

**REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE 2019  
ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF RAILWAYS DEVELOPMENT**

**1.0 INTRODUCTION**

The Budget Statement and Economic Policy of the Government for the 2019 Financial Year was presented to Parliament by the Hon. Minister of Finance and Economic Planning, Mr Ken Ofori Atta on Thursday 15<sup>th</sup> November 2018 in accordance with Article 179 of the 1992 Constitution of Ghana. Subsequently to this, the draft Annual Budget Estimates of the Ministry of Railways Development were referred to the Committee on Roads and Transport for consideration and report, pursuant to orders 140(4) and 189 of the House.

**2.0 DELIBERATIONS**

The Committee on Wednesday, 5<sup>th</sup> December 2018 met with the Honourable Minister for Railways Development, Mr Joe Ghartey, the Chief Director of the Sector Ministry, Officials of the Ministry and Heads of Agencies under the Ministry to discuss the Estimates. In attendance were Officers from the Ministry of Finance and Economic Planning to assist in the deliberations.

The Committee is grateful to the officials for their attendance and for providing clarification on issues raised at the meeting.

**3.0 REFERENCE DOCUMENTS**

- The Committee referred to the underlisted documents during its deliberations.
- The 1992 Constitution of the Republic of Ghana.
- The Standing Orders of the Republic of Ghana
- The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year.

- The National Medium Term Development Framework (NMTDF) for 2019 - 2021.
- The Report of the Committee on the 2018 Annual Budget Estimates of the Ministry of Railways Development.

#### **4.0 MISSION**

To provide policy direction, leadership and guidance for the development of Ghana's railways system and associated infrastructure, through:

- (i) Effective Policy Formulation,
- (ii) Investment Promotion
- (iii) Market Regulation,
- (iv) Oversight Responsibility
- (v) Sector Development including Research and Development,
- (vi) Asset Management,
- (vii) Responsive Service Delivery.

#### **5.0 POLICY OBJECTIVES**

The policy Objectives of the Sector Ministry are to:

- i. Modernize and extend railway network in the Country.
- ii. Ensure effective and efficient flow of goods, services and related information to meet customer.

#### **6.0 VISION**

- i. To develop a modern, robust and integrated railways system as well as associated infrastructure to serve as a catalyst and backbone for the transformation of the economy and make Ghana's rail transport system to lead in Africa requirements.
- ii. Develop associated infrastructure.
- iii. Review and develop policies that will enhance well-functioning and self-financed regulatory bodies in a competitive environment.

## 7.0 AGENCIES UNDER THE MINISTRY

- Ghana Railway Development Authority (GRDA)
- Ghana Railway Company Limited (GRCL)

## 8.0 OVERVIEW OF 2018 APPROVED BUDGETORY ALLOCATION

In the year under review (2018, August-September) a total of GH¢ 544,297,260.00 was approved for the programmes of the Sector Ministry for the financial year 2018. However budget releases for the year under review amounted to 271,679,733.59. This figure amounted to an expenditure utilization of 49.9% of the approved budget.

The breakdown of the allocation and expenditure is shown in Table 1

EXPENDITURE ITEMS	2018 APPROVED BUDGET (GHØ)	RELEASES	EXPENDITURE	UTILIZED %
GoG Compensation of Employees	5,000,000.00	485,208.00	484,208.00	9.7
Goods and Service	3,869,620.00	1,741,329.00	1,741,329.00	45
Cape	150,000,000.00	73,060,096.60	73,060,096.60	48.7
2 IGF	2,147,640.00	640,617.60	640,617.60	29.83
3 Dev. Partners	-	-	-	-
Exim Bank Loan	383,280,000.00	195,752,482.93	195,752,482.93	63.8
<b>TOTAL</b>	<b>544,297,260.00</b>	<b>271,679,733.59</b>	<b>271,679,733.59</b>	<b>49.9</b>

## 9.0 PERFORMANCE OF THE MINISTRY IN 2018

In line with its mandate, the Ministry and its sector agencies undertook a number of programmes and projects. The programmes include:

### Western Spine

- Rehabilitation of 56km narrow gauge line from Kojokrom to Tarkwa through Nsuta. This project is being undertaken by GRCL and will be completed by first quarter 2019.
- Construction of a section of the Western Railway line from Kojokrom - Eshiem (5km) standard gauge the project is 35% complete.
- Signing of contract in February 2018 for the continuation of a 17km standard gauge of the Eshiem - Manso line.
- A China Development Bank (CDB) loan of Five Hundred Million United States Dollars (US\$500m) secured to be used in 2019 for the continuation of the remaining sections from Manso - Kumasi, with a branch line from Awaso to Dunkwa on standard gauge.
- The Final Engineering Design for the Western Railway is on-going and detailed photographic survey has been completed.
- The Geotechnical and geological surveys between Takoradi - Tarkwa has been completed.
- The Alignment between Takoradi to Kumasi has also been completed
- The Infrastructural (Bridges/Culverts) between Takoradi and Manso is completed.
- The Bill of Quantities for the project has been completed up to Manso

### Rehabilitation of the Eastern Line

- The Accra - Nsawam and Accra - Tema railway lines (70.8km) narrow gauge is 90% completed.
- The GRCL took delivery of the first batch of treated wooden sleepers in November, 2018 for the completion of the rehabilitation works.
- Rehabilitation works are expected to be completed for the line to be re-opened before the end of 2018. The rehabilitation will continue to Koforidua in 2019.

### Central Spine

- Feasibility studies, including surveying and mapping out of the right of way for the railway line, are being undertaken by Vision Consult/Gauff Ingenieure/ILF Consulting
- Funds amounting to US\$500m from the CDB facility has been earmarked for the development of the Kumasi -Buipe section of the Central Spine in 2019.
- The Buipe to Tamale section of the line would commence in 2019 with funding from the Indian Exim Bank.
- Key Stakeholders in June 2018 reviewed data analysis on Route options and a Report has been submitted by Consultants. The route options are:

Route 1: Kumasi - Magazine - Buoho - Offiso - Techiman

Route 2: Kumasi - Krapa/Ejisu - Juabeng - Effiduase - Ahwiaa - Offnso -Techiman

Route 3 : Kumasi - Asago Halt - Ahenema Kokoben - Mfensi - Mankraso - Pokukrom - Abesewa - Bechem -Duayaw Nkwanta - Sunyani

A fourth Route is being considered that is Aduadin (on the Western Line) - Nyinahin - Goaso - Berekum - Sunyani - Techiman - Tamale, with a proposed branch line from Nyinahim - Bibiani and from Berekum to Dormaa Ahenkro

### Tema -Mpakadan (Akosombo)

- Overall works on the Tema - Mpakadan project for the construction of 97km standard gauge is 25% complete. The project is being undertaken by AFCONS Infrastructure Limited with the Indian Exim Bank loan facility.

### **Ghana -Burkina Railway Interconnectivity Project**

- The vision is to link Ghana and Burkina by rail to facilitate trade and accelerate economic development. In pursuit of this goal, in December 2017, a Joint Committee of experts was established and have been meeting in Accra and Ouagadougou.
- A Transaction Advisor (TA) (TEAM Engineering/Vision Consult) has been appointed through the procurement process per the PPA Act, 663 as amended.
- Contract for the TA services was signed on November 2018 and a kick-off meeting is to be held in Ouagadougou in December 2018. Services to be provided include undertaking of feasibility studies and technical advice and the selection of a private investor to develop the line on a BOT basis.

### **Railway Training Institute and Location Workshop**

- The modernization of the Railway Training School in Essikado is 90% completed and the GRCL has started using the facility to run an in-house training programme for its staff.

### **Review of the Railway Master Plan (2013)**

- The Railway Master Plan developed in 2013 is currently being reviewed to extend the railway network to create an efficient transportation link to important mineral potential communities.

### **The Development of the Trans-ECOWAS and Central Railway lines**

- Feasibilities studies are well underway with the procurement process for the engagement of a consultant for the project that will link Aflao to Elubo.

### Development of Metro/Light Rail Transit Systems in Accra and Kumasi

- Consultancy services have commenced for feasibility studies for the introduction of a metro/light rail.

### Transit System in Accra

- The objective of the project is to help address congestion in the two major cities of the country.

### Associated Infrastructure Development

- Under the stations-to-cities program, plans are afoot in 2019 to commence the development of infrastructure along all the major cities through which rail lines passed. Work has started with the development of the Tarkwa Railway Station in the Western Region.

## **10.0 BUDGETARY ALLOCATION FOR YEAR 2019**

A total amount of GH¢636,109,790.00 has been earmarked for the Railway Development Ministry for the implementation of its programs for the fiscal year 2019.

The breakdown of the total budgetary provision is as in Table 2.

Table 2 Breakdown of Budgetary Allocation for Railway Development Ministry for 2019.

ITEM	BUDGET ALLOCATION
Compensation Employees	4,809,326
Goods and Services	2,896,189
Capital Expenditure	628,404,275
<b>TOTAL</b>	<b>636,109,790</b>

Table 3 shows a summary of the 2019 Expenditure of the Railway Development Ministry by way of Programme, Sub Programme, Economic Classification and Funding Source.

Table 3: Summary of Programme Expenditure (2019).

Expenditure Budget programme	GOG compensation	Goods/ Services	IGF goods/ services	ABFA CAPEX	DP FUNDS CAPEX	TOTAL
Management & administartion	2,000,000	1,013,328		95,000,000		98,013,462
Rail Transport	2,809,326	242,355	1,639,506		533,404,275	538,095,462
Total Expenditure	4,809,326	1,255,683	1,639,506	95,000,000	533,404,275	636,108,790

Table 4 shows the breakdown of the Ministry 2019 Budget Proposal matched against the Ministry of Finance Ceilings.

Table 4: Summary of 2019 Budget Allocations and desired Budget of Sector Ministry.

Table 4

Expenditure item	Desired budget	Allocated Ceiling	Extra Budget Required
Compensation GOG	5,575,00.00	4,809,326.00	(NIL)
Goods and Service	56,805,574.94	1,255,683.00	55,547,891.94
Capex (ABFA	2,362,400.00	95,000,000.00	2,949,407,069
IGF	2,362,400.00	1, 639,506.00	2,949,407,069
DP Funds	3,327,100,00.08	553,404,275.00	2,793,695,725.00
Total	6,436,248,071.63	636,108,790.00	5,800,139,281.63



## **11.0 OUTLOOK OF THE RAILWAY SECTOR FOR 2019**

### **Development of Metro/Light Road Transit System in Accra and Kumasi**

The objective of the project is to help address congestion in the two major cities of the country towards this end.

- Consulting Services have commenced for feasibility studies for the introduction of a metro/light Rail Transit System in Accra.

### **Development Stations-to-Cities Programme**

As part of Government policy to develop every town through which the rail line passes, the sector Ministry under the Station-to-Cities programme, plans to commence in 2019 developing associated infrastructure along all the major cities through which the rail line passes.

Work has already started with the development of the Tarkwa Railway Station in the Western Region.

### **Development of Branch Lines**

- The Inshaban-Shama free zones Enclave (30km) standard gauge would see a take-off in 2019.
- The rehabilitation of the Kojokrom -Tarkwa section of the Western Railway line will see the light of day in 019.

### **Re-Tooling and Re-equipping GRCL**

Plans are far afoot to retool and re-equip the Ghana Railway Company Limited.

### **Establishment of Railway Company**

The Sector Ministry plans in 2019 to bring before this august House a bill for the establishment of the Eastern Railway Company Limited and the Railway Infrastructure Limited to this end and amount of GH¢10,000,000.00 has been committed.

## 12.0 OBSERVATIONS AND RECOMMENDATIONS

### 1. Inadequate Office Space

The Committee was informed that the Ministry is currently using the previous office block of the Ministry of Communications. The office space in this block is woefully inadequate for the existing staff level. The Ministry is thus currently challenged by its limited office space. This has resulted in extreme overcrowding.

The Committee noted that, this is seriously affecting the drive to engage additional staff. Similarly, the Committee was informed that GRDA is also facing challenges with office accommodation and staffing levels which is having a dire impact on the performance of the Railway sector.

The Committee urges Government to come to the aid of the Ministry in finding a lasting solution to the problem of Office Accommodation

### 2. Human Resource Capacity Challenge

The Committee learnt that the inadequate Office Accommodation is limiting the Ministry's ability to engage additional officers to augment its limited staff strength of thirty-eight (38).

To address its human resource capacity, the GRDA obtained approval from the Public Services Commission (PSC) and the necessary financial clearance from the Ministry of Finance and accordingly recruited the first batch of the required staff. The second batch is to be engaged in 2019.

The Committee noted that GRCL is similarly challenged. The GRCL staff strength is currently 1,318. Out of the number, about 67% are aged and between the ages of 51 years and 60 years and about 25% between the ages of 41 years and 50 years with only about 7% falling below the age of 41 years.

Meanwhile the company lacks adequate technical staff such as engineers to support the operations and maintenance of efficient rail system in the country.

To address this challenge, the Committee was informed that a number of young Engineers have recently been recruited on contract basis and are currently undergoing capacity development training to augment the staff strength at the Engineering Department of the company.

### **3. Operational Challenge**

The Committee noted that the operations of the GRCL has declined to an unacceptable level making it difficult to run as a business entity.

It was further noted that, owing to poor tracks, obsolete equipment and inadequate rolling stock of freight services on the Eastern line, the Accra-Tema-Nsawam had to be suspended in the course of the year for safety and security reasons. Most of the coaches that are used to operate the commuter services have deteriorated and require rehabilitation before they can be put back into service.

Haulage of bauxite and other commodities on the Western line Railway line has ceased operation since May 2011 due to the poor conditions of the tracks. The GRCL is unable to meet its targets for the haulage of Manganese which is currently the only freight hauled by rail from Nsuta to the Takoradi Port for export. The bad state of the tracks has affected the turn round time of the wagons.

The Committee was told that a section of the existing Western line is currently being rehabilitated. This will enable the GRCL to increase its haulage capacity from the mine to the port and also restore commuter rail passenger services on the Kojokrom - Tarkwa section of the Western line in 2019.

The rehabilitation of a section of the Eastern line, narrow gauge, from Accra to Tema and from Accra to Nsawam is ongoing. Part of this section,

Accra to Tema will be completed in 2018 and Accra to Nsawam will be completed in 2019.

#### **4. Encroachment of Right of Way**

The Committee noted that the encroachment on railway properties is seriously affecting operations and development of the railway sector. The long-time neglect of the railway sector has been accompanied for a free for all attitude. As a result, the general public and stakeholders have taken over railway assets with impunity.

The encroachment is not only restricted to other railway assets or the right of way but has even been extended to the track with markets being developed on the railway track.

The Committee was however assured that the associated problems of encroachment would only be solved if massive rail construction commences this would herald a chain-activity that would see off encroachers.

#### **5. Ineffective Legal, Regulatory and Institutional Regime**

The Committee noted that currently the country has an ineffective railway legal and regulatory regime. This is potentially a disincentive to private sector participation in the railway industry. GRDA, the regulator is as asset holder. This position, no doubt compromises its independence and potentially makes GRDA a judge in its own cause.

Since Government is encouraging private sector investors to own assets, GRDA will not be viewed as an impartial arbiter.

The Committee was told by the Ministry that in line with the practice in the transport sector and other sectors where the regulatory body is not to engage in any activity other than the regulation of the sector, and in the spirit of international best practice, has initiated a restructuring process to decouple the regulatory functions from the infrastructure ownership and management functions of GRDA.

This will result in the establishment of new institutions for regulatory and for asset ownership. The Committee urges the sector Minister to work expeditiously on the new legal framework.

#### **6. Logistical Constraints**

The Committee noted that about 65% of investment in the rail sector are through external funding or secured loans from banks (Exim or Indian Credit Facility).

Government liquidity injection into the rail sector is minimal, the Committee was informed that external/partner support was the way for the future and that infrastructure support would probably be on a BOT basis. The Committee noted that Government support of the sector, financially, has been dipping as shown by the indicative budget.

#### **7. Inadequate Budgetary Allocations and Delay in Releases of Funds**

The Committee noted that Government budgetary allocations to the sector is not enough to meeting the on-going transformation in the sector. Budgetary releases have not been timeous and this poses serious challenges to the smooth running of the sector.

The Committee urging the Ministry of Finance to ensure early and timeous release of funds to avoid disruptions to programmes.

### **13.0 CONCLUSION**

The Committee has thoroughly scrutinised the budget estimates of the Ministry of Railways Development for the fiscal year 2019 and is of the view that, subject to the recommendations of the Committee in addressing the challenges of the sector, sectorial policies and programmes outlined for the year, if implemented, could trigger rapid transformation of Railway Development in the country, marking a clear break from the past where every government (since independence) touted the dream of building a

reliable modern railway network, but sadly could not follow through with its execution.

The Committee is satisfied with the developmental agenda of the Railway Ministry and with programmes cited and unanimously recommends to the House to approve the sum of **GH¢ 636,108,790.00** for the implementation of the programmes of the Ministry of Railways Development for the 2019 Financial Year.

Respectfully submitted.



**MR. SAMUEL AYEH-PAYE**  
**CHAIRMAN, COMMITTEE ON**  
**ROADS & TRANSPORT**



**MR. ASANTE AMOAKO-ATTA**  
**CLERK, COMMITTEE ON ROADS**  
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