

PARLIAMENT OF GHANA LIBRARY

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

PARLIAMENT OF GHANA LIBRARY

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

*ON THE*

**GHANA ROAD FUND ANNUAL  
REPORT AND ACCOUNTS  
FOR YEAR 2002**

*JULY 2004*

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## **1.0 INTRODUCTION**

- 1.1 The Ghana Road Fund Annual Report and Accounts for the year 2002, were laid before the House on Wednesday, 4<sup>th</sup> February 2004 and subsequently referred to the Committee on Roads and Transport for consideration and report pursuant to Article 103 (3) of the 1992 Constitution and Order 189 of the Standing Orders of the House.
- 1.2 The Committee, in considering the referral, met with the Director of the Ghana Road Fund Secretariat and officials of Ghana Highway Authority (GHA), Department of Feeder Roads (DFR) and Department of Urban Roads (DUR) for further clarifications.

The Committee is grateful to them for their assistance.

## **2.0 REFERENCE DOCUMENTS**

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

- i. The 1992 Constitution of the Republic of Ghana
- ii. The Standing Orders of the House
- iii. The Road Fund Act, 1997 (Act 536)
- iv. The 2001 Ghana Road Fund Annual Report and Accounts
- v. The 2002 Ghana Road Fund Annual Report and Accounts

### **3.0 VISION OF THE GHANA ROAD FUND**

The vision of the Ghana Road Fund is to ensure the regular maintenance of Ghana's road network by the provision of adequate and sustainable resources (for the financing of road projects, through efficient and effective management of the Fund), with the view to improving the quality of Ghana's Road Network.

The Ghana Road Fund seeks to achieve its Vision through the following:

- a. continued concentration of resources on routine and periodic maintenance of roads through GHA, DFR and DUR.
- b. increased revenue through improved efficiency in revenue collection.
- c. tolling of all tollable roads and the privatization of toll collection.
- d. timely and regular disbursement of funds for maintenance works through the Road Agencies.
- e. monitoring the efficient and effective use of the funds released to the implementing agencies.
- f. provision of funds for road safety activities.

### **4.0 OBJECTIVES OF THE GHANA ROAD FUND**

The objectives of the Fund, according to the Road Fund Act, 1997 (Act 536), are to:



- a. finance routine and periodic maintenance of roads and related facilities in the country.
- b. finance upgrading and rehabilitation of roads in the country
- c. assist Metropolitan, Municipal and District Assemblies in the exercise of their functions relevant to public roads under any enactment.
- d. finance road safety activities and selected road safety projects in the country and
- e. such other relevant matters as may be determined by the Board.

## **5.0 OBSERVATIONS**

The Committee, in its deliberations made the following observations:

### **i. Revenue Generation**

The Report and Accounts for year 2002 indicated that, the total net revenue generated into the Fund amounted to ₦409.9 billion. This showed a positive variance of ₦12.6 billion over the budgeted target of ₦397.3 billion.

This, the Report indicated, was due mainly to higher fuel levy fees resulting from higher offtakes of fuel. Total fuel volumes for the year totaled 1,615.1 million litres as against a projection of 1,520 million litres.

ii. **Disbursement of Funds**

Based on the Annual Road Maintenance and Expenditure Programmes of the Agencies approved by the Board for the year 2002, an amount of ₵409.7 billion was disbursed to the Road Agencies and the Ministry of Roads and Transport. The breakdown is as follows:

TABLE 1

**TABLE OF DISBURSEMENT TO BENEFICIARY AGENCIES  
IN YEAR 2002**

	<b>ROUTINE MAINTENANCE ₵bn</b>	<b>PERIOD MAINTENANCE ₵bn</b>	<b>TOTAL ₵bn</b>
Ghana Highway Authority	44.2	99.7	143.9
Department of Feeder Roads	21.1	116.7	134.8
Department of Urban Roads	39.2	68.1	107.3
Ministry of Roads & Transport	-	-	20.7
<b>TOTAL</b>	<b>104.5</b>	<b>284.5</b>	<b>409.7</b>

It should be noted that, the allocation made to the Ministry of Roads and Transport was to cater for emergency road works, road safety activities and the operational expenses of the Ghana Road Fund Secretariat.

iii. **Achievements in Year 2002**

The table below shows the summary of the physical performance by the Road Agencies during the year under review.

**TABLE 2**

**SUMMARY OF ACHIEVEMENTS OF THE  
ROAD AGENCIES IN YEAR 2002**

AGENCY	ACTIVITY	PLANNED	ACHIEVED	
		KM	KM	%
Ghana Highway Authority (GHA)	Routine	11,850.00	7,521.00	63.47
	Periodic	482.70	113.02	23.41
Department of Feeder Roads (DFR)	Routine	13,700.00	10,459.00	76.34
	Periodic	3,953.00	2,687.00	67.97
Department of Urban Roads (DUR)	Routine	2,461.00	986.65	40.09
	Periodic	274.00	84.96	31.01
<b>TOTAL</b>	Routine	28,011.00	18,966.65	67.71
	Periodic	4,709.70	2,884.98	61.26

It was observed by the Committee that, as was experienced in the year 2001, the achievements of the Road Agencies fell far short of their planned programmes.

**iv. Arrears to Contractors**

The Committee observed that for the year 2002, an estimated amount of ₵170.6 billion was owed to road contractors for works executed. This balance was therefore transferred to year 2003 to be paid out of the revenue that would accrue to the Fund in that year. Meanwhile, an amount of ₵109.7 (being arrears to contractors) which was brought forward into year 2002 was cleared during the year.



This situation hinders the achievement of maintenance targets set by beneficiary agencies especially in the area of periodic maintenance.

**v. Maintenance Achievements**

For the year 2002, the Road Agencies budgeted to utilize an amount of ₱381.30 billion for the maintenance of 32,720.7 kilometres of roads. This is represented in the summary of physical performance of the Road Agencies below:

**TABLE 3**  
**SUMMARY OF PHYSICAL & FINANCIAL PERFORMANCE**  
**OF ROAD AGENCIES IN 2002**

AGENCY	TYPE OF ACTIVITY	PLANNED		ACHIEVED			
		BUDGET ALLOCATION ₱	PHYSICAL WORK KM	ACTUAL DISBURSEMENT		PHYSICAL WORK DONE	
				AMOUNT ₱	%	LENGTH KM	%
GHA	ROUTINE	45.00	11,850.00	44.20	98.2	7,521.00	63.5
	PERIODIC	107.00	482.70	99.74	93.2	113.02	23.4
	SUB-TOTAL	152.00	-	143.93	94.7	-	-
DFR	ROUTINE	35.00	13,700.00	21.09	60.2	10,459.00	76.3
	PERIODIC	117.00	3,953.00	116.69	99.7	2,687.00	68.0
	SUB-TOTAL	152.00	-	137.77	90.6	-	-
DUR	ROUTINE	30.00	2,461.00	39.20	130.7	986.65	40.1
	PERIODIC	47.30	274.00	68.13	144.0	84.96	31.0
	SUB-TOTAL	77.30	-	107.34	138.9	-	-
TOTAL	ROUTINE	110.00	28,011.00	104.49	95.0	18,966.65	67.7
	PERIODIC	279.20	4,709.70	300.30	107.6	2,884.98	61.3
	TOTAL	381.30	32,720.7	404.79	104.0	-	-

As shown in table 3 above, GHA and DFR utilized funds within their budget while DUR spent well over its budgeted allocations for routine and periodic maintenance contracts. However, in terms of value for money, the performance of all the Agencies showed serious over expenditure. The total over expenditure amounted to ₱201.98 billion as against about ₱91.9 billion for year 2001.

**TABLE 4**  
**Summary of Expenditure by the Road Agencies**  
**on Maintenance Programmes**

AGENCY	TYPE OF ACTIVITY	PLANNED				ACHIEVED		VARIANCE (OVER/ UNDER EXPENDITURE) ₱bn
		BUDGETED OUTPUT KM	BUDGETED UNIT COST ₱bn	BUDGETED TOTAL COST ₱bn	ALLOWED BUDGETED EXPENDITURE FOR ACTUAL OUTPUT ₱bn	ACTUAL OUTPUT KM	ACTUAL EXPENDITURE ₱bn	
GHA	ROUTINE	11,850.00	0.0038	45.00	28.58	7,521.00	44.20	(15.62)
	PERIODIC	482.70	0.2217	107.00	25.06	113.02	99.74	(74.68)
DFR	ROUTINE	13,700.00	0.0026	35.00	27.19	10,459.00	21.09	6.1
	PERIODIC	3,953.00	0.0296	117.00	79.54	2,687.00	116.69	(37.15)
DUR	ROUTINE	2,461.00	0.0122	30.00	12.04	986.65	39.20	(27.16)
	PERIODIC	274.00	0.1726	47.30	14.66	84.96	68.13	(53.47)
<b>TOTAL</b>		32,720.7	-	381.30	187.07	21,851.63	389.05	(201.98)



Table 4 above indicates that, the Road Agencies spent a total amount of ₵389.05 billion for the maintenance of 21,851.63 kilometres of roads instead of the 32,720.7 kilometres budgeted for.

Reasons given by the Road Agencies for this situation included payment of arrears for the previous year's contracts and the diversified nature of works carried out under the general heading of periodic maintenance (for example, reshaping and resealing of roads, patching of pot-holes etc.).

The Committee wishes to reiterate its concern about the increasing over-expenditure by the Agencies and urges the Ghana Road Fund Board to take measures to arrest this trend.

**v. Shortage of Personnel (Manpower)**

The Committee took note of the observation made by the External Auditors on the low level of trained manpower to monitor the many projects undertaken by the Agencies. The Committee observed that this problem (which has crippled the Road Agencies in their service delivery) has not been adequately addressed by the Ministry of Roads and Transport.

**vi. Technical Achievements**

The Committee noted a low level of technical achievement of the Road Agencies in the year under review. This, the

Committee noted, was due to over optimistic programmes drawn up by the beneficiary agencies and cash flow difficulties experienced by the Fund in the year.

## **6.0 RECOMMENDATIONS**

In the light of the aforementioned observations, the Committee recommends that:

- i. beneficiary agencies must impress upon the Ministry of Roads & Transport to ensure prompt release of funds to pay for work done.
- ii. beneficiary agencies should endeavour to work within their budgetary allocation instead of taking on other projects that they do not have the capacity to handle.
- iii. the Ghana Road Fund Board should strengthen its mode of monitoring and supervision of funds disbursed by the Road Agencies.
- iv. in-service training of technical staff of the Road Agencies be put in place and more technical staff recruited to ensure efficiency in their service delivery and finally,

- v. the Ministry of Roads and Transport should strengthen its monitoring mechanisms by recruiting engineers experienced in contract management.

## **7.0 CONCLUSION**

Notwithstanding the difficulties the Ghana Road Fund faces in terms of funds accruing to it, the Committee recommends to the House, the adoption of the Report and Accounts of the Ghana Road Fund for the year 2002.

Respectfully submitted.



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



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**HON. S. K. SARFOH**  
**(CHAIRMAN, COMMITTEE**  
**ON ROADS AND TRANSPORT)**

**12<sup>TH</sup> JULY, 2004**