

**PROFILE ON INTERNATIONAL/ TOURIST
STANDARD HOTEL**

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I. SUMMARY

This profile envisages the establishment of an international / tourist standard hotel with a capacity of 100 rooms.

The present unsatisfied demand is estimated at 119,000 room night per annum. The unsatisfied demand is expected to reach at 1.93 million-room night by the year 2020.

The total investment requirement is estimated at Birr 60.26 million, out of which Birr 10 million is required for hotel equipment. The hotel will create employment opportunities for 265 persons.

The project is financially viable with an internal rate of return (IRR) of 20.77 % and a net present value (NPV) of Birr 36.75 million, discounted at 8.5%.

II. SERVICE DESCRIPTION AND APPLICATION

International standard tourist hotel is high class hotel (from three to five-star level) where services like bedroom, catering, meeting rooms, multipurpose assembly hall, swimming pool, Spa (Hot Spring), gymnasium, sauna and massage, other sports facilities like tennis or squash court, min-golf or badminton, bowling, table tennis and children playground, night club with dancing to live music or discotheque or cabaret etc.

In this profile study a four star international tourist standard hotel is considered to provide local and international tourists and guests services like bedroom, catering (traditional and international), meeting rooms, multipurpose assembly hall, swimming pool, gymnasium, sauna/steam bath and massage, laundry and other sports facilities like lawn tennis, badminton, bowling, table tennis and children playground and night club.

III. MARKET STUDY AND SERVICE CAPACITY

A. MARKET STUDY

1. Past Supply and Present Demand

According to the information obtained from the Ministry of Culture and Tourism, the total number of hotels in Ethiopia is 373 and rooms and beds are computed to reach 10,930 and 14,535, respectively in year 2006. In Addis Ababa, there are 57 hotels and 3,153 rooms and 4,391 beds. Details are given in Table 3.1.

Table 3.1

TOTAL NUMBER OF HOTELS, ROOMS AND BEDS IN ETHIOPIA IN 2006

Sr. No.	Regional State	No.of Hotels	No.of Rooms	No.of Beds
1	Amhara	46	1,293	2,201
2	Afar	9	174	221
3	Benishangul	6	122	133
4	Dire Dawa	10	293	400
5	Gambela	1	22	44
6	Harari	9	241	301
7	Somali	11	215	245
8	Oromiya	136	3,259	4,113
9	SNNPRS	53	1,083	1,252
10	Tigray	35	1,075	1,234
	Sub-Total	316	7,777	10,144
11	Addis Ababa	57	3,153	4,391
	Grand Total	373	10,930	14,535

Source: Ministry of Culture and Tourism.

In case of star hotels, the total number at national level is 58 with the capacity of 3,405 rooms and about 5,116 beds, while in Addis Ababa there are 28 star hotels and 2,282 rooms and 3,294 beds (see Table 3.2). The remaining 29 hotels in Addis Ababa are recommended - to - tourist hotels that may be grouped in the near future to the star rating system upon upgrading their services to the level of the required international standard.

Table 3.2
TOTAL NUMBER OF STAR HOTELS, ROOMS AND BEDS IN ETHIOPIA
IN 2006

Sr. No.	Regional State	No.of Star Hotels	No.of Rooms	No.of Beds
1	Amhara	6	248	467
2	Oromiya	5	232	454
3	SNNPRS	4	134	225
4	Tigray	9	320	449
5	Dire Dawa	3	83	123
6	Harari	3	106	149
	Sub-Total	30	1,123	1,867
7	Addis Ababa	28	2,282	3,249
	Grand Total	58	3,405	5,116

Source:- Ministry of Culture and Tourism.

Although a relative increase of investment is observed in the hotel & tourism sector, there are still only two five star hotels, six four star hotels and 14 three star hotels in Addis Ababa. Hence, the City requires more hotels of international standard to accommodate the increasing number of tourists and conference participants of the African Union, UNECA, and other randomly occurring meetings at different times.

The hotel industry consists of many different services, including accommodation, restaurants, cafes and catering. The market for the hotel industry, especially classified hotels in a developing country like Ethiopia, is closely linked to the tourism industry, because a majority of consumers for the sector services come from international tourists.

According to the United Nations Statistical Commission, Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year and staying at least 24 hours in the country visited.

The total number of international tourists arriving in Ethiopia is steadily increasing. The highest number of tourist arrival is in 2005 i.e. 227.4 thousand. As can be seen from Table 3.3, during the period 1991-2005 except for the decline observed in year 1998, the number of tourists visiting the country was consistently growing. The growth rate registered varies from year to year; the lowest was in 1992 (2%) and the highest in 1997 (27.7%). However, on average during the period under consideration tourist arrivals have been increasing by about 8 % per annum.

Table 3.3

TOTAL TOURIST ARRIVALS IN ETHIOPIA

Year	Number	Growth Rate
1991	81,581	-
1992	83,213	2
1993	93,072	11.9
1994	98,070	5.4
1995	103,336	5.4
1996	108,885	5.4
1997	139,000	27.7
1998	112,000	-19.4
1999	115,000	2.7
2000	135,954	18.2
2001	148,438	9.2
2002	156,327	5.3
2003	179,910	15.1
2004	184,079	2.3
2005	227,398	23.5

Source: - Ethiopian Tourism Communion.

During the same period (1991- 2005), on average about 17% of the total number of tourists that have visited the country were for vacation purpose while those who visited the country for business account 22% of the total. Regarding the others, transit accounts

for 18%, visiting relative 9%, conference 11% and those who did not stated their purpose account for 22% of the total.

As the gateway of all international inbound, outbound and transit tourists/ passengers, Addis Ababa has been taking the lion's share in the country's tourist arrivals hosting an estimated 95-99% of the total international tourist arrivals.

In Addis Ababa Sheraton Addis and Hilton hotels are the two five star hotels at present. There is a new five star hotel (J.H. Simex hotel) under construction around Kasanchis area with a capacity of 151 bedrooms. Of the newly under construction hotels, ACOR with a room capacity of 240 is a four star hotel.

The bulk of the hotel in Addis Ababa is one to four star hotels. The following are major hotels found in Addis Ababa.

Table 3.4

INTERNATIONAL STANDARD HOTELS IN ADDIS ABABA

Hotel	No. of Rooms
Hilton	358
Sheraton	293
Ghion	190
Queen of Shaba	32
Imperial	63
Global	50
Hotel de Leopold	72
Ararate hotel	33
Axum hotel	33
Central hotel	53
Crown hotel	32
Ethiopia hotel	110
Ibex hotel	25
Ras Amba hotel	25
Taitu hotel	134
Wabi Shebelle hotel	108
Desalegne hotel	25
Total	1,636

Source: - Ethiopian Tourism Communion.

Accordingly, assuming 365 working days, currently international standard hotels in Addis Ababa have a total of 597,140 per annum tourist night room capacity. Based on discussion with various private hotel managers and other knowledgeable persons the average stay of tourists in a hotel is assumed to be 4 days.

In order to project tourist arrival in to Ethiopia, the past trend in tourist arrival is considered. During the period 1991-2005, the total tourist arrival in the country has registered an 8.2% average growth rate. Accordingly, assuming that this growth rate will continue in the future and taking year 2005 figure (227,398) as a base, tourist arrival is forecasted. Moreover, in order to compute the unsatisfied demand the total annual capacity of international standard hotels in Addis Ababa, which computed to be 597,140 rooms per annum is taken as the existing capacity. The projected tourist room requirement, which is calculated by taking the projected tourist arrival and multiplying it by the average hotel stay of tourists (4 days), the unsatisfied demand is shown in Table 3.5.

Table 3.5

EXISTING HOTEL CAPACITY, PROJECTED AND UN SATISFIED DEMAND

Year	Projection of Tourist Arrival	Room Night Demand	Existing Hotels Annual Capacity	Un Satisfied Demand
2008	286,456	716140	597,140	119,000
2009	309,372	773430	597,140	282,283
2010	334,122	835305	597,140	381,283
2011	360,852	902130	597,140	488,203
2012	389,720	974300	597,140	603,675
2013	420,898	1052245	597,140	728,387
2014	454,570	1136425	597,140	863,075
2015	490,935	1227338	597,140	1,008,535
2016	530,210	1325525	597,140	1,165,635
2017	572,627	1431568	597,140	1,335,303
2018	618,437	1546093	597,140	1,518,543
2019	667,912	1669780	597,140	1,716,443
2020	721,345	1803363	597,140	1,930,175

Accordingly, based on the market study and other considerations a four star hotel with room capacity of 75 to 100 is recommended.

2. Pricing

The pricing of hotel services depends considerably on the quality of service rendered and its location. The relatively high standard hotels in Addis Ababa charge a price, which ranges from USD 20(Ras Hotel) to USD 164(Sheraton Addis) for a single night per single room. Other hotels charge prices that fall in this range. For the envisaged project a price of Birr 120 per room per single night is proposed.

The hotel service will also earn revenues from the sale of food and drinks and other hotel services. The total revenue earned from this service is estimated at 25 per cent of the revenue obtained from room rents.

B. CAPACITY AND SERVICE PROGRAMME

1. Capacity

From the market study, it is observed that there is a great demand gap between the demand and supply of international tourist standard hotel service. Therefore, taking in to account the market study and economic scale of service provision the envisaged international tourist standard hotel will have capacities as shown below:

Table 3.6

**SERVICE CAPACITY OF THE ENVISAGED INTERNATIONAL TOURIST
STANDARD HOTEL**

Sr. No.	Type of Service	Feasible Service Capacity
1	Bedroom	100 rooms, 25 will be double rooms, 70 single rooms and 5 suits.
2	Bar and Restaurant <ul style="list-style-type: none"> • Bar 	60 Persons at a time.
	<ul style="list-style-type: none"> • Restaurant (Modern and traditional) 	200 at a time each
	<ul style="list-style-type: none"> • Coffee Shop 	10- 15 seats at a time
3	Sauna and steam bath	200 heads/day
4	Gymnasium	300 heads/day
5	Swimming pool (Big and small pools)	500 Heads/day and 120 head/day
6	Multi purpose Assembly hall	750 seats
7	Meeting room	50x3 seats
8	Children Playground	50 at a time
9	Night club	300 at a time

2. Service Programme:

At the initial stage of the service provision period, the hotel would require some years to penetrate into the market and capture a significant market share. Therefore, in the first and second year of service the capacity utilization rate will be 75% and 90%,

respectively. Full service provision shall be attained in the third year and then after. The proposed service provision program is shown in Table 3.7.

Table 3.7
SERVICE PROVISION PROGRAMME

Sr. No.	Service	Service Year		
		1	2	3- 10
1	Service provision rate (%)	75	90	100

IV. MATERIALS AND CONSUMABLES AND INPUTS

A. MATERIALS AND CONSUMABLES

The annual cost and list of raw materials are indicated in Table 4.1.

Table 4.1
ANNUAL MATERIAL AND CONSUMABLE
REQUIREMENT AT FULL SERVICE CAPACITY

Sr. No.	Description	Unit of Measure	Qty.	Total Cost (000) Birr
I	Sauna /steam bath			
1.1	Set of towels	Set	600	180
1.2	Gripping plastic floor mat	Pcs	10	0.5
1.3	Head cover	Pcs	1000	2
1.4	Sauna oil scent (115 ml)	Bottle		
1.5	Eucalyptus fragrance aroma	Bottle	1500	225
1.6	Cedar fragrance aroma	Bottle	1000	150
1.7	Winter green fragrance aroma	Bottle	1000	150
1.8	Menthol fragrance aroma	Bottle	1000	150
1.9	Sauna soap (200 pcs/pkt)			
1.10	Pine scent	Pkt	200	400
1.11	Birch scent	Pkt	200	400
1.12	Sauna brush with long handle	Pcs	100	20
1.13	Sauna head & back rests	Set	80	4
1.14	Sauna sponges	pcs	500	25
	Sub-Total			1706.5

Table 4.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty.	Total Cost (000) Birr
II	Massage			
2.1	Bolsters pillows and supports	Set	3	6
2.2	Multi purposes massage cream (assorted size)	Lump sum		10
2.3	Massage oil (assorted size)	Lump sum		10
2.4	Massage gels (Assorted size)	Lump sum		10
2.5	Linens & covers (Assorted size)	Lump sum		5
	Sub-Total			41
III	Laundry Center			
3.1	Cleaning Agent (Assorted)	Lump sum		80
3.2	Swing thread (Assorted)	Lump sum		0.2
	Sub-Total			80.2
IV	Multipurpose Assembly Hall			
4.1	Instrumental Audio CD (Assorted)	Lump sum		5
4.2	CD-cleaner			0.15
	Sub-Total			5.15
V	Modern & Traditional Restaurant, Bar and coffee shop			
5.1	Food (35% of revenue)			142
5.2	Beverage (35% of revenue)			123
	Sub-Total			265
VI	Swimming Pool			
6.1	Toilet soap	Pcs		40
6.2	Cleaning agent (Assorted)	Lump sum		70
	Sub-Total			110
VII	Other miscellaneous items			50
	Sub-Total			50
	Grand Total			2,257.85

B. UTILITIES

The utilities required for the service provision are electricity for lighting, for running of facility and equipment, and cold water for all services available, gardening, drinking, etc. The hotel also needs telephone for both local and international communication including Internet service and LPG gas for various kitchens, diesel and petrol fuel for diesel generators and for running vehicles. Based on past trends of utilities consumption by the

existing facilities of similar hotels, the annual requirement of utilities by the envisaged international tourist standard hotel is estimated at Birr 1,544,440. The details of the utilities required with their corresponding annual cost is shown in Table 4.2.

Table 4.2
UTILITIES REQUIREMENT AND COST

Description	Qty.	Cost ('000 Birr)
Electricity, kWh	400,000	189,440
Water, m ³	200,000	650,000
LPG, lt	1,000	15,000
Diesel, lt	100,000	690,000
Total		1,544,440

V. TECHNOLOGY AND ENGINEERING

A. TECHNOLOGY

1. Service Process

a) Bedroom

The hotel will have bedrooms and will offer versatile services and facilities. Of the total 100 rooms, 25 will be double rooms, 70 single rooms and 5 suits.

Bedrooms will be more spacious allowing ample and generous ease of movement, comfort and relaxation for guests. Among the features of the guest rooms the major ones are:

- Rooms of excellent quality both smoking and non- smoking, and with luxurious standard of furniture, wall coverings quality paintings and excellent quality floors,
- Rooms with absolutely minimal internal and external noise levels,
- Very good quality beds with superior head board or similar,
- Multi channel color TV with remote control for watching local and international news, movies, sports, and music and guest charge systems. In addition to terrestrial channels video channels would be included,
- International direct dialing telephone with easy connection for fax and computer, two room phones in each room,
- Private bath and shower room, all bath rooms equipped with an excellent quality of sanitary wares and fittings,
- News paper and magazine,
- Radio with several channels,
- Hot and cold water,
- Wake up call, and
- Hair dryer.

b) Bar and Restaurant

- **Bar**

The bar will provide in-house and terrace food and beverage services .Its total capacity is estimated to be 60 persons at a time.

- **Restaurant**

Two restaurants one modern and the other traditional with a capacity of 200 at a time each will be established. The restaurants will basically serve breakfast, lunch and dinner by providing daily menu, weekly buffet, and other choices of customers.

- **Coffee Shop**

A small - cozy coffee shop will be established with a capacity of 10- 15 seats

- c) **Multipurpose Assembly Hall**

The proposed capacity of multi-purpose assembly hall is 715 seats. The hall is planned to accommodate and serve multiple purposes. It can be used for multi-purpose activities by rearranging of seats and adding appropriate facilities on time and site. The hotel has various options to use available rooms such as for conventions, wedding services, training, workshops, and others other public gatherings.

- d) **Gymnasium**

The envisaged gymnasium will composed of one machine room (200sq. mt), one Aerobics studio (100 sq. mt)

- e) **Laundry Center**

The laundry center provides in-house cleaning service to bed room, and sauna/stem bathrooms by providing clean towels, linens, covers and uniform of the employees with the required time and quantity. The main processes of laundry center are sewing (if any), washing, and squeezing drying, folding and pressing.

The laundry center will have a daily capacity of providing 200 clean sets of towels, 300 sets of linen and cover 100 sets of uniforms and other miscellaneous items.

f) Swimming Pool

A swimming pool of having bigger size (50 m long x 25 m width x 1 m to 4 m slopping depth) for male and female and small size (20m long x 10 m width x 30 cm to 80 cm slopping depth) for children shall be constructed.

The swimming pool service will be provided to customer from guest room or from outside. Lockers are provided for customers for clothing and other belongings. The lockers require a coin to be inserted as deposit or payment. Showers are also ready for customers (male and female), before and after swimming. Other service requirements (deserts, hot and cold drinks) are also provided to customers

g) Children's Play Ground

The facilities included in the children's play ground are swings, sliding stands, tunnels, merry go round, sand filled pits, and coin operated toy vehicles and different kinds of arcade video games. The whole area of the playground shall be free from any obstruction that could result in accident and the recreational tools are installed in such a way that they will not cause any accident. The arcade coin operated video game room having an area of about 100 m² will be constructed from prefabricated material with ventilation and lighting, and it will be carpeted. It should also be free from any visible electrical connections and free from an accident or hazard.

The provision of such service doesn't have any adverse impact on environment.

2. Source of Technology

The technical data has been complied by visiting the existing international hotels with in Addis Ababa and discussion with various professionals in similar fields and review of technical documents about the international tourist standard hotels.

B. ENGINEERING

1. Machinery and Equipment

The total cost of machineries, equipment, articles and accessories required by the envisaged hotel is estimated at Birr 10, 001,490.

The complete list of machinery and equipment together with estimated cost are shown in Table 5.1.

Table 5.1
MACHINERY AND EQUIPMENT REQUIRED AND COST

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
1	Bed rooms				
1.1	Foldable Rest chair	Pcs	20	300	6,000
1.2	Foldable rest bed	Pcs	14	700	9,800
1.3	Wall mirror (1x 1.5mt), Supply and Installation	Pcs	18	350	6,300
1.4	Sofa Guest chair (Three seat)	Pcs	20	3,500	70,000
1.5	Wardrobe with coat hungers	Pcs	14	1,500	21,000
1.6	Receptionist table, Single pedestal	Pcs	2	1,200	2,400
1.7	Swivel chair	Pcs	2	810	1,620
1.8	Satellite dish with Color TV 21" & antenna	Set	1	5,000	5,000
1.9	Public addressing system	Set	1	5,000	5,000
1.10	Wall watch	Pcs	1	100	100
	Sub-Total				127,220
2	Laundry center				

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
2.1	Laundry center (Supply and Installation) comprising of	LOT	1	300,000	300,000
	Washing machines, drying machine, squeezing machine, Ironing (pressing) machines, steam drying machines electrical hydro-extractor and sewing machine. Daily a capacity of providing 100 clean set of towels, 300 sets of linen & cover 50 sets of uniforms.				
	Sub-Total				300,000
3	Sauna and Steam bath				
3.1	Sauna Electric heater 10.5 Kw 44amp/70breaker	Pcs	8	10,000	80,000
3.2	Sauna bucket, wooden 4 lt.	Pcs	8	500	4,000
3.3	Sauna Ladle (Dipper), Wood, Birch, 381mm Long	Pcs	8	300	2,400
3.4	Sauna thermometer Wood, Shows °F and °C, 140mm Square	Pcs	10	249	2,490
3.5	Electronic sauna timer 90 Minute	Pcs	10	200	2,000
3.6	Sauna hygrometer	Pcs	8	800	6,400
3.7	Steam generator	Pcs	1	30,000	30,000
3.8	Clothe hunger (Peg rack)	Pcs	10	150	1,500
3.9	Foldable Rest chair	Pcs	20	300	6,000
3.10	Foldable rest bed	Pcs	10	700	7,000
3.11	Wall mirror (1x 1.5mt), Supply and Installation	Pcs	12	350	4,200
3.12	Sofa Guest chair (Three seat)	Pcs	20	3,500	70,000
3.13	Wall mounted Lockers, supply and installation, 10 lockers in one	Pcs	10	1,500	15,000
3.14	Receptionist table, Single pedestal	Pcs	1	1,200	1,200
3.15	Swivel chair	Pcs	1	810	810
3.16	Satellite dish with Color TV 21" & antenna	Set	1	5,000	5,000
3.17	Public addressing system	Set	1	5,000	5,000
3.18	Wall watch	Pcs	1	100	100
	Sub-Total				243,100

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
4	Physiotherapy				
4.1	Infrared heaters, for facial treatment	Pcs	6	10,000	60,000
4.2	Aerobics				
4.2.1	Public addressing system (supply and installation)	Set	1	15,000	15,000
4.2.2	Aerobics dumbbell	Set	5	2,000	10,000
4.2.3	Stepping rocks (assorted)	set	100	150	15,000
4.2.4	Wall mounted mirror (supply and installation)	m ²	30	150	4,500
4.3	Physical fitness (Machine)				
4.3.1	Bike protus	pcs	3	5,000	15,000
4.3.2	Track tread mills (electrical)	pcs	1	20,000	20,000
4.3.3	Track tread mills (manual)	pcs	2	4,000	8,000
4.3.4	Heart rate monitors and pedometers	pcs	3	1,000	3,000
4.3.5	Body solid endurance up right	pcs	1	10,000	10,000
4.3.6	Muscular dynamics	pcs	1	12,000	12,000
4.3.7	Simplex II series	pcs	1	14,000	14,000
4.4	Massage				
4.4.1	Portable massage table with tools and accessories	pcs	1	15,000	15,000
4.4.2	Massage bodywork tools	Set	2	3,500	7,000
4.4.3	Massage chair with tools & accessories	pcs	1	10,000	10,000
4.4.4	Massage store heater	Set	1	1,000	1,000
4.4.5	Massage table electric warming pad	pcs	2	2,000	4,000
4.4.6	Fleece massage table pad	pcs	1	500	500
4.4.7	Massage music and video kit	Set	1	5,000	5,000
4.4.8	Pillows/body support/ back care	Set	2	4,000	4,000
4.4.9	Cleaner and sanitizers	Set	2	2,000	2,000
4.4.10	Wall mirror (1x 1.5mt), Supply and Installation	Pcs	5	350	1,750

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
4.4.11	Sofa Guest chair (Three seat)	Pcs	20	3,500	70,000
4.4.12	Wall mounted Lockers, supply and installation, 10 lockers in one	Pcs	30	1,500	45,000
4.4.13	Receptionist table, Single pedestal	Pcs	2	1,200	2,400
4.4.14	Swivel chair	Pcs	2	1,620	1,620
4.4.15	Satellite dish with Color TV 21" & antenna	Set	2	5,000	10,000
4.4.16	Public addressing system	Set	2	5,000	10,000
4.4.17	Wall watch	Pcs	2	100	200
	Sub-total				375,970
5	Multi-Purpose Assembly Hall				
5.1	Foldable sofa chair supply and installation	Pcs	715	400	286,000
5.2	Guest chair with arm seat	Pcs	10	400	4,000
5.3	Laminated conference table (200x100x175)	Pcs	2	1,850	3,700
5.4	Window curtain, Valance type (supply and installation)	Sq.Mt.	645	250	162,500
5.5					
5.6	Stage lighting (decorative quartz flood lights and spot lights) (assorted)	Set	1	8,000	8,000
5.7	Multi media projector	Unit	1	35,000	35,000
5.8	LCD projector	Pcs	1	22,000	22,000
5.9	Overhead projector	Pcs	1	3,000	3,000
5.10	Projector screen with portable tripod (250x250)	Pcs	1	2,500	2,500
5.11	Wall mounted projector screen (300-350x300-350)	Pcs	1	5,000	5,000
5.12	Public Addressing System, Auditoria type (supply & Installation)	Lot	1	77,000	77,000
5.13	Sink with two bay(for the kitchen)	Pcs	1	500	500

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
5.14	Multimedia service (Supply and installation) comprising 20 brand desktop computers with accessories, 17" monitor (20 nodes), Server Network accessories (Terminals, patch cords, patch panels, switches/hubs, cables, cable trays, etc) Tele broad band service line etc.	Lot	1	350,000	350,000
5.15	Heavy duty & color photocopy machine	Pcs	1	250,000	250,000
5.16	Binding machine	Pcs	2	3,500	7,000
5.17	Laminating machine	Pcs	1	3,000	3,000
5.18	Heavy duty & color photocopy machine	Pcs	1	250,000	250,000
5.19	Kitchen working table with drawers, 3m x90cm	Pcs	2	3,000	6,000
5.20	Kitchen cabinet	Pcs	2	1,500	3,000
5.21	Cabinet for coffee, tea cups, spoons etc	Pcs	2	2,000	4,000
5.22	Sink with two bay for washing tea and coffee cups, draft glasses, water glasses etc	Pcs	1	500	500
5.23	Digital satellite dish with all accessories	Pcs	1	5,000	5,000
5.24	Steel legged adjustable height chairs around the balcony	Pcs	10	450	4,500
5.25	Plastic chair	Pcs	200	150	30,000
5.26	Oval shaped plastic table	Pcs	50	800	40,000
5.27	Umbrella	Pcs	20	400	8,000
5.28	Presidential desk 75x32x100cm)	Pcs	1	8,000	8,000
5.29	Law back swivel chair	Pcs	1	1,800	1,800
5.30	Laminated conference table (200x100x175 cm)	Pcs	1	1,590	1,590
5.31	Guest chair with arm seat	Pcs	6	751	4,506
5.32	Sofa guest chair with arm seat	Pcs	8	1,200	9,600
5.33	Oval coffee table	Pcs	1	690	690

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
5.34	Open shelf and sliding door office cabinet	Pcs	1	1,720	1,720
5.35	Open book shelf (151x78x35)	Pcs	1	1,220	1,220
5.36	Wooden filling cabinet, four drawers	Pcs	1	1,100	1,100
5.37	Coat hunger	Pcs	6	320	320
5.38	Executive sec. Desk and chair	Set	1		
5.39	Office desk (140x75x75)	Pcs	1	923	923
5.40	Arc joint table (75x75)	Pcs	1	263	263
5.41	Computer table (90x75x75)	Pcs	1	1,352	1,352
5.42	Mobile drawer	Pcs	1	750	750
5.43	Swivel chair	Pcs	1	810	810
5.44	Sofa Guest chair	Set	1		
5.45	One seat	Pcs	1	1,840	1,840
5.46	Two seats	Pcs	1	2,630	2,630
5.47	Three seats	Pcs	1	3,410	3,410
5.48	Oval coffee table	Pcs	1	690	690
5.49	Filling cabinet, four drawers	Pcs	22	1,170	25,740
5.50	Metallic storage cabinet	Pcs	1	1,103	1,103
5.51	Office desk (180x75) with mobile 3 drawers	Pcs	7	1,833	12,831
5.52	Managerial chair, high back	Pcs	7	938	6,566
5.53	Guest chair with arm seat	Pcs	48	380	18,240
5.54	Wooden office shelf (165x30x180)	Pcs	12	1,820	21,840
5.55	Coffee table (100x50x50)	Pcs	13	450	5,850
5.56	Open shelf office cabinet with drawer shelf office cabinet, metallic	Pcs	6	1,800	10,800
5.57	Metallic L-shape secretarial desk (150x75x75)	Pcs	6	2,192	13,152
5.58	Secretary swivel chair	Pcs	6	800	4,800
5.59	Office desk (120x80) with mobile 3 drawers	Pcs	13	1,109	14,417
5.60	Guest chair	Pcs	26	250	6,500
5.61	Open wooden shelf	Pcs	13	1,109	14,417
5.62	Office desk w/o pedestal	Pcs	12	845	10,140

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
5.63	Chair with arm seat	Pcs	12	200	2,400
5.64	Metallic storage cabinet, slide	Pcs	4	1,347	5,388
5.65	Dixon shelf (250x100x50)	Pcs	8	600	4,800
5.66	Meeting room chairs with arm seat	Pcs	40	300	12,000
5.67	Meeting room table (200x100x125)	Pcs	2	600	1,200
5.68	White board (200x150)	Pcs	1	350	350
5.69	Cash safe box	Pcs	1	3,400	3,400
5.70	Brand desktop computer	Set	10	9700	97,000
5.71	Laser jet printer	Pcs	7	3,250	22,750
5.72	Fax machine (with scanner & copy)	Pcs	1	3,000	3,000
5.73	Electronic type writer	Pcs	1	2,500	2,500
5.74	Photocopy machine	Pcs	1	12,750	12,750
5.75	Carpet, woolen strip (160x230cm)	Pcs	1	2,500	2,500
5.76	Carpet, woolen strip (160x230cm)	Pcs	1	2,500	2,500
5.77	Window curtain, Blind vertical fabric 1 st grade (Supply and installation)	Sq. Mt	105	200	21,000
5.78	Floor carpet (Supply and installation)	Sq. Mt.	32	250	8,000
5.79	Floor carpet (Supply and installation)	Sq. Mt.	178	150	26,700
5.80	Window curtain, Blind vertical fabric 1 st grade (Sup and inst.)	Sq. Mt	105	200	21,000
5.81	Coffee machine 2olt.	Pcs	1	20,000	20,000
5.82	Water glass	Set	20	20	400
5.83	Coffee cups with saucer	Set	20	100	2,000
5.84	Tea cups w/saucer	Set	20	50	1,000
5.85	Butter plate	Pcs	2	150	300
5.86	Bread plate	Pcs	30	20	600
5.87	Sugar dispenser size 6	Pcs	20	25	500
5.88	Juice glass	Set	20	50	1,000
5.89	Tea spoon	Pcs	50	1	50
5.90	Coffee spoon	Pcs	50	1	50
5.91	Juice strainer	pcs	2	120	240
5.92	Oil & vinegar holder	Set	22	20	440

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
5.93	Kitchen knife	Set	3	150	450
5.94	Refrigerator, 240 lt	Pcs	1	5,000	5,000
5.95	Deepfreeze 500lt	Pcs	1	10,000	10,000
5.96	Gas burner with cylinder, 12kg,two gas and two electric stoves	Pcs	2	4,000	8,000
5.97	Frying pans	Set	4	200	800
5.98	Dishes with two handle	Set	4	500	2,000
5.99	Pressure cooker (1 up to5 bars)	Set	3	1,500	4,500
5.100	Medical Equipment, tools, instruments and furniture for the Clinic	Lump sum		500,000	500,000
	Sub Total				2,586,378
6	Swimming Pool				
6.1	Wall mounted Lockers, supply and installation, 10 lockers in one	Pcs	20	1,500	30,000
6.2	Foldable Rest chair	Pcs	20	300	6,000
6.3	Foldable rest bed	Pcs	14	700	9,800
6.4	Lawnmower	Pcs	2	2,000	4,000
6.5	Chemical mixing tank, 2 M ³ supply and installation	Pcs	1	3,000	3,000
6.6	Chemical dosing pump, supply and installation	Pcs	2	5,000	10,000
6.7	Coffee machine 10 lt	Pcs	1	8,000	8,000
6.8	Plastic chair	Pcs	40	150	6,000
6.9	Oval shaped plastic table	Pcs	10	800	8,000
6.10	Umbrella	Pcs	10	400	4,000
6.11	Juice glass	Set	20	50	1,000
6.12	Tea spoon	Pcs	50	1	50
6.13	Coffee spoon	Pcs	50	1	50
6.14	Juice strainer	pcs	2	120	240
6.15	Juice glass	Set	20	50	1,000
6.16	Water glass	Set	20	20	400
6.17	Coffee cups with saucer	Set	20	100	200
6.18	Tea cups w/saucer	Set	20	50	1,000

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
6.19	Ice cream box	Pcs	1	5,000	5,000
	Sub Total				89,740
7	Park and Recreation Center				
7.1	Lawnmower	Pcs	5	2,000	10,000
7.2	Wheelbarrow	Pcs	10	400	4,000
7.3	Metal Scrapper (fork)	Pcs	10	40	400
7.4	Coffee machine 10 lt	Pcs	1	8,000	8,000
7.5	Plastic chair	Pcs	40	150	6,000
7.6	Oval shaped plastic table	Pcs	10	800	8,000
7.7	Umbrella	Pcs	10	400	4,000
7.8	Juice glass	Set	20	50	1,000
7.9	Tea spoon	Pcs	50	1	50
7.10	Coffee spoon	Pcs	50	1	50
7.11	Juice strainer	pcs	2	120	240
7.12	Juice glass	Set	20	50	1,000
7.13	Water glass	Set	20	20	400
7.14	Coffee cups with saucer	Set	20	100	200
7.15	Tea cups w/saucer	Set	20	50	1,000
7.16	Ice cream box	Pcs	1	5,000	5,000
7.17	Water sprinklers	Pcs	30	40	1,200
7.18	Water hose nylon rope reinforced 25.4 mm dia, 36 mt length with clamp	Pcs	4	250	1,000
7.19	Gardener kit	Set	2	600	1,200
7.20	Children Play ground				

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
7.21	Two chain rope swing with steel sit and stand	Set	1	1,500	1,500
7.22	Plastic made Slide and hide tower (2-8 years)	Set	2	3,000	6,000
7.23	15ft x 42 in. plastic made play tunnel	Set	1	1,200	1,200
7.24	Merry-go-round (made of steel)	Set	1	2,500	2,500
7.25	See-saw (made of steel)	Set	1	1,000	1,000
7.26	Sand filled pits, 5m2	Set	3	500	1,500
7.27	Coin operated toy vehicles	Set	2	25,000	50,000
7.28	Coin operated video game machines (different type)	Set	6	45,000	270,000
	Sub Total				386,440
8	GUEST ROOMS				
8.1	BED ROOMS	Pcs			
8.2	Bed sets - queen size, 2 by 1.90 m(for 3 suite rooms)	Pcs	6	3,200	19,200
8.3	Bed sets – single, 1.20 * 1.90m (for 24 double/twin rooms)	Pcs	48	1,900	91,200
8.4	Bed -2*1.90	Pcs	6	1,500	9,000
8.5	Bed-1.2*1.90	Pcs	48	1,500	72,000
8.6	Bed side armoires-wood with 2 chest drawers	Pcs	54	432	23,328
8.7	Sofa- single seat upholstery 2 for each room	Pcs	54	860	46,440
8.8	Coffee table- round glass top	Pcs	27	1200	32,400

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
8.9	Chair- wooden	Pcs	27	380	102,660
8.10	Writing table- wooden with 4 chest drawers	Pcs	27	545	14,715
8.11	Luggage rack- movable & flexible	Pcs	27	128	3,456
8.12	Wardrobe – wooden built-in with partitions	Pcs	27	904	24,408
8.13	TV set – 14 inches , flat screen	Pcs	27	7,600	205,200
8.14	Telephone	Pcs	27	1,200	32,400
8.15	Bath	Pcs	27	2,600	70,200
8.16	Shower	Pcs	27	380	10,260
8.17	Toilet seat	Pcs	27	280	7,560
8.18	Washing basin	Pcs	27	450	12,150
8.19	Mirror	Pcs	27	185	4,995
	Sub total				781,572
9	MODERN RESTAURANT	Pcs			
9.1	Tables- round	Pcs	40	326	13,040
9.2	Chairs	Pcs	160	112	17,920
9.3	Side service tables	Pcs	5	185	925
9.4	Service trolleys	Pcs	2	380	760
9.5	Cupboards	Pcs	2	420	840
9.6	Main dish Plate with rim- 20 cm	Pcs	200	46	9,200
9.7	Soup cup with saucer	Pcs	80	32	2,560
9.8	Salad plate	Pcs	200	41	8,200
9.9	Bread plate	Pcs	50	31	1,550
9.10	Salt & pepper –set	Pcs	50	28	1,400

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
9.11	Butter holder/dish	Pcs	50	15	750
9.12	Coffee cup with saucer	Pcs	80	22	1,760
9.13	Tea cup with saucer	Pcs	80	18	1,440
9.14	Soup spoon	Pcs	80	6	480
9.15	Main dish knife	Pcs	300	7	2,100
9.16	Forks	Pcs	300	7	2,100
9.17	Salad knife	Pcs	200	21	4,200
9.18	Dessert bowl	Pcs	200	28	5,600
9.19	Water glass	Pcs	200	26	5,200
9.20	Red wine glass	Pcs	50	28	1,400
9.21	White wine glass	Pcs	50	28	1,400
9.22	Champagne glass	Pcs	30	30	900
9.23	Liqueur glass	Pcs	200	25	5,000
9.24	Cocktail glass	Pcs	30	25	750
9.25	Beer glass	Pcs	120	17	2,040
9.26	Wine cooler with stand	Pcs	4	206	824
9.27	Ashtray	Pcs	50	12	600
9.28	Cash register	Pcs	1	1,500	1,500
9.29	Wine storage shelf	Pcs	1	2,600	2,600
	Sub total				95,779
10	BAR	Pcs			
10.1	Tables	Pcs	20	103	2,060
10.2	Chairs	Pcs	60	82	4,920
10.3	Bar counter	Pcs	1	3,650	3,650
10.4	Beverage shelve/ cupboard	Pcs	1	2,800	2,800

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
10.5	Bar stool (counter chairs)	Pcs	8	70	560
10.6	Bar coffee machine	Pcs	1	6,450	6,450
10.7	Mixer & Juicer	Pcs	1	560	560
10.8	Beverage dispenser	Pcs	1	1,300	1,300
10.9	Water glass	Pcs	40	26	1,040
10.10	White wine glass	Pcs	20	28	560
10.11	Red wine glass	Pcs	20	28	560
10.12	Wine cooler	Pcs	2	206	412
10.13	Ice bucket	Pcs	1	54	54
10.14	Cash register	Pcs	1	7,500	7,500
10.15	Ashtray	Pcs	40	12	480
	Sub total				32,906
11	Traditional Restaurant	Pcs			
11.1	Short-leg traditional chair	Pcs	120	476	57,120
11.2	Short-leg traditional table	Pcs	30	1,714	51,420
11.3	Traditional sofa – set (3,2,1 seats with table)	Pcs	10	4,628	46,280
11.4	Traditional lamp shed- big size	Pcs	4	860	3,440
11.5	Traditional ordinary stool	Pcs	20	86	1,720
11.6	Food & beverage serving trays	Pcs	10	32	320
11.7	Sauce (wet) preparing pot- big size	Pcs	5	325	1,625
11.8	Sauce “ “ - medium size	Pcs	3	210	630
11.9	Sauce “ “ - small size	Pcs	6	130	780
11.10	Refrigerator -	Pcs	2	8,400	16,800
11.11	Counter with shelve and drawers	Pcs	1	12,100	12,100

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
11.12	Cash register	Pcs	1	3,690	3,690
11.13	Washing basin unit	Pcs	1	2,600	2,600
	Sub total				198,525
12	COFEE SHOP	Pcs			
12.1	Coffee shop counter unit- custom built	Pcs	1	10,950	10,950
12.2	Coffee machine	Pcs	1	12,350	12,350
12.3	Long-leg counter stool	Pcs	5	190	950
12.4	Chair with coffee table (set)	Pcs	2	3,650	7,300
12.5	Coffee cup with saucer	Pcs	30	22	660
12.6	Tea cup with saucer	Pcs	20	18	360
12.7	Sugar holder (for all outlets)	Pcs	12	23	276
	Sub total				32,846
13	KITCHEN				
13.1	Electrical & gas grill with six burners	Pcs	1	46,340	46,340
13.2	Microwave oven-20nos	Pcs	1	18,000	18,000
13.3	Salamander	Pcs	1	45,000	45,000
13.4	Deep fryer	Pcs	1	18,400	18,400
13.5	Mixer	Pcs	1	9,000	9,000
13.6	Silcer	Pcs	1	4,300	4,300
13.7	Hot – water bath (bain maire)	Pcs	1	12,600	12,600
13.8	Freezer	Pcs	1	17,400	17,400
13.9	Stock pot(50 liters)	Pcs	4	3,300	13,200
13.10	Sauce pan	Pcs	3	1,800	5,400
13.11	Sauce pot(50 liters)	Pcs	5	1,800	9,000
13.12	Boiler(30 liters)	Pcs	4	6,400	25,600

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
13.13	Baking pan	Pcs	3	1,710	5,130
13.14	Roasting pan	Pcs	5	1,710	8,550
13.15	Scale(portion)	Pcs	1	1,000	1,000
13.16	Scale	Pcs	1	3,200	3,200
13.17	Measuring spoons	Pcs	2	5,140	10,280
13.18	Chef's Knife (10 in.)	Pcs	5	310	1,550
13.19	Salad knife (6 in.)	Pcs	2	240	480
13.20	Vegetable knife (2in.)	Pcs	3	240	720
13.21	Boning (6in.)	Pcs	4	240	960
13.22	Slicer knife (12in.)	Pcs	2	240	480
13.23	Bucher's knife(12in.)	Pcs	2	240	480
13.24	Cleaver (4in.)	Pcs	1	240	240
13.25	Vegetable peeler (set)	Pcs	1	85	85
13.26	Cutting Board – hard rubber	Pcs	4	310	1,240
13.27	Pastry wheel	Pcs	1	105	105
13.28	Kitchen spoon (perforated)	Pcs	2	176	352
13.29	Kitchen spoon(solid)	Pcs	5	176	880
13.30	Skimmer (long)	Pcs	2	208	416
13.31	Tongs (long)	Pcs	2	126	252
13.32	Grater (normal size)	Pcs	1	132	132
13.33	Strainer	Pcs	2	182	364
13.34	Can opener	Pcs	1	190	190
13.35	Kitchen counter top, with cupboard unit	Pcs	1	5,700	5,700
13.36	Sink unit (900 / 1600mm)	Pcs	1	4,910	4,910

Table 5.1 Cont'd

Sr. No.	Description	Unit of Measure	Qty	Unit Price (Birr)	Total Price (Birr)
13.37	Wall attached shelves	Pcs	2	3,500	7,000
13.38	Refrigerator (self contained)- 1500lt	Pcs	2	8,400	16,800
13.39	Hot cupboard (warmer)	Pcs	2	1,500	2,600
13.40	Toaster	Pcs	1	850	1,700
13.41	Ice cream machine	Pcs	1	3,700	3,700
13.42	Ice cube machine	Pcs	1	4,940	4,940
13.43	Dishwashing machine	Pcs	1	2,175	2,175
	Sub-Total				319,851
14	HOUSEKEEPING	Pcs			
14.1	Cleaning trolley	Pcs	3	2,450	7,350
14.2	Supplies and linen storage shelf unit	Pcs	1	3,712	3,712
14.3	Wet and dry floor cleaning machine	Pcs	2	2,710	5,420
14.4	Vacuum cleaner (upright)	Pcs	3	2,310	6,930
14.5	Mop trolley with squeezer	Pcs	3	35	405
14.6	Buckets big size	Pcs	5	82	410
14.7	Buckets small size	Pcs	10	71	710
	Sub Total				21,937
15	Stand By Generator Set With Canopy And Accessories(100KVA)	Unit	3		3,500,000
	Sub Total				
	Total				9,092,264
	Contingency (10%)				909,226
	Grand Total				10,001,490

2. Land, Building and Civil Works

Land requirement by the envisaged hotel is estimated at 7,000 m². The hotel floor area is estimated to cover 4,000 m² and the remaining 3,000 m² is left for construction of, generator house, guard house, parking lot, children play ground, swimming pool garden, shops and walk ways.

The type of buildings and its corresponding civil construction cost is given on Table 5.2.

Table 5.2
TYPE OF CONSTRUCTION AND ITS RATE (BIRR/m²)
LIST OF BUILDING AND CIVIL WORKS AND THEIR COSTS

Sr. No.	Building	Total Area (m²)	Rate per m² (Birr)	Total cost (Birr)
1	Hotel building	4000	7,000	24,000,000
2	Swimming pool, park and recreation center, walk ways etc	3000	3,000	9,000,000
Sub -Total		7,000		33,000,000
Contingency				5,000,000
Grand Total				38,000,000

As shown on Table 5.2, the total cost of building and civil work is estimated at Birr 38,000,000.

According to the Federal Legislation on the Lease Holding of Urban Land (Proclamation No 272/2002) in principle, urban land permit by lease is on auction or negotiation basis, however, the time and condition of applying the proclamation shall be determined by the concerned regional or city governments depending on the level of development.

In Addis Ababa the city's Land Administration And Development Authority is directly responsible in dealing with matters concerning land. Accordingly, the initial land lease rate in Addis Ababa set by the Authority based on the location of land is as shown in Table 5.3.

Table 5.3
INITIAL LAND LEASE RATE IN ADDIS ABABA

Sr. No	Location of the land	Land Grade	Initial Price in m²
1	Central Business zones	1	1167.3
		2	1062.9
		3	916.2
		4	751.5
		5	619.2
2	Places that are Under Transit	1	716.4
		2	647.1
		3	559.8
		4	472.5
		5	384.3
3	Expansion Zones	1	245.7
		2	207
		3	150.3
		4	132.3

Source; Addis Ababa City Land Administration Authority.

As can be seen from Table 5.3, the initial land lease rate ranges from Birr 1,167.3 to 132.3 per m².

Currently, most of the hotels in Addis Ababa are located on the central business zones of the city. Therefore, expansion zones are recommended as the best locations for the project. Accordingly, the average of the land lease rates in the expansion zones which is Birr 183.8 m² is adopted.

The Federal Legislation on the Lease Holding of Urban Land legislation has also set the maximum on lease period and the payment of lease prices (see Table 5.4 and Table 5.5).

Table 5.4

LEASE PERIOD

Type of Service	Lease Period (Years)
Residential area	99
Industry	80
Education, cultural research health, sport, NGO and religious	99
Trade	70
Urban Agriculture	15
Other service	70

Table 5.5

LEASE PAYMENT PERIOD

Sr. No.	Service Type	Period of Payment According to the Grade of Towns
1	Private residential are obtained through tender or negotiation	50 - 60 years
2	Trade	40 - 50 years
3	Industry	40 - 50 years
4	Real estate	40 years
5	Urban Agriculture	8 - 10 years
6	Trade and social service	40 - 50 years
7	Others	40 years

Moreover, advance payment of lease based on the type of investment ranges from 5% to 10%. For those that pay the entire amount of the lease will receive 0.5% discount from the total lease value and those that pay in installments will be charged interest based on the prevailing interest rate of banks. Moreover, based on the type of investment, two to seven years grace period shall also be provided. The lease price is payable after the grace period annually.

Regarding, the terms and conditions of land lease the Addis Ababa City Government have adopted Article 6 of the Federal Legislation with very minimal changes. Therefore, for the purpose of this project profile since the project is engaged in social service , 99 years lease period, 50 years lease payment completion period, 5% down payment and seven years grace period is used.

Accordingly, the land lease cost of the project, at rate of Birr 183.8 per m² for 99 years of holding is estimated at Birr 127.37 million. Assuming 5% of the total cost (Birr 6.37) will be paid in advance as down payment and the remaining Birr 121 million will be paid in equal installments with in 50 years, the annual lease payment is estimated at Birr 2,420,095.

VI. MANPOWER AND TRAINING REQUIREMENT

A. MANPOWER REQUIREMENT

The envisaged hotel requires 265 labor force. The list of manpower and the annual cost of labor is indicated in Table 6.1.

Table 6.1**MANPOWER REQUIREMENT AND ANNUAL LABOUR COST**

Sr. No.	Description	No. of Persons	Monthly Salary (Birr)	Annual Salary (Birr)
I	Bed Room			
1.1	Bed rooms supervisor	1	2,000	24,000
1.2	Receptionist	3	1,500	18,000
1.3	Casher	3	1,500	18,000
1.4	Cleaner	6	2,100	25,200
1.5	Plumber	1	600	7,200
1.6	Electrician	1	600	7,200
1.7	Guard	3	1,200	14,400
	Sub- Total	18	9,500	114,000
II	Sauna /steam Bath			
2.1	Sauna and Steam bath attendant	4	2,200	26,400
2.2	Cleaner	4	1,400	16,800
	Sub -Total	8	3,600	43,200
III	Massage			
3.1	Massage expert	8	8,000	96,000
3.2	Physiotherapist	2	3,600	43,200
3.3	Receptionist	2	10,000	12,000
3.4	Cleaner	4	1,400	16,800
IV	Multipurpose Assembly Hall			
4.1	Assembly hall supervisor	1	1,000	12,000
4.2	Film projector operator	3	2,400	28,000
4.3	Hall attendant	8	4,000	32,000

Table 6.1 Cont'd

Sr. No.	Description	No. of Persons	Monthly Salary (Birr)	Annual Salary (Birr)
4.4	Casher	4	2,000	8,000
4.5	Cleaner	20	700	1,400
4.6	Store keeper	2	11,00	2,200
	Sub -Total	38	11,200	83,600
V	Pastry and Staff Cafeteria			
5.1	Cafeteria supervisor	1	1,000	12,000
5.2	Waiter	12	4,800	57,600
5.3	Cook	6	3,000	36,000
5.4	Coffee machine operator	2	1,000	12,000
5.5	Cleaner	6	2,100	25,200
5.6	Pastry attendant	2	900	10,800
	Sub- Total	29	12,800	153,600
VI	Modern Hotel and Traditional Restaurant			
6.1	Supervisor	1	1,500	18,000
6.2	Purchaser	1	700	8,400
6.3	Driver	2	900	10,800
6.4	Cook	10	7,000	84,000
6.5	Waiter	40	20,000	240,000
6.6	Coffee ceremony attendant	4	1,400	16,800
6.7	Cleaner	20	7,000	84,00
	Sub -Total	78	38,500	378,000
VII	Swimming Pool			
7.1	Supervisor	1	900	10,800
7.2	Waiter	10	4,500	54,000
7.3	Coffee machine operator	2	1,000	12,000
7.4	Dessert attendant	2	900	10,800
7.5	Life saver	4	2,800	33,600
7.6	Cleaner	4	1,400	16,800
7.7	Casher	4	2,000	24,000
7.8	Plumber	1	600	7,200
7.9	Electrician	1	600	7,200
7.10	Gardener	1	350	4,200
7.11	Guard	3	1,200	14,400
	Sub -Total	33	16,250	195,000

Table 6.1 Cont'd

Sr. No.	Description	No. of Persons	Monthly Salary (Birr)	Annual Salary (Birr)
VIII	Park and Recreation Center			
8.1	Supervisor	1	900	10,800
8.2	Waiter	6	2,700	32,400
8.3	Coffee machine operator	2	1,000	12,000
8.4	Dessert attendant	2	900	10,800
8.5	Children play-ground attendant	12	4,800	
8.6	Cleaner	4	1,400	16,800
8.7	Casher	2	1,000	12,000
8.8	Gardener	1	350	4,200
8.9	Guard	3	1,200	14,400
	Sub- Total	33	14,250	101,400
VIX	Guest Room			
9.1	Chief receptionist	1	600	7,200
9.2	Receptionist	4	300	3,600
9.3	Porter	5	250	3,000
9.4	Door attendant	2	280	3,360
9.5	Head housekeeper	1	500	6,000
9.6	Guestroom attendant/ cleaner	4	300	3,600
9.7	Public area cleaner	4	250	3,000
9.8	Laundry supervisor	1	400	4,800
9.9	Laundry attendant	6	300	3,600
	Sub -Total	28	3,180	38,160
	Total	265	109,280	1,106,960
	Employees benefit (25% of basic salary)		27,320	327,840.00
	Grand Total		136,600	1,434,800.00

B. TRAINING REQUIREMENT

All the staffs, in the catering and recreation sections, including physiotherapists, and supervisors should be given at least two weeks on-the-job- training by the equipment supplier's expert during commissioning. The management members should also be given a two weeks training in local training centers. The total cost of training is estimated at Birr 200,000.

VII. FINANCIAL ANALYSIS

The financial analysis of the international / tourist standard hotel project is based on the data presented in the previous chapters and the following assumptions:-

Construction period	1 year
Source of finance	30 % equity 70 % loan
Bank interest	8.5%
Discount cash flow	8.5%
Accounts receivable	30 days
Raw material (perishable)	3 days
Raw Material (non perishable)	30 days
Cash in hand	5 days
Accounts payable	30 days
Repair and maintenance	5% of equipment cost

A. TOTAL INITIAL INVESTMENT COST

The total investment cost of the project including working capital is estimated at Birr 60.26 million. The major breakdown of the total initial investment cost is shown in Table 7.1.

Table 7.1
INITIAL INVESTMENT COST (‘ 000 Birr)

Sr. No.	Cost Items	Local Cost	Foreign Cost	Total Cost
1	Land lease value	6,370.00	-	6,370.00
2	Building and Civil Work	38,000.00	-	38,000.00
3	Hotel Equipment	10,001.49	-	10,001.49
4	Office Furniture and Equipment	250.00	-	250.00
5	Vehicle	1,250.00	-	1,250.00
6	Pre-production Expenditure*	3,721.71	-	3,721.71
7	Working Capital	667.26	-	667.26
	Total Investment cost	60,260.46	-	60,260.46

* *N.B Pre-production expenditure includes interest during construction (Birr 3.42 million), training (Birr 200 thousand) and Birr 100 thousand costs of registration, licensing and formation of the company including legal fees, commissioning expenses, etc.*

B. OPERATION COST

The annual production cost at full operation capacity is estimated at Birr 12.06 million (see Table 7.2). The major components of the production cost depreciation, financial cost and material and input which account for 26.82%, 22.63% and 18.72%, respectively. The remaining 31.82% is the share of direct labour, utility, repair and maintenance, labour over head and other administration cost.

Table 7.2**ANNUAL PRODUCTION COST AT FULL CAPACITY ('000 BIRR)**

Items	Cost	%
Material and Inputs	2,257.85	18.72
Utilities	1,544.44	12.81
Maintenance and repair	500.07	4.15
Labour direct	860.88	7.14
Labour overheads	358.70	2.97
Administration Costs	573.92	4.76
Land Lease Cost	-	-
Total Operating Costs	6,095.86	50.54
Depreciation	3,235.15	26.82
Cost of Finance	2,729.82	22.63
Total Production Cost	12,060.83	100

C. FINANCIAL EVALUATION**1. Profitability**

Based on the projected profit and loss statement, the project will generate a profit through out its operation life. Annual net profit after tax will grow from Birr 7.58 million to Birr 8.04 million during the life of the project. Moreover, at the end of the project life the accumulated cash flow amounts to Birr 84.33 million.

2. Ratios

In financial analysis financial ratios and efficiency ratios are used as an index or yardstick for evaluating the financial position of a firm. It is also an indicator for the strength and weakness of the firm or a project. Using the year-end balance sheet figures and other relevant data, the most important ratios such as return on sales which is computed by

dividing net income by revenue, return on assets (operating income divided by assets), return on equity (net profit divided by equity) and return on total investment (net profit plus interest divided by total investment) has been carried out over the period of the project life and all the results are found to be satisfactory.

3. Break-even Analysis

The break-even analysis establishes a relationship between operation costs and revenues. It indicates the level at which costs and revenue are in equilibrium. To this end, the break-even point of the project including cost of finance when it starts to operate at full capacity (year 3) is estimated by using income statement projection.

$$\text{BE} = \frac{\text{Fixed Cost}}{\text{Sales} - \text{Variable Cost}} = 23 \%$$

4. Payback Period

The pay back period, also called pay – off period is defined as the period required to recover the original investment outlay through the accumulated net cash flows earned by the project. Accordingly, based on the projected cash flow it is estimated that the project's initial investment will be fully recovered within 5 years.

5. Internal Rate of Return

The internal rate of return (IRR) is the annualized effective compounded return rate that can be earned on the invested capital, i.e., the yield on the investment. Put another way, the internal rate of return for an investment is the discount rate that makes the net present value of the investment's income stream total to zero. It is an indicator of the efficiency or quality of an investment. A project is a good investment proposition if its IRR is greater than the rate of return that could be earned by alternate investments or putting the money

in a bank account. Accordingly, the IRR of this project is computed to be 20.77 % indicating the viability of the project.

6. Net Present Value

Net present value (NPV) is defined as the total present (discounted) value of a time series of cash flows. NPV aggregates cash flows that occur during different periods of time during the life of a project into a common measuring unit i.e. present value. It is a standard method for using the time value of money to appraise long-term projects. NPV is an indicator of how much value an investment or project adds to the capital invested. In principle a project is accepted if the NPV is non-negative.

Accordingly, the net present value of the project at 8.5% discount rate is found to be Birr 36.73 million which is acceptable.

D. ECONOMIC BENEFITS

The project can create employment for 265 persons. The project will generate Birr 19 million in terms of tax revenue. The project could be one of the sources for foreign exchange earning by giving services to international tourists.