

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

**REPORT OF THE COMMITTEE ON ROADS AND
TRANSPORT**

ON THE

**2024 ANNUAL BUDGET ESTIMATES OF THE MINISTRY
OF RAILWAYS DEVELOPMENT**

DECEMBER 2023

PARLIAMENT OF GHANA LIBRAR
PARLIAMENT HOUSE
OSU - ACCRA

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE 2024 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF RAILWAYS DEVELOPMENT

1.0 INTRODUCTION

- 1.1 The Hon Minister responsible for Finance, Mr Ken Ofori-Atta, on Thursday, 15th November 2023 presented to Parliament, the Budget Statement and Economic Policy of the Government of Ghana for the 2024 financial year in accordance with article 179(1) of the 1992 Constitution of the Republic of Ghana.
- 1.2 The Budget Estimates of the Ministry of Railways Development was 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 the Parliament of Ghana.

2.0 DELIBERATIONS

- 2.1 The Committee on Roads and Transport met with the Hon Minister, Mr. John Peter Amewu and officials from the Ministry of Railways Development on Tuesday, 12th December, 2023, to consider the referral. Officials of the Ministry of Finance were also present to offer clarification on issues raised during the meeting.
- 2.2 The Committee is grateful to the Honourable Minister and his team for their cooperation.

3.0 REFERENCE DOCUMENTS

The Committee made reference to the under-listed documents during its deliberations:

- The 1992 Constitution of the Republic of Ghana;
- The Standing Orders of the Parliament of Ghana;
- The Budget Statement and Economic Policy of the Government of Ghana for the 2023 Financial Year;
- The Budget Statement and Economic Policy of the Government of Ghana for the 2024 Financial Year;
- The National Medium-Term Development Framework (NMTDF) for the period 2022-2025, and
- The Report of the Committee on Roads and Transport on the 2023 Annual Budget Estimates of the Ministry of Railways Development.

4.0 BACKGROUND

The Ministry of Railways Development exist to ensure effective and efficient flow of goods, services and related information to meet customer requirements through research and development, provide leadership and guidance for the development of Ghana's Railway System and associated infrastructure, review and develop policies to enhance well-functioning and self-financed regulatory bodies in competitive environment and also promote investments.

The Ministry implements its programmes and activities through the following agencies;

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

5.0 POLICY OBJECTIVES

The policy objectives of the Ministry are to achieve the following:

- Ensure effective and efficient flow of goods, services and related information to meet customer needs.
- Develop associated infrastructure.
- Modernise and extend the railway network.
- Review and develop policies that will enhance well-functioning and self-financing regulatory bodies in a competitive environment.

6.0 2023 PERFORMANCE REVIEW OF THE MINISTRY

In the year under review, the Ministry of Railways Development undertook the following programmes and activities:

6.1 RAIL TRANSPORT PROGRAMME

6.1.2 Western Railway Line

The Western Railway Line from Takoradi to Kumasi is to transport major minerals and other bulk commodities in order to minimize road usage and reduce road deterioration which occurs with the hauling of such bulk commodities. Sections of the Railway are at different levels of completion. For example, the construction of the 22km Kojokrom to Manso section is 93% complete.

5.1.3 Takoradi Port to Huni Valley Railway Project

Construction works on the 78 km section of the Western Line from Manso to Huni Valley is at 16% complete.

5.1.4 Tema to Mpakadan Railway Line (Standard Gauge)

The Tema to Mpakadan standard gauge railway line project is nearing completion. The major components of the project includes the 300-metre rail bridge across the Volta River, maintenance facilities, passenger stations and freight yards, signalling and telecommunications, among others. The 97.7km standard gauge railway line forms part of the Ghana-Burkina Faso Railway line. The objective is to improve passenger and freight transport between both countries in order to accelerate development and economic growth. The project is 98% complete and is expected to be fully complete by the 1st Quarter of 2024.

5.2 MANAGEMENT AND ADMINISTRATION PROGRAMME

5.2.1 Capacity Training and Development: Upgrade of Railway Central Training Institute.

In the fiscal year under consideration, the Ministry successfully finalised the enhancement of the physical structures at the former Railway Workshop situated in Sekondi. Additionally, the renovation of storage facilities within the Railway Workshop is currently at 78% completion.

The primary aim of this upgrade initiative is to enhance local capacity for the repair and maintenance of locomotives, wagons, coaches, and other supplementary railway equipment. This strategic effort is geared towards ensuring the efficient operation of railway services throughout Ghana.

5.2.2 Procurement of New Standard Gauge Rolling Stock

The Ministry secured approval for the acquisition of two (2) new Diesel Multiple Unit (DMU) Trains dedicated to passenger operations on the Tema-Mpakadan standard gauge railway line. The initial batch of trains is anticipated to arrive in January 2024, with the subsequent set expected within an additional seven (7) months.

6.0 FINANCIAL PERFORMANCE FOR THE 2023 FISCAL YEAR

The Government of Ghana allocated a total amount of **GHC618,238,688.00** to the Ministry for its programs and activities in the 2023 financial year. As of September 2023, **GHC43,892,133.80** had been disbursed, with **GHC41,335,182.82** of the allocated funds expended by the Ministry.

Table 1 provides the allocation to the Ministry and the releases as at 30th September, 2023.

Table 1 : Financial Performance January – September, 2023

Economic Classification	2023 Approved Budget GHC A	2023 Revised Budget GHC B	2023 Releases (Jan-Sept) GHC C	Actual Expenditure (Jan-Sept) GHC D	Variance E=B-C GHC	% F=C/B*100
Compensation	5,608,460.00	5,608,460.00	4,303,478.36	4,303,478.36	1,302,981.64	76.73%
GoG	5,608,460.00	5,608,460.00	4,303,478.36	4,303,478.36	1,302,981.64	76.73%
Goods and Services	5,616,280.00	7,200,280.00	4,470,170.86	2,717,295.58	2,730,109.14	62.08%
GoG	3,079,977.00	3,079,977.00	1,379,943.61	1,379,943.61	1,700,033.39	44.80%
IGF	2,536,303.00	4,120,303.00	3,090,227.25	1,337,352.27	1,030,075.75	75%
Capex	580,249,948.00	605,429,948.00	35,118,484.58	34,314,408.58	570,311,463.42	5.80%
GoG	1,999,872.00	1,999,872.00	577,812.38	577,812.38	1,422,059.62	28.89%
IGF	634,076.00	1,030,076.00	1,030,076.00	226,000.00	0.00	100%
ABFA	160,000,000.00	160,000,000.00	33,510,596.20	33,510,596.20	126,489,403.80	20.94%
DP	417,616,000.00	442,400,000.00	0.00	0.00	44,400,000.00	0%
Total	591,474,688.00	618,238,688.00	43,892,133.80	41,335,182.82	574,346,551.20	7.1%

Source: 2023 Budget Statement and Economic Policy

7.0 PROGRAMMES AND OUTLOOK FOR 2024

7.1 The Ministry expects to complete works at the Mpakadan rail terminal by the second quarter of 2024, by which time delivery would have been taken

of the rolling stock which would be used for the testing and operation of the new standard gauge railway line.

7.2 The Ministry will continue to develop local human resources and technical capacity for the maintenance of the railway system through the construction and equipping of workshops as well as providing practical hands-on training to its employees in 2024.

7.3 In the year 2024, the construction of the 22km Kojokrom-Manso segment of the Western Railway Line and the 97.97 km segment of the Tema-Mpakadan line is expected to be completed and operationalised.

7.4 In 2024, the Ministry plans to initiate the process to register and secure Land title for all Railway Lands.

8.0 BUDGETARY ALLOCATIONS FOR THE YEAR 2024

8.1 The Budgetary allocation to the Ministry of Railways Development for the year 2024 Economic classification and sources of funding is shown in Table 2.

Table 2 2024 Budgetary Allocation by Economic Classification

ECONOMIC CLASSIFICATION	GOG GHC	IGF GHC	ABFA GHC	TOTAL GHC
Employee Compensation	7,242,437.00	-	-	7,242,437.00
Goods And Services	6,610,128.00	4,768,189.00	-	11,378,317.00
CAPEX	-	1,192,047.00	247,400,000.00	248,592,047.00
Total	13,852,565.00	5,960,236.00	247,400,000.00	267,212,801.00

Source: The Budget Statement and Economic Policy of the Government of Ghana for the 2024 Financial Year

For the 2024 financial year, the Ministry has been allocated a total of GH¢267,212,801.00 to execute its programmes and activities. This allocation comprises GH¢7,242,437.00 for employee compensation, GH¢11,378,317.00 for Goods and Services, and GH¢248,592,047.00 for Capital Expenditure (CAPEX).

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 2024 BUDGETARY ALLOCATION

The Committee observed a substantial reduction in the budgetary allocation to the Ministry of Railways Development from GH¢618,238,688.00 in 2023 to a proposed amount of GH¢267,212,801.00 for the 2024 financial year, representing a 56.8% decrease.

Recognizing that this decrease would leave the Ministry significantly under-resourced, the Committee recommends to the Ministry of Finance to consider increasing the budgetary allocation to the Ministry of Railways Development. This adjustment is necessary for the Ministry to effectively pursue and achieve its objectives.

9.2 INADEQUATE FUNDING

The Committee observed that a continuous underfunding of the Ministry, over the years, has impacted its capacity to complete ongoing projects. The Ministry informed the Committee that it has not completed any project since its conception in 2017. The Committee noted with concern that disbursements to the Ministry from January to September 2023 was only 7.1%. The Committee considered this unacceptable.

Recognising the strategic importance of rail networks in national development, the Committee urges the Ministry of Finance to consider an upward allocation to the Ministry as a matter of urgency. This measure is essential for addressing the critical needs of the country's railway infrastructure and also ensuring the completion of its ongoing projects.

9.3 FINANCIAL IMPACT OF DEBT RESTRUCTURE

The Committee noted that the Ministry faced challenges in accessing Donor Funds in the year 2023 due to the on-going Economic Debt Restructuring Programme. This had a substantial effect on the Ministry's operational efficiency, leading to the stagnation of several projects.

The Committee urges the Ministry to explore avenues for generating funds, with the aim of reducing overdependence on donor funding and enhancing overall efficiency.

9.4 PEDESTRIAN SAFETY

The Committee observed that certain railway lines pass through some communities, resulting in the division of these localities.

The Committee considers it important for the Ministry of Railways Development to construct a secure level crossing for road users and also install a signalling system to alert road users about approaching trains. This measure would prevent accidents and minimise damage to train tracks.

9.6 ENCROACHMENT ON RAILWAY LANDS

The Committee noted that a major challenge confronting the Ministry over the years is the encroachment of its lands. The Committee expressed concern about the failure of the Ministry to take steps to secure titles on its lands. It was noted that encroachment of the railway lines eventually creates more problems as the Ministry has to pay compensation to occupiers of their lands during project development. It was noted that construction works on railway lines are often delayed due to prolonged processes for compensation to encroachers.

Further, illegal mining activities greatly impede railway development, especially, the formation of railway lines.

The Committee directs the Ministry of Railways Development to work closely with the Lands Commission to ensure that all lands belonging to the Ministry are properly titled and protected.

9.7 THEFT OF TRACK MATERIALS

The Committee observed the need for the Ministry of Railways Development to take measures to protect their rail track materials, to prevent theft. Although contractors are obliged to ensure that rail track materials are intact, the ultimate responsibility lies with the Ministry to protect rail track materials on site.

The Committee therefore recommends that the Ministry of Railways Development intensify its monitoring activities.

9.8 ADVERSE EFFECTS OF ILLEGAL MINING ACTIVITIES

The Committee was informed that illegal mining activities were causing damage to railway infrastructure resulting in huge financial losses. It was noted that the Ministry would require a huge amount of money to reclaim lands destroyed as a result of illegal mining activities.

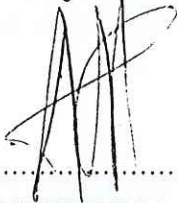
The Committee urges the Ministry to collaborate with the security agencies and the Ministry of Lands and Natural Resources to curb the activities of illegal mining operators.

10.0 CONCLUSION

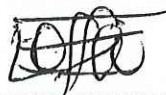
The importance of promoting railway transport for national development cannot be overemphasised. In this regard, the Ministry of Railway Development needs to be adequately resourced to enable it deliver on its mandate.

The Committee hereby recommends to the House to adopt its report and approve the sum of **Two Hundred and Sixty-Seven Million, two hundred and twelve Thousand, Eight Hundred and one Ghana Cedis (GH¢ 267,212,801.00)** for the financial year ending 31st December, 2024.

Respectfully Submitted.



HON. KENNEDY NYARKO OSEI
CHAIRMAN, COMMITTEE ON
ROADS AND TRANSPORT



MRS. EUNICE K. ABEKA
SENIOR ASSISTANT CLERK
COMMITTEE ON ROADS AND
TRANSPORT

