

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



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

ON THE

**2021 ANNUAL BUDGET ESTIMATES
OF THE MINISTRY OF RAILWAY
DEVELOPMENT**

MARCH, 2021

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1.0 INTRODUCTION

- 1.1 Further to the presentation of the 2021 Budget Statement and Economic Policy of the Government for the 2021 financial year to Parliament on Friday, 12th March, 2021 in accordance with Article 179 of the 1992 Constitution of the Republic of Ghana, the Annual Budget Estimates of the Ministry of Railway Development was referred to the Committee on Roads and Transport for consideration and report pursuant to orders 140(4) and 189 of the House.
- 1.2 The Committee on Saturday, 20th March, 2021 met with the Minister for Railway Development, Mr John-Peter Amewu 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.
- 1.4 The programme-based budget for 2021 covers the Ministry of Railway Development and the following Agencies:
- (i) Ghana Railway Development Authority (GRDA); and
 - (ii) Ghana Railway Company Limited (GRCL)

2.0 REFERENCE DOCUMENTS

The Committee referred to the under listed 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 2021 Financial Year.
- The National Medium-Term Development Framework (NMTDF) for 2018 – 2021.
- The Report of the Committee on the 2020 Annual Budget Estimates of the Ministry of Railway Development.

3.0 MISSION AND POLICY OBJECTIVES

3.1 Mission

The Ministry's Mission is to provide leadership and guidance for the development of Ghana's railway system and associated infrastructure, through: Effective policy formulation, Investment promotion and Research and development.

3.2 Policy Objectives

3.2.1 The NMTDPF Objectives relevant to the Sector Ministry are:

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

4.0 FINANCIAL PERFORMANCE FOR 2020

The Ministry of Railway Development in the 2020 fiscal year was allocated a total amount of GH¢435,167,925.11 for its priority projects and programmes. In terms of Expenditure, a total of GH¢697,424,140.55 was spent representing 160.27% of the Ministry's approved budget. The Ministry over-spent its Budget by GH¢262,256,215.44 as a result of the excess amount of GH¢266,848,515.40 released by Exim Bank against the budget of GH¢308,809,800.00 for the implementation of Tema – Mpakadan project. Table 1 below depicts the 2020 Financial Performance for the Ministry.

Table1: Financial Performance of the Ministry from January – December 2020

CLASSIFICATION		2020	RELEASES	ACTUALS	VARIANCE	%
		GH¢	GH¢	GH¢	GH¢	UTILISED
Compensation	GOG	3,759,943.59	3,003,186.20	3,003,186.20	756,757.39	79.87
Goods & Services	GOG	8,826,648.00	6,990,392.73	6,990,392.73	1,836,255.27	79.20
	IGF	1,190,281.52	985,828.00	722,736.13	467,545.39	60.72
Capex	ABFA	112,581,252.00	111,049,510.09	111,049,510.09	1,531,741.91	98.64
	DEV. PARTNER	308,809,800.00	575,658,315.40	575,658,315.40	-266,848,515.04	186.41
TOTAL		435,167,925.11	697,687,232.42	697,424,140.55	-262,256,215.44	160.27

Source: 2021 Programme Based Budget Estimates of the MoRD

5.0 PERFORMANCE OF THE MINISTRY IN 2020

In line with its mandate, the Ministry and its implementing agencies undertook a number of projects under Management and Administration and Rail Transport programmes.

5.1 Management and Administration Programme

5.1.1 Eastern Railway Line

- The sector Ministry through GRCL resumed passenger services on the Narrow-Gaug Eastern Line from Accra to Nsawam on 2nd March, 2020. The service was however suspended on 24th March, 2020 due to the outbreak of Covid-19 pandemic.
- The procurement process for the selection of a private sector developer is ongoing for the development of the 303km Eastern Railway Line on standard gauge from Accra – Tema to Kumasi with a branch line from Busoso to Atiwa through Kyebi. The project is being developed on a BOT basis with Ghanaian participation. GoG will hold 30% state in the SPV that will be established under the PPP arrangement.

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5.1.2 Western Railway line

- Sub-urban passenger services on the narrow-gauge line from Takoradi to Tarkwa commenced in February, 2020 for the first time since 2007. Passenger services was however, suspended on 24th March, 2020 due to the Covid-19 pandemic.
- Takoradi to Sekondi via Kojokrom passenger services resumed in October, 2020.
- The construction of a 22km standard gauge railway line from Kojokrom to through Eshiem to Manso on the Western railway is on-going and is 45% complete. The section from Kojokrom to Eshiem (5km) has a major railway bridge of 360m and is nearing completion (95% complete) at Eshiem. The section from Eshiem to Manso (17km) is still on-going.
- An EPC Contract of €500 million (a Deutsche Bank Loan) for the construction of Takoradi to Huni Valley section of the Western line was signed with M/s Amandi Investment Ltd on 3rd June, 2020. Scope of works include: 8km of standard tracks from Harbour Junction Signalling Box (near Takoradi Station) to Takoradi Port; 70km of standard gauge tracks from Manso to Huni Valley; Conversion of 10.6km narrow gauge tracks between Takoradi Station and Kojokrom into a standard gauge; Construction of 8 Railway Stations; Construction of Workshop Facility for standard gauge rolling stock; and Supply of 2no. Freight Locomotives and 64no. Mineral Wagons.
- Additionally, an EPC Contract of UD\$48.81 million (GoG) for the construction of Kumasi to Kaasi section of the Western line was signed with M/s David Walter Ltd on 18th August, 2020. Scope of works include: Dismantling of existing tracks, encroachment clearance and relocation of utilities; construction of a double track standard gauge railway line from Kumasi to Kaasi (approximately 6km); Construction of 2 railway stations and 3 halts; and Capacity building.
- Again, an EPC Contract of UD\$93.58 million (loan) for the construction of Kaasi to Eduadin section of the Western line was signed with M/s David Walter Ltd on 1st December, 2020. Scope of works include: Construction of single track standard gauge line from Kaasi to Eduadin, a route length of

11.6km and track length of 13.57km; Construction of 1 railway station and 2 halts; Rehabilitation of maintenance workshop and ancillary structures; Rehabilitation of rolling stock washing bay facility; Supply of workshop and track maintenance equipment; Supply of rolling stock (2no. DMUs); Installation of signalling and communication system; and capacity building.

- An EPC Contract of UD\$419.72 million (loan) for the construction of Eduadin to Obuasi section of the Western line was signed with M/s AFCONS Infrastructure Ltd on 29th September, 2020. Scope of works include: Construction of single-track standard gauge line from Eduadin to Obuasi (approx. 51km); Construction of maintenance workshop facility; Supply of rolling stock and track maintenance equipment; Construction of 4 railway stations; Installation of signalling and communication system; Supply of rolling stock (2no. Locomotives, Shunting Locomotives, 20No. Passenger Coaches, 64no. Freight Wagons); and capacity building.

5.1.3 Central Spine

- Feasibility studies have been completed on the proposed 670km Greenfield railway corridor from Kumasi to Paga known as the Central Spine. The construction of the rail line will be undertaken in sections from Kumasi to Bechem, Bechem to Buipe, Buipe to Tamale and Tamale to Paga.

5.1.4 Ghana – Burkina Faso Railway Interconnectivity Project

- Feasibility studies have been completed and draft final report reviewed by Joint Committee of Experts (JCE) in March, 2020.
- A Final report was submitted by the Transaction Advisors in June, 2020 and validated by the JCE from both countries.
- Procurement process for the engagement of a BOT Concessionaire is on-going concurrently. The process is currently at the Request for Proposal (RfP) Stage.

5.1.5 Aflao-Elubo Railway line (Trans-ECOWAS Line)

- Data Analysis Report (including route options) was reviewed by key Stakeholder in February, 2020.

- Draft Final Feasibility Studies Report was submitted by Consultant in September, 2020 and is being subjected to stakeholder review and validation.

5.1.6 Kotoku-Huni Valley Railway Line (Central Line)

- Traffic Data Analysis and Survey Reports were submitted by Consultant in August and December, 2020 respectively. The reports are being subjected to stakeholder review.

5.1.7 Metro/Light Rail Transit Systems in Accra and Kumasi

- Feasibility Studies have been undertaken towards introducing metro/light rail transit systems in Accra and Kumasi.
- The Reports have been reviewed and validated by Stakeholders in both cities

5.1.8 Procurement of Standard Gauge Rolling Stock

- Two (2) sets of Class IC4 high speed Diesel Multiple Unit (DMU) trains to be procured.
- A contract for the supply of 35No. standard gauge rolling stock was signed on 23rd June, 2020. The categories/types of rolling stock which will be delivered are as follows:
 - 9 Passenger Locomotives
 - 48 Passenger Coaches
 - 15 Freight Locomotives
 - 330 Wagon made up of 230 box wagons and 100 flat wagons
 - 11 shunting Locomotives
- A set of nine (9) trains will be delivered within eighteen (18) months as the first phase and the remaining twenty-six (26), forming the second phase, will also be delivered within another eighteen (18) months period.

5.1.9 Modernization of Railway Training School

- In 2020, furnishing for the rehabilitated infrastructure at the Railway Training School commenced and was completed.

- Additional works, involving drainage systems within the surrounding environs of the training school and the Railway Location Workshop Complex at Essikado, Sekondi has also been completed.
- An MoU signed in 2018 between UMaT and the Ministry has successfully been implemented.
- The Railway Training School is now known as “UMaT School of Railways and Infrastructure Development”
- The first batch of students have begun the 2021/2022 academic year

The following programme are being offered at the Training School:

- BSc Mechanical Engineering
- BSc Electrical and Electronic Engineering
- BSc Computer Science and Engineering
- BSc Geomatics Engineering
- BSc Geological Engineering
- BSc Environmental and Safety Engineering

5.2 Rail Transport Programme

5.2.1 Review of the Railway Master Plan

- The Ministry in collaboration with the GRDA, has reviewed the Railway Master Plan of 2013 to guide the continuous systematic development of the railway network
- The Final Report has been submitted and is to be subjected to a national stakeholder sensitization/consultation process.

5.2.2 Tema –Mpakadan Railway Line

- Overall works on the Tema – Mpakadan project for the construction of 97km standard gauge is 80% complete and 80km of tracks have been laid out of the 97km.

6.0 BUDGETARY ALLOCATION FOR YEAR 2021

A total amount of GH¢512,575,692.00 has been earmarked for the Ministry of Railway Development for the implementation of its programmes for the 2021 fiscal

year. The breakdown of the total budgetary provision by programme, economic classification and source of funding is as depicted in Table 2.

Table 2: Summary of 2021 Expenditure by Budget Programme / Sub-Programme, Economic Classification and Source of Funding

Expenditure By Budget Programme	GOG			ABFA	IGF	DP FUNDS	TOTAL
	COE	G & S	CAPEX	CAPEX	G & S + CAPEX	CAPEX	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	
P 1: Management and Administration	1,725,088	8,909,749	6,943,815	86,021,193	-	11,953,350	115,553,195
P2: Rail Transport	2,034,856	2,969,916	0.00	33,978,807	1,584,000	356,454,918	397,022,497
TOTAL	3,759,944	11,879,665	6,943,815	120,000,000	1,584,000	368,408,268	512,575,692

Source: 2021 Budget and Economic Statement and Annual Budget Estimates of the MoRD

7.0 OUTLOOK OF THE RAILWAY SECTOR FOR 2021

The following key priority programmes, projects and activities have been planned to be pursued in 2021:

7.1 Development of sections of the Western Railway Line on Standard Gauge

- **Kojokrom to Manso** - The on-going construction of a standard gauge railway line from Kojokrom to Manso, covering a distance of 22km will be continued. The project, which is being funded by the Government of Ghana, is expected to be substantially completed by the end of 2021 for the official handing over in February, 2022.
- **Manso to Huni Valley** - The implementation of the contract signed in June, 2020 for the continuation of the standard gauge construction works from

Manso to Huni Valley will be pursued in 2021. The contract also includes the conversion of the narrow-gauge tracks between Takoradi and Sekondi to standard gauge and the development of standard gauge tracks from the Takoradi Station to the Takoradi Port for efficient and effective access for cargo handling. The project will be funded by Euro500 million loan facility which has been approved by Parliament.

- **Kumasi (Adum) to Kaase** – The contract for the development of the section of the Western Railway Line from Kumasi (Adum) to Kaase, covering a distance of 6km was signed on 18th August, 2020 and would be funded by the Government of Ghana.
- **Kaase to Eduadin** - The section of the Western Railway Line from Kaase to Eduadin (approximately 12km) which was signed on 1st December, 2020 will also be funded under a loan facility being sourced.
- **Eduadin to Obuasi** - With regard to the section from Eduadin to Obuasi, covering a distance of 51km, the contract dated 29th September, 2020 will be implemented with funding through a loan facility being sourced by Government.

7.2 Development of the Eastern Railway Line on Standard Gauge

The procurement process will be finalized to enable contractors to mobilize on site in 2021 to undertake the construction of the new 330km standard gauge Eastern Railway Line from Accra/Tema to Kumasi under a Public-Private Partnership arrangement.

7.3 Development of the Tema to Mpakadan Standard Gauge Railway Line

The on-going construction of a new 97.7km standard gauge railway line from the Tema Port to Mpakadan to connect with the Volta Lake transport system will be completed in 2021. This line includes the construction of a major railway bridge measuring 300m across the Volta River between Senchi and Old Akrade.

7.4 Development of Ghana - Burkina Faso Railway Interconnectivity Project

Following the completion of the feasibility studies as the first phase of the Ghana - Burkina Faso Railway project in 2020, the two (2) countries through its Joint

Committee of Experts, will pursue and complete the procurement process in 2021 for the engagement of a strategic private sector investor to develop the project. It is the expectation that the project will reach a financial closure to enable the Concessionaire to mobilize on site to commence construction works in 2021. The project covers a distance of approximately 1,000km from Mpakadan to Ouagadougou.

7.5 **Construction of the Accra to Kasoa suburban Railway Line**

A contract was signed on 30th November, 2020 for the construction of a sub-urban railway line from Accra to Kasoa via Adjin Kotoku. The first phase of the project to be implemented from Accra to Adjin Kotoku, with a branch line to Nsawam. The second phase will be from Adjin Kotoku to Kasoa. The project is to be financed with an India EXIM Bank loan facility.

7.6 **Maintenance of Sections of the Narrow-Gauge Railway Network**

The Ministry has also earmarked funds under the 2021 budget to be used to undertake maintenance works on sections of the narrow-gauge railway network which have recently been rehabilitated. They include the sections of the existing Eastern Railway Line from Accra to Tema and Achimota to Nsawam. Sections of the existing Western Railway Line from Takoradi to Tarkwa and Kojokrom to Sekondi will also be maintained in 2021 to ensure a safe and secure operations of both passenger and freight services.

7.7 **Procurement of New Standard Gauge Rolling Stock**

As the Tema-Mpakadan standard gauge railway line nears completion, and in order to ensure the availability of standard gauge rolling stock for the testing and commissioning of the line after completion, a lease purchase agreement, which was signed in November 2020, will be implemented to enable the delivery of two (2) sets of Class IC4 High Speed Diesel Multiple Unit (DMU) trains to provide passenger services on the new line. The trains will be delivered within a period of 8 to 12 months from the contract effectiveness.

In addition to this, the Ministry will pursue the supply of a total of thirty-five (35) new standard gauge passenger/cargo trains under a Supplier's Credit facility which was approved by Parliament in 2020. The supply of the trains will be undertaken in

two (2) phases. For the first phase, a set of nine (9) trains is expected to be delivered within eighteen (18) months. The remaining twenty-six (26) sets of trains, which will form the second phase will be delivered within an additional eighteen (18) months period. These new standard gauge trains will be deployed for freight and passenger operations on the new standard gauge rail lines currently under construction on the Western and Eastern corridors.

7.8 Land Acquisition for Railway Development

The 2021 Budget makes provision for the Railway Sector to go through the necessary processes for the release of unencumbered land to contractors in advance of project commencement. The carrying out of cadastral surveys, publication of Executive Instruments (E.I.) for compulsory land acquisition and the payment of compensation to project affected persons often take time to complete and often leads to delays in site possession and consequently triggers delayed payment clauses.

8.0 OBSERVATIONS AND RECOMMENDATIONS

8.1 *Human Resource Capacity and Office Accommodation Challenges*

The Committee was informed that the Ministry, upon its creation in February, 2017 has been experiencing challenges with regards to limited office space. Apart from the limited office space, the Ministry does not have the full complement of staff knowledgeable in railways.

Similarly, Ghana Railway Development Authority (GRDA) is faced with challenges of office accommodation and staffing levels which are having dire impact on the performance of the Railway Sector.

Ghana Railway Company Limited (GRCL) is also faced with human resource challenges especially with aging staff. It was, particularly, indicated, for example, that with GRCL's current staff strength of about 1,122, a total of 706 (about 67%) are aged between 51-60 years. 252 (about 25%) are aged between 41-50 years while 92 (5%) fall within age bracket of 31-40 years.

It is the considered view of the Committee that all the interventions being made by the Government to revamp the railway sector would not yield the needed outcome if the

human resource factor is not properly addressed the enable the Ministry and for that matter GRDA and GRCL have the full complement of staff with the requisite knowledge. The Committee therefore, urges the Ministry, GRDA and GRCL to develop a comprehensive roadmap for the recruitment of the requisite staff. The Ministry, GRDA and GRCL is also urged to have an arrangement with Railway Training School to have some of the existing staff trained.

8.2 *Ineffective Legal, Regulatory and Institutional Regime*

The Committee noted that the current railway legal and regulatory regime is ineffective because the Regulations are yet to be passed to fully operationalize the Railways Act, 2008 (Act 779) that established the GRDA. The Committee view this as potentially a disincentive to private sector participation in the railway industry.

Furthermore, GRDA, the regulator is also a developer and an asset holder. This, may compromises its independence and potentially makes GRDA a judge in its own cause. Since Government is encouraging private sector investors to own railway assets, GRDA cannot be viewed as an impartial arbiter and the committee recommends the decoupling of the two roles to allow GRDA to concentrate on its regulatory functions.

8.3 *Operational Challenges*

The Committee was also informed that in recent times, the operations of GRCL have declined to an unacceptable level making it difficult to run as a business entity. It was explained that in-spite of the numerous government interventions to the sector, the sector still battles with the challenge of poor tracks, obsolete equipment and rolling stock. In addition, two (2) commuter train services on the Eastern Railway Line that is Accra – Tema and Accra – Nsawam had to be suspended in the course of the year due to the COVID-19 pandemic.

It was further added that the haulage of bauxite from Awaso to the Takoradi Port and other bulk commodities, with the exception of haulage of manganese from Nsuta on the Western Railway Line has ceased since May 2011 due to the poor condition of the tracks. Also, due to the bad state of the tracks and the subsequent poor turnaround time, GRCL is unable to meet its targets for the haulage of the manganese, which is

currently the only freight commodity hauled by rail from Nsuta to the Takoradi Port for export.

8.4 **Encroachment of Railway Lands**

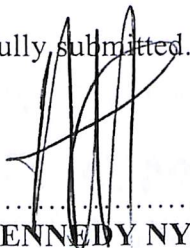
The Committee was informed that encroachment on railway properties is seriously affecting operations and development of the railway sector. It was explained that with the current state of the railways, most of railway assets across the country have been abandoned and some are advertently or inadvertently being encroached/taken over by private sector individuals and organizations. The Committee was, however, assured that the Ministry intends pursuing a programme to identify and ascertain the state/condition of all railway assets across the country and take steps to reclaim these assets, as well as, update the railway asset register or database for proper inventory and management.

The Committee therefore urges the Ministry to consider the encroachment issue as a major threat and urgently implement the proposed programme to forestall further encroachment of the remaining assets, particularly, the existing right-of-way

9.0 **CONCLUSION AND RECOMMENDATION**

To enable the Ministry, execute its programmes and activities, the Committee unanimously recommends to the House to approve the sum of **Five Hundred and Twelve Million, Five Hundred and Seven-Five Thousand, Six Hundred and Ninety-Two Ghana Cedis (GH¢512,575,692.00)** for the Ministry of Railway Development for the 2021 Fiscal Year.

Respectfully submitted.



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



.....
ROSEMARY ARTHUR-SARKODIE
CLERK, COMMITTEE ON
ROADS AND TRANSPORT

March, 2021