

**IN THE SECOND SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA**

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

ON THE

**ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF ROADS AND HIGHWAYS FOR
THE 2019 FINANCIAL YEAR**

December, 2018

BUDGET ESTIMATES REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE 2019 BUDGET ESTIMATES OF THE MINISTRY OF ROADS AND HIGHWAYS

1.0 INTRODUCTION

On Thursday 13th November 2018, the Minister of Finance and Economic Planning Mr Ken Ofori-Atta, in accordance with Article 179 of the 1992 Constitution of the Republic of Ghana presented to Parliament the Budget Statement and Economic Policy of Government for the 2019 financial year. Subsequent to this, the draft Annual Budget Estimates of the Ministry of Roads and Highways was 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 Thursday, 6th December 2018 met with the Minister of Roads and Highways, Mr Kwasi Amoako-Atta and his two deputies, Mr Kwabena Owusu-Aduomi and Mr Anthony N-Yon Puowele Karbo together with 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 providing clarifications on issues raised at the meeting.

The Budget Estimates being programme based cover Management and Road Infrastructure Development and Maintenance, which includes Training and Financing.

These programmes are undertaken by:

- i. Ghana Highway Authority (GHA)
- ii. Department of Feeder Roads (DFR)
- iii. Department of Urban Roads (DUR)

- iv. Ghana Road Fund (GRF)
- v. Koforidua Training Centre (KTS)

3.0 REFERENCE DOCUMENTS

The Committee made references to the following documents during the consideration of the Budget Estimates:

- i) The 1992 Constitution of the Republic of Ghana,
- ii) The Standing Orders of Parliament of Ghana,
- iii) The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year,
- iv) The National Medium Term Development Framework (NMTDF) for 2019-2021 Programme Based Budget Estimates,
- v) Medium Term Expenditure Framework (MTEF) 2019-2022
- vi) Programme Based Budget Estimates for 2019; and
- vii) The Report of the Committee on the 2018 Budget Estimates for the Ministry of Roads and Highways.

4.0 MISSION (GOAL)

MRH exists to provide an integrated, efficient, cost-effective and sustainable road transport system responsive to the needs of society, supporting growth and poverty reduction and capable of establishing and maintaining Ghana as a transportation hub of West Africa.

5.0 FUNCTIONS

The Core functions of the Ministry of Roads and Highways are:

- i. Policy formulation, monitoring, evaluation and coordination with regard to the Road Infrastructure Sector.
- ii. Development and Maintenance of Road Infrastructure.

- iii. Improving Road Safety and Environment.
- iv. Financing of Road Maintenance.
- v. Training of professionals (Engineers, Contractors, etc.).

6.0 POLICY OBJECTIVES

The policy objectives relevant to the Road Sector are:

- i. Ensuring safety and security for all categories of road users by incorporating pedestrian safety facilities in planning design construction and maintenance of road infrastructure and to ensure adequate road signs, markings, traffic calming measures, streetlights and non-motorists facilities are provided.
- ii. Establish Ghana as a Transportation Hub for the West Africa Sub- Region.
- iii. Create a sustainable, accessible, affordable, reliable, effective, and efficient transport system that meets user needs.
- iv. Integrate land use, transport and development planning.
- v. Create a vibrant investment and performance-based management environment that maximizes benefits for public and private sector investors.
- vi. Develop and implement comprehensive and integrated Governance and Institutional Frameworks.
- vii. Ensure Sustainable Development in the Road Transport Sector.
- viii. Develop adequate Human Resources and apply new Technology.

6.1 POLICY OBJECTIVES IN NMTEF (2018-2021)

The main policy is to improve efficiency and effectiveness of road transport infrastructure and services.

- i. Ensure capacity improvement by constructing missing links.
- ii. Expand and maintain the national road network.

- iii. Provide bituminous surface for road network in district capitals and areas of high agricultural production and tourism.
- iv. Provide private sector participation in construction, rehabilitation and management of road transport.
- v. Prioritise international corridor development programmes towards completion of Western, Central and Eastern Corridors.
- vi. Provide regular training for local contractors and consultants to improve quality of delivery in road infrastructure, procurement, management and supervision of road contracts.
- vii. Promote local content and participation in the provision and award of contracts.

7.0 OVERVIEW OF THE 2018 BUDGET

The total planned budget for the Road Sector for 2018 from all sources (except Road Fund) was **GH¢ 3,969,644,297**. The total approved by Appropriation was **GH¢ 532,689,187** which constituted 13% of the planned. The planned and approved allocation from the Road Fund was **GH¢ 1,260,684,000**.

The budget allocation comprised **GH¢ 40,438,773** for Compensation of Employees, **GH¢ 1,712,020** for Goods and Services, **GH¢ 200,000,000** for Donor and **GH¢ 15,678,724** for Internally Generated Funds (IGF).

In March, 2018 **GH¢ 12,718,099.25** of MRH Headquarters Capital Expenditure and **GH¢ 10,833,936.39** of DFR Capital Expenditure was, varied to GHA, making GHA Capital Expenditure **GH¢ 113,394,987.64**. This did not however affect the total appropriation for MRH.

Table 1: Shows the breakdown of the 2018 Budget Allocation

ITEM	PLANNED BUDGET FOR 2018	INDICATIVE CEILINGS FOR 2018 (AUG.17)	FINAL CELING FOR 2018 (NOV.17)	SHORTFALL
COMPENSATION	39,365,917.28	47,286,294.00	40,438,773.00	-1,072,855.72
GOODS& SERVICES	8,827,427.60	926,682.00	1,712,020.00	7,115,407.60
ASSET	2,916,587,617.19	323,129,776.00	200,000,000.00	2,716,587,617.19
SUB TOTAL GoG	2,964,780,962.07	371,342,752.00	242,150,793.00	2,722,630,169.07
DONOR	996,413,645.04	281,170,303.00	274,859,670.00	721,553,975.04
IGF	8,449,690.00	23,755,642.00	15,678,724.00	-7,229,034.00
TOTAL	3,969,644,297.11	676,268,697.00	532,689,187.00	3,436,955,110.11
ROAD FUND	1,260,680,000.00	881,416,498.00	881,416,498.00	-
GRAND TOTAL	5,230,324,297.11	1,557,685,195.00	1,414,105,685.00	3,816,218,612.00

Table 2: Shows the disbursement of Allocated budget in 2018

Item	2018 Budget (GH¢000)	Planned Budget (GH¢)	2018 Approved Budget (GH¢)	Disbursement as at Sept 2018 (GH¢)	Disbursed (%)
CoE	39,365.92	39,365.92	40,438,773.00	31,969,380.00	79
Goods & Services	8,827.43	8,827.43	1,712,020.00	577,840.00	34
Assets	2,916,587.62	2,916,587.62	200,000,000.00	119,101,640.00	60
SUB-TOTAL	2,964,780.96	2,964,780.96	242,150,793.00	151,648,860.00	63
Donor	996,414.29	996,414.29	274,859,670.00	167,636,510.00	61
IGF	8,449.69	8,449.69	15,678,724.00	10,488,860.00	67
TOTAL	3,969,644.95	3,969,644.95	532,689,187.00	329,734,220.00	62
Road Fund	1,260,680,000.00	1,260,680,000.00	881,416,498.00	605,567,590.00	69
Arrears Paid	-	-	-	207,671,990.00	-

8.0 ARREARS- CONSOLIDATED FUND

Outstanding invoices for payment for works executed by contractors and payment for compensation to Project Affected Persons amounting to about GH¢ 1,237,623,895 are currently at the MoF as at September, 2018.

Table 3: Shows Outstanding Claims

DEPARTMENT	2017 OUTSTANDING CLAIMS	2018 OUTSTANDING CLAIMS	OUTSTANDING CLAIMS AS AT SEPTEMBER, 2018
Headquarters	-	-	89,494.23
Ghana Highway Authority	5,166,159.25	480,666,252.33	757,797,329.11
Department of Urban Roads	35,640,497.94	112,562,834.59	402,953,272.78
Department of Feeder Roads	21,264,637.63	41,869,699.33	76,783,798.98
TOTAL	62,071,294.82	635,098,786.25	1,237,623,895.09

The amount of GH¢89,494.23 for MRH (headquarters) has been brought forward from 2015.

9.0 ARREARS- ROAD FUND

The Indebtedness to contractors for projects financed by Ghana Road Fund is about GH¢ 2.453 billion as at September, 2018. The breakdown is shown in Table 4.

Table 4

AGENCY	AMOUNT (GHS) AS AT SEPTEMBER, 2018
GHANA HIGHWAY AUTHORITY	981,404,486.32
DEPARTMENT OF FEEDER ROAD	563,875,391.36
DEPARTMENT OF URBAN ROADS	907,554,478.87
TOTAL	2,452,834,356.55

10.0 ACHIEVEMENTS OF THE ROAD SECTOR

General Administration

- i) The Monitoring team visited six (6) regions of the country as at the end of September 2018. A total of 98 projects were inspected. The focus areas included:
 - Assessment of Agencies compliance with procurement rules and requirements.
 - Verification of quality of completed works.
 - Assessment of adherence to contract administration practices.
 - Assessment of the adequacy of supervision resource and technical equipment of the road agencies.
- ii) Confirmation of the Agencies knowledge of the Technical Specification.
- iii) For the period under review National Anti-Corruption Action Plan (NACAP) sensitization took place.

11.0 ROAD & BRIDGE CONSTRUCTION

Table 5: Shows Roads and Bridges under Construction

Project	December, 2017 (%)	September, 2018 (%)
Nsawam- Apedwa Road: Kwafokrom- Apedwa section	85	87
Wa- Han	67	86
Kansaworodo Bypass Phase 3	15	71
Kasoa Interchange and Ancillary Works	98	100
Dualisation of Ho Main Road	13	22
Construction of Ho Bypass	51	67
Bolgatanga- Bawku- Polmakom	9	19
Pokuase Interchange Project	-	10

In addition:

- Construction of Oil and Gas enclave Roads, that is, construction of 10km road along the pipe line including the Amazure Bridge reached 100% completion.
- The Tarkwa- Bogoso section (30km) of the rehabilitation of Tarkwa- Bogoso- Ayamfuri road (94.4km) was 100% complete.

11.1 Some Key Initiatives made include:

- Discussions have been held with contractors on key projects (eg. China Water and Electric Company on the Kwafokrom- Apedwa Road Project and China Geo Engineering on the Sofoline Interchange) to resume work whilst payments are being arranged.
- Works began on the Tema Motorway roundabout for the period under review.

- As part of the Kumasi facelift projects, 17 contracts for works have commenced.

- **ACROW Bridges**
 - i. The Project involves the supply of 100 bridge components.
 - ii. Phase 1 of the project comprises 44 bridges, of which 37 have been completed and opened to traffic. The remaining 7 is ongoing.
 - iii. Overall progress of work is 98%.

- **Spanish Bridges**
 - i. The Project involves the construction of 52 bridges.
 - ii. Phase 1 of the project comprises 21 bridges, of which 14 have been completed and opened to traffic.
 - iii. Overall progress of work under phase 1 is 94% complete.
 - iv. Phase 2 comprises 13 bridges awarded in 2018 and overall progress of work is 12%.

- **Ghana/Dutch Bridges**

The project involves supply of steel bridges components for the construction of 94 bridges. A total of 87 bridges of the project have been launched with steel components of which 80 have been completed and opened to traffic. The overall progress of work is 93%.

- **Belgium Bridges**

The Project comprises 5 bridges awarded in 2018, and the overall progress of work is 36%.

12.0 ROAD FINANCING- PUBLIC PRIVATE PARTNERSHIPS

Accra- Takoradi: The prefeasibility study report is completed. The Transaction Advisor is currently undertaking the feasibility studies and is expected to submit the feasibility study to the Ministry by 31st December 2018.

Accra- Tema Motorway: The feasibility study is completed. The Ministry has pre- qualified four (4) Entities to bid for the Project. The Ministry has therefore submitted the final feasibility study report to the PPP Approval Committee (PPPAC) and Cabinet for approval before issuance of the Request for Proposal (RFP) documents to the pre-qualified Entities. The approval from PPPAC and Cabinet is expected by the end of December, 2018.

Accra- Kumasi Dualization: A Memorandum of Understanding (MOU) has been signed between the Ministry and a Proponent towards the implementation of the Accra- Kumasi Expressway project. The Proponent is currently undertaking feasibility studies on the project. The Ministry has procured the services of a Transaction Advisor to advise on the transaction.

13.0 BUDGETARY ALLOCATION FOR YEAR 2019

A total disburseable amount of **GH¢ 1,290,665,926.00** has been allocated to the Sector Ministry to execute its planned program for Fiscal year 2019. The amount is to be spent on categorised programmes. The breakdown of the total Budgetary Provision is shown in Table 6.

Table 6: Breakdown of total Budgetary Provision for 2019.

Compensation	45,089,232.00
Goods/ Service	1,476,139.00
Capex	380,000,000.00
Donor	854,080,179.00
IGF	10,020,376.00
TOTAL	1,290,665,926.00

Table 7: Shows the 2019 Budget ceilings.

ITEM	PLANNED 2019	PROJECTED CEILING	FINAL CEILING	SHORTFALL
Compensation	50,430,576.00	50,430,576.00*	45,089,232.00	5,341,344.00
Goods and services	15,000,000.00	1,476,139.00	1,476,139.00	13,523,861.00
Assets	3,509,972,890.00	380,000,000.00	380,000,000.00	3,129,972,890.00
SUB-TOTAL	3,575,403,466.00	431,906,715.00	426,565,371.00	3,148,838,095.00
Donor	876,550,000.00	854,080,179.00	854,080,179.00	22,469,821.00
IGF	2,000,000.00	10,020,376.00	10,020,376.00	(8,020,376)
TOTAL	4,453,953,466.00	1,296,007,270.00	1,290,665,926.00	3,163,287,540.00

* The Ghana Highway Authority (GHA) even without recruitment will cause the sector Ministry to require about **GH¢ 5,341,344** more than the final ceiling as a result of an increase of 10% on their salaries approved by MoF.

GOG: Table 8: Shows Expenditure allocation summary of Sub- Programs.

Summary of Sub-Programs	Compensation	Goods & services	Capex	Total
Mgt. & Admin	45,089,232	401,023	-	45,490,255
Roads and Bridge Construction	-	1,065,116	-	1,065,116
Road Rehabilitation	-	10,000	-	10,000
Road Safety and Environment	-	-	-	
Grand Total	45,089,232	1,476,139	-	46,565,371

IGF: Table 9: Shows Expenditure summary of Sub- Programs.

Summary of Sub-Programs	Compensation	Goods & services	Capex	Total
Mgt. & Admin	-	-		
Roads and Bridge Construction	-	6,095,188	11,880	6,107,068
Road Rehabilitation and Maintenance	-	-	297,154	297,154
Road Safety and Environment	-	-	3,616,154	3,616,154
Grand Total	-	6,095,188	3,925,188	10,020,376

FUNDS AND OTHERS: Table 11 showing Expenditure summary of Sub-Programs.

Summary of Sub-Programs	Statutory	ABFA	Others/ funds
Mgt. & Admin	-	58,000,000	-
Roads and Bridge Construction	-	195,362,712	-
Road Rehabilitation and Maintenance	-	116,723,538	-
Road Safety and Environment	-	9,913,750	-
Grand Total	-	380,000,000	-

DONORS: Table 12 showing Expenditure.

Summary of Sub-Programs	Goods & services	Capex	Total
Mgt. & Admin	5,963,571	6,984,284	12,947,855
Roads and Bridge Construction	3,794,200	737,132,324	740,926,524
Road Rehabilitation and Maintenance	205,800	100,000,000	100,205,800
Road Safety Mgt.	-	-	-
Grand Total	9,963,571	844,116,608	854,080,179

13.0 Outlook for 2019

The following key construction projects are programmed for construction in 2019. The projects are under the Master Project Support of Agreement (MPSA) for the construction of selected priority infrastructure project phase 1.

They are:

- The Accra Inner City Roads (Ga North-Trobu, Ga Central-Anyaa, Sowutoum, Ledzokuku Teshie, Nana-Krom-Santeo).
- Kumasi Inner City Roads (Manhyia sub metro, Suame Sub-Metro, Tafo Pankrono Sub Metro, Asokwa Sub Metro, Kwadaso Sub metro, Oforokrom Sub Metro, Subin Sub Metro, Nhyiaeso Sub-Metro, Bantama Sub-Metro, Asante Mampong).
- Western Region and Cape Coast Inner City Roads (Agona Swedro Inner City Roads Bibiani Inner City Roads).
- Hohoe Inner City Roads-Jasikan-Dodi Pepesu Road.
- Sunyani City Roads.
- Adenta-Dodowa Dual Carriageway.
- PTC Roundabout Dual Carriageway.
- Akim Oda -Ofoase-New Abirim Road.
- Select Feeder Roads in Ashanti and Western Region.
- Tamale Interchange.

14.0 ROAD SAFETY AND ENVIRONMENTAL PROGRAM

The implementation of the Law on Axle Load limited was pursued this year and it is expected to be maintained.

15.0 ROAD FINANCING

The Ministry public-private partnership programs for financing, construction and management of road infrastructure is progressing and these projects are at different stages of preparation.

- Accra-Takoradi project feasibility study would be completed at the end of the year.
- Accra-Tema Motorway- A feasibility study report has been completed and a request for proposal is expected by the end of the year.
- Accra-Kumasi Dualisation: A memorandum of understanding (MoU) has been signed with a Proponent and feasibility study is underway with commercial closure by the end of the year.

16.0 OBSERVATIONS AND RECOMMENDATIONS

Payment of Contractors

The Committee observed that although the Government has paid a little over GH¢2.2 Billion to contractors, there is still an outstanding debt of GH¢ 3,690,458,251.64 to be paid for projects financed from the Consolidated Fund and Road Fund. The Committee found it worrisome the accumulation of arrears in the debt payment to contractors. It was also noted that delay in payments attracts payment of interest.

Mounting Interest Payments for delay in Payment of Contractor's Invoices

Payment of interest on payment certificate unduly delayed is one of the compensation modes provided in contracts to protect the capital investment of contractors and sustain their cost of financing. For Contractors to maintain their arrangements with creditors or renegotiate for continuous supply of requisite inputs and ensure project completion, government should ensure early payments to contractors.

Undue delay of the Employer in honouring payments due contractors, have compelled contractors to claim for interest as per the conditions of contracts, resulting in huge amounts.

Compensation Vote

The Committee was informed by the Ministry that the compensation of Employees vote allocated to the Ministry fell short of its request of GH¢50,430,576.00. The ceiling of GH¢45,089,232.00, therefore, leaves a shortfall of GH¢5,341,344.00.

This is as a result of Ministry of Finance (MoF) not taking into account the 10% increase to employees of Ghana Highway Authority (GHA) effective January 2018. The Ministry is required to take it up with MoF in a form a request for Supplementary Budget.

Internally Generated Fund (IGF)


The Committee was informed that the Sector Ministry (Headquarters), generates money internally, however it is not allowed to retain any percentage of it. The Committee urged the Ministry of Finance to grant the Ministry dispensation to be able to retain some percentage of its IGF to manage some aspects of operations where GoG funds are not available.

17.0 CONCLUSION


The pivotal role played by the Road Sector is known to all. The Committee having critically scrutinised the 2019 Annual Budget Estimates, of the Ministry of Roads and Highways being mindful of the critical challenges facing the road sector, is satisfied with the financial requirements and arrangements put in place by the Ministry for the execution of its planning programmes for the year 2019 and therefore unanimously recommend to

the House for the approval of the sum of GH¢1,290,665,926 for the programme of the Ministry of Roads and Highways for the fiscal year 2019.

Respectfully submitted.



.....
HON. SAMUEL AYEH-PAYE
CHAIRMAN, COMMITTEE ON
ROADS AND TRANSPORT



.....
MR. ASANTE AMOAKO-ATTA
CLERK, COMMITTEE ON
ROADS AND TRANSPORT

