

*IN THE THIRD SESSION OF THE
FOURTH PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA*

**REPORT OF THE SELECT COMMITTEE
ON ROADS & TRANSPORT**

ON THE

**2008 ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF TRANSPORTATION**

1.0 INTRODUCTION

1.1 In fulfillment of Article 179(1) of the 1992 Constitution of the Republic of Ghana, the Budget Statement and Economic Policy of the Government of Ghana for the 2008 financial year was presented to the House by the Minister of Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu on Thursday, 15th November 2007.

The Annual Budget Estimates of the Ministry of Transportation were subsequently referred to the Committee on Roads and Transport for consideration and report in accordance with Orders 140(4) and 189 of the Standing Orders of Parliament.

1.2 To consider the referral, the Committee met with the Minister of State for Transportation, Hon. Godfrey Bayon Tangu, the Deputy Minister for Transportation, Hon. Magnus E. Opare-Asamoah, officials of the Ministries of Transportation and Finance and Economic Planning. Officials of the underlisted Departments and Agencies under the purview of the Ministry of Transportation were also present at the Committee's sitting to offer clarifications on the Budget Estimates:

- a. Ghana Highway Authority (GHA).
- b. Department of Feeder Roads (DFR).
- c. Department of Urban Roads (DUR).
- d. Driver and Vehicle Licensing Authority (DVLA).
- e. Government Technical Training Centre (GTTC).
- f. National Road Safety Commission (NRSC).

The Committee is grateful to the Minister of State, the Deputy Minister and all officials present at the Committee's sitting for the assistance offered the Committee during its deliberations.

2.0 REFERENCE DOCUMENTS

The Committee availed itself of the following documents during its deliberations:

- a. The 1992 Constitution of the Republic of Ghana.
- b. The Standing Orders of Parliament.
- c. The Budget Statement and Economic Policy of the Government of Ghana for the 2008 financial year.
- d. Report of the Committee on Roads and Transport on the 2007 Annual Budget Estimates of the Ministry of Transportation.

3.0 VISION OF THE MINISTRY OF TRANSPORTATION

The vision of the Ministry of Transportation is to play a lead role in making Ghana a transportation hub and thereby a gateway to West Africa.

4.0 THE MINISTRY'S MISSION STATEMENT

In order to achieve the above vision, the Ministry of Transportation's Mission Statement is "to establish the requisite policies and implement programmes to ensure the provision of affordable, integrated, safe, responsive, and sustainable road transport system comprising road infrastructure and transport services that will successfully meet the economic, social and environmental needs as well as national and international standards".

4.0 PRIORITY AREAS OF THE MIINISTRY OF TRANSPORTATION

Owing to the significant role and impact an effective and efficient road transportation system will bring to bear on the socio-economic development of the country, the Ministry's primary focus is to put up policies that will ensure the provision of access through better distribution and integration of the road transport system. Special emphasis is therefore on safety, affordability as well as accessibility and mobility:

- from farm gates to market centres;
- to health facilities;
- to socio-economic centres;
- to enhance regional integration and cooperation; and
- to enhance good governance.

5.0 OBJECTIVES OF THE MINISTRY

From the above priority areas, the Ministry of Transportation has set for itself, the following policy objectives:

- i. to ensure the provision, expansion and maintenance of road transport infrastructure.
- ii. to ensure the provision of affordable, safe and accessible road transportation system that recognises the needs of people and business enterprises including farmers.
- iii. to develop and strengthen the appropriate legal, institutional and regulatory framework to regulate all modes of transportation to ensure an efficient transportation system.
- iv. to ensure adequate funding to sustain road infrastructural development and maintenance of the road network.
- v. to develop and manage the transport systems to improve the welfare of the vulnerable and the poor in the society.

6.0 REVIEW OF 2007 BUDGET AND PERFORMANCE OF THE MINISTRY

6.1 The total budgetary allocation made to the Ministry of Transportation for the year 2007 was **Three Hundred and Eighty-Five Million, Two Hundred and Fifty-Seven Thousand, Four Hundred Ghana Cedis (GH¢385,257,400.00)**.

An additional amount of **Thirty-Two Million, Two Hundred and Fifty-Four Thousand and Fifty Ghana Cedis (GH¢32,254,050.00)** was also allocated to the Ministry in the Supplementary Budget for the dualisation of Accra – Kumasi road by GHA and the reconstruction of Sunyani road in Kumasi by DUR.

6.2 The total budgetary allocation therefore, was **Four Hundred and Seventeen Million, Five Hundred and Eleven Thousand, Four Hundred and Fifty Ghana Cedis (GH¢417,511,450.00)**. The disbursement of this amount as at September ending is shown in Table 1 below:

Table 1
DISBURSEMENT OF FUNDS
APPROVED AND ACTUAL EXPENDITURE
(IN MILLION GHANA CEDIS)

Item	2007 Approved Budget	Actual Expenditure	% Achieved
Personnel Emoluments	8,578,000	6,228,024	72.60
Administration	2,374,300	1,781,525	75.03
Service	1,048,800	431,868	41.18
Investment (wholly GOG)	89,017,400	58,920,225	66.19
Supplementary Budget (GOG)	18,698,000	-	-
Supplementary Budget (Capital Market)	13,556,050	-	-
Total (Wholly GOG including Matching Fund)	133,272,550	67,361,642	50.54
Investment (Donor)	169,960,400	77,202,897	45.42
Internally Generated Fund (IGF)	399,800	-	-
Road Fund	111,378,700	84,631,795	76.99
Others (HIPC, GETfund)	2,500,000	2,500,000	100
Overall Total	417,511,450	231,696,334	55.50

As shown in Table 1, with the exception of disbursement on Investment (Donor) and Services expenses which fell below target, all other items of expenditure were on target. According to the Minister of State for Transportation, the low level of disbursement on Investment (Donor) and Service expenses was due to delays in the payment of executed contracts as a result of late releases of funds from the Ministry of Finance and Economic Planning (MOFEP). This situation negatively affected the performance of the Ministry in achieving its desired targets in year 2007.

It is also evident in Table 1 that there was no expenditure on the supplementary budget allocation. The Committee was informed that, as at the end of September 2007, no payment had been made from the supplementary budget because funds had not been released from MOFEP. Funds were however released to the Ministry in October. Similarly, there was no expenditure on IGF because as at September ending, DVLA had not received an approval from MOFEP to utilise the 15% of its IGF.

6.3 In implementing the 2007 Budget, the Ministry of Transportation planned to complete the major policy reforms and studies programmed to provide the framework for sustained and accelerated development of the Sector in response to the road transport needs of the country. Progress was made in the following areas:

i. National Transport Policy

A National Transport Policy Document was prepared and submitted to Cabinet for approval and adoption. This policy document is to serve as guide in the preparation of Integrated Transport Development plans and programmes.

ii. Urban Transport Project

In collaboration with the Ministry of Local Government, Rural Development and Environment, the Ministry of Transportation prepared the Urban Transport Project which was launched by His Excellency,

President John A. Kufuor in September 2007. The total budget of the Project is US\$95 million.

The Project which is intended to reduce congestion by modernising the operation of public transport and traffic management will be implemented in six Assemblies - the Accra Metropolitan Assembly, Kumasi Metropolitan Assembly, Tema Municipal Assembly, Ga East District Assembly, Ga West District Assembly and Ejisu Juaben District Assembly. A Project Advisory Office has also been set up to coordinate the implementation of this 5-year Project.

iii. Poverty Monitoring Indicators

The Ministry completed a pilot project which is aimed at developing poverty monitoring indicators for establishing linkages between poverty reduction and road transport development.

iv. New Technical Specification for Roads and Bridge Works

The New Technical Specification for Roads and Bridge Works was launched in April 2007. The Ministry and its Road Agencies have started the application of the new specifications for road and bridge works (infrastructural development).

v. Transport Sector Development Programme (TSDP)

A draft TSDP for all modes of transport based on the National Transport Policy was prepared by the Ministry for approval and implementation. The TSDP is to succeed the ongoing Road Sector Development Programme (RSDP). Meanwhile, the RSDP which should have ended in December 2007 has been extended to June 2008.

vi. New Road Traffic Regulations

A revised Road Traffic Regulations to operationalise the Road Traffic Act (Act 683) has been prepared and submitted to Cabinet for approval and submission to Parliament for enactment.

7.0 OUTLOOK FOR YEAR 2008

For the 2008 fiscal year, the Ministry, its Departments and Agencies will focus on ensuring effective linkages between the transport sector programmes; and promote private sector competitiveness. The Ministry of Transportation will therefore undertake the following:

- a. Ensure that a draft Transport Sector Development Programme for all modes of transport based on the National Transport Policy is finalised and implemented. The main components of this programme will be infrastructure development, transport services, traffic management and safety.
- b. As part of the Urban Transport Project, the six participating Assemblies will enact Urban Passenger Transport Bye-laws and register all passenger transport routes under their jurisdiction. The Assemblies will also commence the issuance of route operating licenses to public transport vehicle owners in a bid to rationalise the operations of urban passenger transport in their administrative areas.
- c. As part of the Urban Transport Project, the Ministry will commence work on the designs to modernise the traffic signal control systems in Accra and Kumasi.
- d. Tenders for the construction works for the Pilot Bus Rapid Transit Route in Accra will be launched.
- e. A revised Road Traffic Regulations to operationalise the Road Traffic Act 683 (Act 683) is expected to be approved by Parliament.
- f. The Axle Load Policy and Action Plan in line with the new Road Traffic Regulations on overloading of vehicles will be implemented.

8.0 2008 BUDGET ESTIMATES

8.1 To be able to pursue its programme targets set out for the year 2008, an amount of **Five Hundred and Three Million, Two Hundred and Eighty-Seven Thousand and Fifty Ghana Cedis (GH¢503,287,050.00)** has been allocated to the Ministry of Transportation as against a total planned budget of **Eight Hundred and Ninety-Four Million, Four Hundred and Seventy-Nine Thousand, Five Hundred and Twenty-One Ghana Cedis (GH¢894,479,521.00)**. A summary of the Ministry's Planned and Approved Budget Estimates is shown in Table 2 below:

Table 2
SUMMARY OF PLANNED AND APPROVED BUDGET ESTIMATES FOR THE YEAR 2008
(IN MILLION GHANA CEDIS)

ITEM	Planned Budget	Approved Budget	Variance	% Variance
Personnel Emolument	10,462,106	9,521,620	940,486	9.00
Administration	4,955,700	2,521,470	2,434,230	49.12
Service	3,358,072	1,048,800	2,309,272	68.77
Investment (Wholly GOG)	408,229,462	71,213,952	337,015,510	82.56
Capital Market	99,834,000	99,834,000	-	-
Wholly GOG including Matching Fund	526,839,340	184,139,842	342,699,498	65
Investment (Donor)	229,992,791	188,999,818	40,992,973	17.82
Internally Generated Fund (IGF)	987,923	987,923	-	-
H I P C	2,500,000	-	2,500,000	100
Cocoa Road	5,000,000	-	5,000,000	100
Road Fund	129,159,467	129,159,467	-	-
OVERALL TOTAL	894,479,521	503,287,050	391,192,471	44

8.4 GOG funds allocated to the Ministry's component parts for the 2008 fiscal year is shown in Table 3.

Table 3
BREAKDOWN OF GOG ALLOCATION TO THE MINISTRY AND ITS
AGENCIES BY ITEM OF EXPENDITURE
(IN MILLION GHANA CEDIS)

MDA	Personnel Emolument	Admini-stration	Service	Investment	Capital Market	TOTAL
General Administration	193,513	429,978	140,015	683,654	-	1,447,160
GHA	5,365,098	1,144,203	599,913	49,151,270	99,834,000	156,094,484
DFR	1,604,351	284,711	165,606	10,546,786	-	12,601,454
DUR	1,091,987	341,905	60,096	10,432,844	-	11,926,832
DVLA	1,073,207	209,041	40,064	142,428	-	1,464,740
GTTC	84,505	23,055	8,076	221,365	-	337,001
NSRC	108,959	88,577	35,030	35,605	-	268,171
TOTAL	9,521,620	2,521,470	1,048,800	71,213,952	99,834,000	184,139,842

8.3 INVESTMENT ACTIVITIES

For the implementation of the Ministry's investment activities, a donor component of **One Hundred and Eighty-Eight Million, Nine Hundred and Ninety-Nine Thousand, Eight Hundred and Eighteen Ghana Cedis (GH¢188,999,818.00)** has been allocated to the Ministry for the year 2008. The breakdown of the donor component is shown in Table 4 below.

Table 4
TOTAL BUDGETARY ALLOCATION (DONOR)

MDA	GH¢
General Administration	19,930,782.00
Ghana Highway Authority	106,253,099.00
Dept. of Feeder Roads	45,023,574.00
Dept. of Urban Roads	17,792,363.00
TOTAL	188,999,818.00

A summary of funds provided for the Ministry to cater for its investment activities is as follows:

Wholly GOG	-	GH¢71,213,952.00 (19.78%)
Capital Market	-	GH¢99,834,000.00 (27.73%)
Donor	-	GH¢188,999,818.00 (52.49%)

8.4 ALLOCATION FROM THE ROAD FUND

In addition to the GOG and Donor component, the Ministry of Transportation would benefit from a domestic component to the tune of **One Hundred and Twenty-Nine Million, One Hundred and Fifty-Nine Thousand, Four Hundred and Sixty-Seven Ghana Cedis (GH¢129,159,467.00)** from the Road Fund. The details are shown in Table 5 below:

Table 5
ALLOCATIONS FROM THE ROAD FUND

MDA	APPROVED BUDGET GH¢
General Administration	5,452,000.00
Ghana Highway Authority	46,835,467.00
Dept. of Feeder Roads	37,508,000.00
Dept. of Urban Roads	37,997,000.00
DVLA	626,000.00
NRSC	741,000.00
TOTAL	129,159,467.00

9.0 OBSERVATIONS

9.1 The following observations were made by the Committee during its deliberations:

a. Total Budgetary Allocation

The Committee noted from Table 2 that the approved budget for all expenditure items of the Ministry of Transportation fell below the required

amount for the execution of its planned programmes and activities. For instance, out of the total amount of GH¢526,839,340.00 budgeted for programmes and activities under GOG, only GH¢184,139,842 representing 35% has been approved for the Ministry. Invariably, this shortfall will adversely affect the Ministry in the implementation of its programme and activities for year 2008.

b. Personnel Emolument

The Committee was informed that Personnel Emolument provision for the Main Ministry, its Departments and Agencies with the exception of GHA and DUR fall far short of what will be needed in the year 2008.

In the Road Sector for instance, the Main Ministry has been allocated an amount of GH¢193,513.00 for its personnel emolument requirements as against a budgetary requirement of GH¢226,707.00. Similarly, DFR has been allocated an amount of GH¢1,604,351.00 whereas the required budget by DFR for its personnel emolument is GH¢1,890,000.00.

As indicated to the Committee, the Main Ministry and DFR's planned budget for personnel emolument for year 2008 stems from the need to recruit additional personnel to enable the Ministry and its department carry out their supervisory activities effectively. The shortfall in personnel emolument will therefore impact negatively on the Ministry's ability to ensure that contractors do not execute shoddy works.

c. Investment Activities

The Committee noted with concern, the continuous heavy reliance on funds from donors and multilateral agencies for investment activities (development of roads) in the country. For instance, donor support for investment activities of the Ministry of Transportation for the year 2007 represented 63% of the total budgetary allocation to the Ministry. For the

year 2008, about 52.49% of the total budgetary allocation to the Ministry for its investment activities would be sourced from donors.

This situation is not a healthy development since any delays or problems encountered in accessing these funds would disrupt the investment programmes of the Ministry and impact negatively on road construction and major rehabilitation programmes of the Ministry.

d. Priority Road Projects

It was again noted by the Committee that the implementation of additional priority road projects created a backlog of financial commitments in year 2007 that have to be serviced in year 2008. As indicated to the Committee, funds currently required by GHA, DFR and DUR to pay for the execution of priority road works in year 2007 is estimated at GH¢296,800,000.00. The amount that will also be required to meet expenditure on the execution of priority road projects in year 2008 is estimated at GH¢380,600,000.00.

Considering the total budgetary allocation to the Ministry for year 2008, if additional funds are not allocated to the Ministry from the Supplementary Budget, the Ministry will not be able to pay year 2007 arrears let alone complete ongoing projects. Consequently, there will not be enough funds to cater for Matching Funds for donor projects and also undertake new projects. Where Matching Funds are not made available, it will be impossible to access donor inflows.

e. Road Agencies

It came to the notice of the Committee that, GHA, DFR and DUR have been saddled with the perennial problem of inadequate funding for its planned programmes as well as delays in the release of funds by MOFEP. The effects of these problems are delays in the payment for contracts

executed and consultancy services rendered, the accumulation of arrears and the inability of the Road Agencies to implement their planned programmes and activities during each budget year.

f. Award of Contracts

The Committee further took note of the long evaluation process that bids tendered by Contractors take before contracts are awarded. In the Department of Feeder Roads for instance, it became obvious during discussions on this issue that it sometimes takes three to four months before tender bids are processed for the award of contracts. This situation, in the opinion of the Committee leaves much to be desired since the repercussions on the construction of roads are often not the best.

This situation is evident in road construction works in the Western Region of the country which is noted for its heavy rainfall. DFR contracts tendered in this Region take a long time before they are awarded. This causes delay in the execution of contracts thereby affecting early completion of work and also escalating the estimated cost of projects to the detriment of the country.

g. Driver and Vehicle Licensing Authority

DVLA is mandated by Act 569 to promote good driving standards in the country and ensure the use of roadworthy vehicles on the roads and other public places. In the year 2008, DVLA plans to introduce the use of State of the Art Technology to inspect vehicles in Accra and other major stations. It also intends to expand its computerisation to include other regional centres to improve data capturing.

To this end, DVLA will engage in activities such as ceding its vehicle inspection activities to private garages to improve vehicle inspection and testing, expansion of its offices at Winneba and Tema, equipping its Ho

and Obuasi Examination Centres with modern testing equipments, among others.

The Committee noted after scrutinizing the allocation to DVLA that the Authority's fund for year 2008 is quite inadequate if it is to meet its infrastructural and operational needs especially if it wants to successfully implement the privatisation of garages. The Committee was however happy to note that, approval has been given to the Authority to retain 15% of its internally generated revenue to enable it improve upon its service delivery.

g. National Road Safety Commission

The role of NRSC in educating the public on road safety measures to curb the rampant accidents with its attendant fatalities and injuries on our roads cannot be overemphasised. Sadly, NRSC has been operating without a substantive Director for some time now. An officer of the Commission has been acting as a Director for the past seven and half years and the Committee views this situation as an unhealthy administrative practice.

h. Government Technical Training Centre

GTTC's core activities involve training of apprentices in auto-mechanics, auto-electrical, auto-bodyworks and welding to become Artisans to support the Road Transport Safety and Services sub-sector. These core activities are dependent on the Service votes of the Centre. The Committee however noted that the allocation of GH¢8,076.00 for Service activities for year 2008 is woefully inadequate if it is to implement the Centre's training programmes.

9.0 RECOMMENDATIONS

In the light of the aforementioned observations, the Committee hereby makes the following recommendations:

- a. That every effort should be made by MOFEP to meet the budgetary requirements of the Ministry of Transportation and this should receive serious consideration should there be a Supplementary Budget to Parliament in the course of the year. This will enable the Road Sector achieve its planned programme and activities for year 2008. The Committee again urges MOFEP to ensure that Funds to the Road Agencies are released on schedule.
- b. That the supervisory capacity of the Road Agencies should be enhanced through an increase in their personnel emolument allocation. An increase in the level of supervisory staff is critical in the country's quest to have quality roads.
- c. The Committee reiterates its recommendation in last year's Report on the Annual Budget Estimates of the Ministry of Transportation that, in reducing the country's heavy dependence on donor support for road projects, the government should improve upon its tax collection machinery in order to raise the needed revenue to meet the country's development agenda.
- d. That MOFEP should as a matter of priority, ensure that funds are made available to the Road Agencies should there be a Supplementary Budget to cater for the payment of arrears on the execution of Priority Road Projects in year 2007 and the estimated cost that will be incurred on Priority Road Projects in year 2008.
- e. That the Ministry of Transportation should critically review its evaluation process leading to the award of contracts to prevent late execution of

contracts. This will ensure value for money invested in the construction and rehabilitation of the country's road network.

- f. That DVLA should take advantage of the 15% IGF retention granted them to further their programmes and activities for year 2008.
- g. That the Ministry of Transportation as a matter of urgency, should take steps to appoint substantive heads to run the affairs of NRSC and GTTC respectively.
- h. Finally, the Committee urges MOFEP to allocate funds for the Service activities of GTTC should there be a Supplementary Budget.

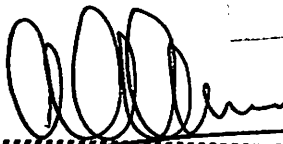
10.0 **CONCLUSION**

The expansion and regular maintenance of the country's road network is necessary for providing quality all weather roads to facilitate the movement of people, goods and services for increased economic activity and wealth creation. Similarly, the various roles being played by the Road Transport Services and Safety Sector (DVLA, NRSC, and GTTC) of the Ministry in ensuring road safety in this country cannot be ignored.

Thus, making adequate funds available to the Agencies for their operational needs is very important. It is therefore necessary for MOFEP to ensure that the Ministry of Transportation is adequately catered for should there be a Supplementary Budget to enable it achieve its planned programmes and activities for year 2008. This will help prevent the spill over of programmes and activities to ensuing years.

Finally, the Committee recommends to the House for approval, the sum of **Five Hundred and Three Million, Two Hundred and Eighty-Seven Thousand and Fifty Ghana Cedis (GH¢503,287,050.00)** being the total budgetary allocation for the Ministry of Transportation for the financial year ending 31st December 2008.

Respectfully submitted.



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ABIGAIL ABA ANSO (Ms.)
(CLERK TO THE COMMITTEE)



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HON. ALBERT KWAKU OBBIN
(CHAIRMAN, COMMITTEE ON
ROADS AND TRANSPORT)

DECEMBER 2007