236
Zagreb	143

In phase 1, in the absence of a physical location for ReSPA, both trainees and trainers had to be accommodated in hotels near the training locations. Because training events were organised in all signatory locations, it was not possible to negotiate a bulk deal with one hotel for the totality of the ReSPA accommodation for the whole duration of Phase 1. Instead, rates were negotiated case by case with hotels by the ReSPA team.

In phase 2, ReSPA will have its own premises and accommodation in Danilovgrad where most training events will take place. Therefore, the per-diem will need to be adjusted to a level calculated on the basis of full-board accommodation in ReSPA Headquarters.

The ReSPA management will have to formulate a policy on per-diem and make it transparent to all stake-holders.

Cost driver 3: Group size

All calculations on the costs of training in ReSPA phase 1 have been made on averages such as average duration of the modules, average number of participants, etc. Such an approach has well known statistical advantages and drawbacks, especially given the small sample. It is, however, a useful indication.

In the early days of ReSPA, and given the administrative limitations of the project, the Steering Committee agreed to open each module to 3 trainees per signatory party of the Protocol of Cooperation. In most cases, Steering Committee Members were able to secure this level of participation (average number of participants/module was 205 participants/11 modules ie 18.64). However, there were occasions, where one or two signatories were not able to secure participation to some modules. Given the small scale size of ReSPA in phase 1, this relatively small level of absenteeism has a measurable impact on the average costs per participant. Past experience has shown the commitment of all Steering Committee Members to identify the right level of participation, both in terms of quality and quantity of trainees. Therefore, based on the 2007 experience, absenteeism should not prove an issue for the future.

Organising modules for a group of (on average) about 20 trainees has a number of pedagogical advantages useful for the ReSPA objectives. Typically, training in small groups enhances interaction between trainees and trainers, facilitates socialisation of the trainees amongst themselves, etc. It also enables the ReSPA team at the OECD to provide equal access to the ReSPA modules to civil servants from all ReSPA signatories.

It has, however, some drawbacks. Typically, the cost of a standard module bought from an EU training center has a fixed cost which does not vary proportionally to the number of participants. In other words, the marginal cost of a trainee is symbolic. This could play in favour of increasing the average group-size from the current 20 up to 25 - 30. Above 25 - 30 trainees, the learning and teaching methods would have to be amended and ReSPA would run the risk of moving from high level in-service training to an education type learning pattern which is less suited to the ReSPA audience of civil servants.

It is to be noted that some modules, given their objectives, target audiences and methodologies might still require to be delivered in smaller groups, while other ReSPA activities (such as the annual conference), might be opened to a wider audience.

Cost Driver 4: module duration

The average length of the ReSPA training modules organised in 2007 was 3,36 days. The longest module was the Dubrovnik Diplomatic Summer School (9 days), and the shortest modules have been the training on negotiation techniques co-organised with EIPA (2 days).

Longer durations enable ReSPA to amortise the travel, i.e. to reduce the cost of an average ReSPA man/day of training. However, with the reduced travel costs after installation of ReSPA at Danilovgrad, this factor may not be so important.

Anyway, it is probably more important is to chose a duration appropriate to the course content and to the possibilities of the target audience.

Cost Driver 5: Fee levels

A major cost factor is the fee paid to the training provider. If ReSPA is to survive over the medium term it has to demonstrate comparative advantage over ReSPA Members' national schools and over sending trainees to courses in EU-MS or other regional facilities.

A significant element of the comparative advantage will be in training quality and access to European and EU Member State civil servants to act as trainees.

In order to maintain the quality of the substantive training inputs, ReSPA may not be able to obtain important reductions on the fees to institutions supplying training. The costs could be reduced if ReSPA management was able to attract individual civil servants (including from the Commission) to provide courses on zero or negligible fees; engage in joint development of training programmes with the EU partners or embark on development of the ReSPA own tailor-made courses.

In general on fees, ReSPA should give priority to quality over economy.