

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

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

*ON THE*

**2022 ANNUAL BUDGET ESTIMATES OF  
THE MINISTRY OF RAILWAY  
DEVELOPMENT**

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# **REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE 2022 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF RAILWAY DEVELOPMENT**

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## **1.0 INTRODUCTION**

1.1 In accordance with article 179 of the 1992 Constitution, the Hon. Minister for Finance and Economic Planning, Mr. Ken Ofori-Atta presented the Budget Statement and Economic Policy of Government for the 2022 Financial Year to the House on Wednesday, 17<sup>th</sup> November, 2021. Pursuant to Orders 140(4) and 189 of the Standing Orders of the House, the Rt. Hon. Speaker referred the Annual Budget Estimates of the Ministry of Railway Development to the Committee on Roads and Transport for consideration and report.

1.2 The Committee, consequently met with the Hon. Deputy Minister for Railway Development, Mr. Kwaku Asante-Boateng, the Chief Director, Head of Agencies and Officials of the Ministry on Wednesday, 8<sup>th</sup> December 2021, and considered the referral. Officials of the Ministry of Finance were in attendance to assist the Committee in its deliberations.

The Committee expresses its appreciation to the Hon. Minister and his team and Officers from the Ministry of Finance for providing the needed clarification.

## **2.0 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 2021 Financial Year.

- The Budget Statement and Economic Policy of the Government of Ghana for the 2022 Financial Year.
- The National Medium-Term Development Framework (NMTDF) for the period 2018 – 2021.
- The Report of the Committee on Roads and Transport on the 2021 Annual Budget Estimates of the Ministry of Railway Development.

### 3.0 **IMPLEMENTING AGENCIES**

The following Agencies under the Ministry are responsible for the implementation of its programmes and activities:

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

### 4.0 **MISSION AND POLICY OBJECTIVES**

#### 4.1 **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.

#### 4.2 **Policy Objectives**

The objectives of the Ministry are to:

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

### 5.0 **FINANCIAL PERFORMANCE FOR YEAR 2021**

The Ministry of Railway Development in the 2021 fiscal year was allocated a total amount of GH¢512,575,692.00 for its programmes

and activities. As at September 2021, a total amount of GH¢267,872,822.50 representing 52.26% of the Ministry's approved budget had been expended. Table 1 below gives the breakdown of the expenditure.

**Table 1**  
**Breakdown of Expenditure for Year 2021**

CLASSIFICATION		2021	RELEASES	ACTUALS	VARIANCE	%
		GH¢	GH¢	GH¢	GH¢	
Compensation	GOG	3,759,944.00	2,285,158.96	2,285,158.96	1,474,785.04	39.22
Goods & Services	GOG	11,879,665.00	7,702,319.47	6,738,826.51	4,177,345.53	35.16
	IGF	1,284,000.00	964,000.00	953,924.73	320,000.00	24.92
CAPEX	GOG	6,943,815.00	6,943,815.00	5,595,816.88		
	ABFA	120,000,000.00	90,000,000.00	69,734,670.84	30,000,000.00	25.00
	IGF	300,000.00	300,000.00	134,456.38		
	DEVT. FUND	368,408,268.00	182,429,968.20	182,429,968.20	185,978,299.80	50.48
<b>TOTAL</b>		<b>512,575,692.00</b>	<b>290,625,261.63</b>	<b>267,872,822.50</b>	<b>221,950,430.37</b>	<b>43.30</b>

*Source: Programme Based Budget Estimates of the Ministry of Railway Development for 2022.*

## 6.0 PERFORMANCE OF THE MINISTRY IN YEAR 2021

In line with its mandate, the Ministry and its implementing Agencies carried out the following programmes and activities:

### 6.1 Tema - Mpakadan Railway Line (Ghana - Burkina Faso Railway interconnectivity Project)

6.1.1 The implementation of the Ghana - Burkina Faso Railway Interconnectivity Project is of importance as it will accelerate economic growth and development for the mutual benefit of the two countries.

Following the Agreement between the two countries, a Joint Committee of Experts (JCE) was constituted to facilitate the implementation of the railway project in four Phases as follows:

- Phase 1: Feasibility Studies
- Phase 2: Procurement of Private Sector Partner
- Phase 3: Analysis of Technical Studies by Private Partner
- Phase 4: Construction and Supervision

The first Phase of the Project development, involving feasibility studies for the approximately 1,200km railway line between the Port of Tema and Ouagadougou has been completed. The second Phase of the Project, involving the procurement process for the private sector partner commenced concurrently with the feasibility studies.

6.1.2 The development of the Tema to Mpakadan Standard Gauge Railway Project, being developed by Messrs AFCONS Infrastructure Limited with the Indian Exim Bank facility, forms part of the Ghana – Burkina Faso Railway Interconnectivity Project. The Project is currently about 90% complete and covers approximately 100km of the proposed Ghana – Burkina Faso Railway Interconnectivity Project.

The remaining sections of the Railway Interconnectivity Project, spanning about 1,100km from Mpakadan through Paga to Ouagadougou, is being implemented under a Public Private Partnership (PPP) arrangement. The requisite procurement processes are currently ongoing. Three (3) pre-qualified bidders who successfully qualified from the previous stages of the procurement process - that is, Expression of Interest (EoI) and Request for Qualification (RfQ) received requests for proposals on 21<sup>st</sup> June 2021. Technical and Financial Proposals were received from the pre-qualified bidders on 7<sup>th</sup> October, 2021 and evaluation is in progress.

## 6.2 Procurement of New Standard Gauge Rolling Stock

In order to operationalize the new standard gauge railway lines currently under development, a Supplier's Credit Facility has been approved for Messrs Dongfang Electric International Corporation for the supply of a total of 35 new standard gauge locomotives and rolling stock. The quantities and categories of rolling stocks to be acquired are as follows:

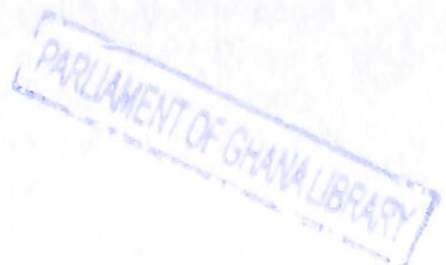
- 9 Passenger Locomotives
- 48 Passenger Coaches
- 15 Freight Locomotives
- 330 Wagons
- 11 Shunting Locomotives

For the first Phase of the Project, a set of nine (9) locomotives will be delivered within eighteen (18) months after the effective date of the contract and the remaining twenty-six (26), forming the second Phase, will also be delivered within another eighteen (18) month period.

In addition to this, a Lease Purchase Agreement was signed in November, 2020 with Messrs VAOB Group for the supply of two (2) sets of Diesel Multiple Unit (DMU) Trains, Equipment and accompanying Spare Parts within 8 to 12 months for operations on the Tema – Mpakadan Railway Line.

In August, 2021, the Ministry of Finance completed a Value-for-Money (VfM) assessment of the contract for the supply of the rolling stock being procured under the Supplier's Credit Facility. The Ministry of Finance is currently in discussions with the financiers to conclude the financing arrangements for the supply of the rolling stock.

A Similar VfM assessment is underway as part of the procurement process for the supply of the two (2) sets of DMUs under the Lease Purchase Agreement.



### 6.3 **Capacity Development for the Railway Sector**

#### UMaT School of Railways and Infrastructure Development

Government, as part of efforts to develop capacity for the railway sector, has upgraded and equipped the old Railway Central Training Institute located in Sekondi into a degree awarding institution with modern teaching and learning facilities. The Ministry in collaboration with the Ghana Railway Company Limited has entered into a partnership with the George Grant University of Mines and Technology (UMaT) to provide training in Railway Engineering and other ancillary programmes.

The first batch of students numbering about 300 were admitted for the 2021/2022 academic year to pursue the underlisted programmes:

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

### 6.4. **Modernisation of Location Workshop Complex**

The Railway Location Workshop Complex in Sekondi, is the main workshop for the maintenance of locomotives, wagons, coaches and other ancillary railway equipment for the effective and efficient operation of railway services in Ghana.

The Workshop Complex, constructed during the colonial era has the following seven (7) sheds:

- Shed 1: Diesel Shop
- Shed 2: Erecting Shop
- Shed 3: Smithy and Generator/Traction Motor Repair Cell
- Shed 4: Boiler Shop
- Shed 5: Machine Shop
- Shed 6: Tender and Machine Shop
- Shed 7: Millwright/Foundry Shop

Following the need to have the Railway Location Workshop Complex refurbished, refurbishment of the Diesel and Erecting Shops have been completed. A contract has been awarded to Messrs CK Engineering Limited to refurbish the remaining five (5) workshops at the facility. Work is currently on-going and expected to be completed in 2022.

The vision is to modernise and equip the facility to become a one stop workshop to serve the railway, mining, petroleum, agricultural and other ancillary industries in Ghana.

## **6.5 Rail Transport Programme**

### **6.5.1 Western Railway Line**

6.5.2 The Western Railway Line, which is from Takoradi to Kumasi with a branch line from Dunkwa to Awaso, is a major route for the transportation of major minerals and other bulk commodities such as manganese, bauxite, cocoa, timber, cement, petroleum products, and mining equipment. The haulage of these commodities by rail reduces the challenge of using road transport which causes road deterioration.

Except for partial freight services on the Takoradi - Nsuta section used for the haulage and export of Manganese through the Takoradi Port, the Western Line is broken down due to underfunding and several decades of neglect. Government provided budgetary support for the rehabilitation of sections of the existing narrow gauge Western rail line from Kojokrom to Tarkwa through Nsuta. The Rehabilitation Project was completed in January, 2020.

Apart from the rehabilitation of the Takoradi – Nsuta narrow gauge line, the standard gauge line is also being developed. The construction of the 22km Kojokrom to Manso section of the Western Line commenced in 2018 with funding by the Government of Ghana. Currently, the Project which is about 72% complete is expected to be



fully completed and handed over by the contractor, Messrs Amandi Holding Ltd. in the second quarter of 2022.

6.5.3 Preparatory works are on-going for the development of the following sections of the Western Railway Line to link up with the new bauxite deposit at Nyinahin to support the exploitation of bauxite and facilitate the development of the Ghana Integrated Aluminum Industry:

- a) Kaase to Eduadin (approximately 12km)
- b) Eduadin to Obuasi (approximately 51km)
- c) Huni Valley to Dunkwa (approximately 75km)
- d) Dunkwa through Awaso to Nyinahin (approximately 137km)
- e) Dunkwa to Obuasi (approximately 38km)

## 6.6 **Eastern Railway Line**

6.6.1 The Eastern railway line, with a total length of 303km, links Accra to Kumasi with a branch line from Achimota to Tema. Rehabilitation works were carried out on sections of the line from Accra to Tema and also from Accra to Nsawam by the Ghana Railway Company Limited in December, 2018 and December, 2019 respectively. Passenger rail services on the line were however suspended in April, 2020 due to the COVID-19 pandemic.

With the exception of the Accra to Tema and Accra to Nsawam sections which provide passenger commuter rail services, the other sections of the narrow gauge line are not operational due to neglect over the years.

In 2021, as part of efforts to address the perennial flooding that occurs at Avenor, near the Kwame Nkrumah Interchange, the Hydrological Services Department took advantage of the suspension of the passenger services on the line to undertake the construction of a concrete drain/culvert across the rail track. Similar culvert construction works were undertaken across the rail line at Taifa by the Ghana Railway Company Limited.

Currently, the Ghana Railway Company Limited, which is the operator, and the Ghana Railway Development Authority, the regulator are undertaking joint test runs to certify if the line is safe and secure for passenger and rail services to resume before the end of December, 2021.

The Ministry is also going through the required approval processes to sign a contract with Messrs KEC to utilize an Indian Exim Bank facility to develop a 40km standard gauge line from Accra through Achimota and Kotoku to Nsawam to commence the development of the entire Eastern Rail Line on a new standard gauge. The new Eastern Line which will run from Accra to Kumasi will serve the Boankra Integrated Logistics Terminal and also have branch lines from Bosuso to Kyebi and from Achimota to Tema to facilitate the haulage of bauxite under the Ghana Integrated Aluminum Development project.

#### 7.0 BUDGETARY ALLOCATION FOR THE YEAR 2022

A total amount of **Five Hundred and Seventy-Five Million, Nine Hundred and Seventy Thousand Cedis (GH¢575,970,000.00)** has been earmarked for the Ministry of Railways Development for the implementation of its programmes for the 2022 fiscal year. The breakdown of the total budgetary allocation by economic classification and source of funding is shown in Table 2.

**Table 2**  
**Summary of 2022 Budgetary Allocation by Economic Classification and Source of Funding**

ITEMS	SOURCES OF FUNDS				
	GOG	IGF	ABFA	DP FUND	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢
Compensation	5,291,000.00	-	-	-	5,291,000.00
Goods & Services	11,135,000.00	1,902,000.00	-	-	13,037,000.00
CAPEX	6,944,000.00	476,000.00	200,000,000.00	350,222,000.00	557,642,000.00
<b>TOTAL</b>	<b>23,370,000.00</b>	<b>2,378,000.00</b>	<b>200,000,000.00</b>	<b>350,222,000.00</b>	<b>575,970,000.00</b>

*Source: Programme Based Estimates of the Ministry of Railway Development for 2022*

## **8.0 OBSERVATIONS AND RECOMMENDATIONS**

### **8.1 Budgetary Requirement**

The Committee observed that the Ministry's budgetary requirement for Capital Expenditure for year 2022 is GH¢2,529,033,185.00. However, the Ministry has been allocated an amount of GH¢557,642,000.00.

The inadequate budgetary allocation the Committee noted, may affect the execution of key projects such as the conversion of sections of the Western Rail Line from 21 tons axle loads to 25 tons, construction of the Accra – Nsawam section of the Eastern Line (40 kilometres), the procurement of Standard Gauge Locomotives and Rolling Stock, among others.

### **8.2 Capacity building**

The Committee noted that the refurbishment and upgrade of the Railway Central Training Institute at Sekondi into a degree awarding institution was completed in January 2021 and that the Institute in collaboration with the George Grant University of Mines and Technology is already providing training for over 300 Ghanaian youth in various engineering degree programmes for the 2021/2022 academic year. The Committee further noted that plans are underway to introduce a BSc Railway Engineering programme, and other relevant programmes for the 2022/2023 academic year.

Over the years, industry has complained about the lack of requisite skills of graduates from tertiary institutions. It is therefore heartwarming to note that the University has purposely structured its academic programmes to ensure that students have the requisite skills by receiving practical and hands-on engineering training to enhance their theoretical knowledge.

### **8.3 Work on the Western Railway Line**

The Committee was informed that the new standard gauge Western Railway Line is expected to continue from Manso to Huni Valley in 2022 by Messrs Amandi under a Credit Facility secured by Government. The Project will

include the conversion of the dual gauge tracks between Takoradi and Kojokrom from narrow gauge to standard gauge; the construction of a new standard gauge rail line from the Takoradi Station to the Takoradi Port in order to have a continuous standard gauge connection from the Port to the Nsuta Bauxite mine and other mines to facilitate the efficient haulage of minerals.

Additionally, the Government of Ghana is providing funds under the Annual Budget Funding Amount (ABFA) for the development of a new 6km standard gauge rail line in Kumasi from Adum to Kaase. The contractor, Messrs David Walter Limited, has mobilized to site to undertake site clearance works for the construction of the new standard gauge line. The Project is expected to be completed over a twelve (12) months construction period.

#### **8.4 Work on the Eastern Railway Line**

It came to the attention of the Committee that the Ministry is going through the required approval processes to sign a contract with Messrs KEC to utilize an Indian Exim Bank facility to develop a 40km standard gauge line from Accra through Achimota and Kotoku to Nsawam to commence the development of the entire Eastern Rail Line on a new standard gauge. The new Eastern Line which will run from Accra to Kumasi will serve the Boankra Integrated Logistics Terminal and also have branch lines from Bosuso to Kyebi and from Achimota to Tema to facilitate the haulage of bauxite under the Ghana Integrated Aluminum Development project.

#### **8.5 Tema-Mpakadan Railway Line**

The Committee noted that the Tema-Mpakadan standard gauge railway project is about 90% complete and expected to be fully completed in 2022. The Committee further noted that there is need to have the relevant supporting infrastructure to operationalise the terminal at Mpakadan. The Committee urges Government to facilitate the needed processes to ensure that the required infrastructure including port facilities at Mpakadan and Buipe are provided to ensure the full operationalisation of the railway line.

## **8.6 Encroachment on Railway Lands**

The Committee observed that encroachment on railway properties is seriously affecting operations and development of the railway sector. The long period of neglect of the railway sector has resulted in the public taking over railway assets including lands within the right of way, thus making railway development in some areas difficult. Residential homes, shops, churches, school buildings and warehouses for instance have been erected along the Western Railway Line, making it difficult for work to commence smoothly.

The Committee recommends that the Ministry takes necessary steps to recover all lands and properties belonging to the Ministry.

## **8.7 Monitoring of Works and Programmes**

It was observed that the Ministry was able to undertake only 5 monitoring visits out of the ten (10) planned for year 2021 due to the exigencies of the Covid-19 pandemic.

The Committee expressed concern that the lack of effective monitoring facilitated the flourishing of illegal mining and other activities along the rail corridors, posing a threat to the rail tracks. The Committee recommends that the Ministry as a matter of urgency should take steps to halt such illegal activities.

## **8.8 Staffing and Office Accommodation**

The Committee observed that the Ministry and its Agencies do not have adequate office accommodation and the full complement of technical and other staff required for the effective and efficient performance of the Ministry.

The Committee recommends that the Ministry is granted approval to engage personnel with the requisite technical knowledge to enable the Ministry effectively maintain and sustain the railway system in the country.

## 8.9 Operational Challenges

The Committee noted that operations of Ghana Railway Company Limited have declined to an unacceptable level making it difficult to run as a business entity. Owing to poor tracks, obsolete equipment and rolling stock, passenger rail services are currently limited to sections of the Eastern Line between Accra and Tema, as well as, Accra and Nsawam. Passenger rail services on the Western Line are only provided from Takoradi through Kojokrom to Sekondi and also from Takoradi to Tarkwa.

With the exception of haulage of manganese from Nsuta, the haulage of bauxite and other bulk commodities to the Takoradi port has ceased since May 2011 due to the poor condition of the tracks.

The Committee recommends that as a matter of urgency the Western line from Takoradi to Nsuta be rehabilitated to enable the Ghana Railway Company Limited continue the haulage of minerals and other bulk commodities to the Takoradi Port.

## 9.0 CONCLUSION

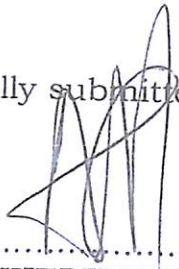
Inadequate budgetary allocation and delays in the release of funds over the years has greatly hampered the effective performance of the Ministry.

To ensure accelerated economic growth and development in the country, it is important for the Ministry to be adequately resourced to enable it address the challenges in the railway sector.

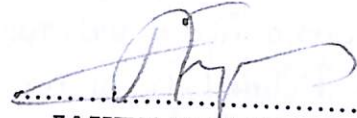
The Committee hereby recommends to the House to approve the sum of **Five Hundred and Seventy-five million, Nine Hundred and Seventy Thousand, Ghana Cedis (GH¢575,970,000.00)** for the Ministry of Railway Development for the 2022 Fiscal Year.

Respectfully submitted.

Respectfully submitted.



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



.....  
**JANET FRIMPONG**  
**(CLERK, COMMITTEE ON**  
**ROADS AND TRANSPORT)**

DECEMBER 2021

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