IN THE FIRST SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT

ON THE

2017 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF ROADS AND HIGHWAYS

MARCH, 2017

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1.0 INTRODUCTION

1.1. On Thursday, 2nd March, 2017, the Minister for Finance, Mr. Ken Ofori Atta in fulfilment of Article 179 of the 1992 Constitution presented to the House, the 2017 Budget Statement and Economic Policy of Government.

1.2 The Budget Estimates of the Ministry of Roads and Highways (MRH) were thereafter referred to the Committee for Roads and Transport for consideration and report in accordance with Standing Orders 140 (4) and 189 of the House.

1.3 The Committee met on Tuesday, 21st March 2017 to consider the Budget Estimates with the Sector Minister, Hon. Kwasi Amoako Atta, the Chief Director and Heads of Agencies of the Sector Ministry and some Officials from the Ministry of Finance.

1.4 Being a programme based Budget, the Estimates covers the Management and Administration Programme, Road Infrastructure Development and Maintenance including Training and Road Maintenance Financing. These programmes are undertaken by the main Ministry and the under listed Departments and Agencies:

(i) Ghana Highway Authority (GHA),
(ii) Department of Urban Roads (DUR),
(iii) Department of Feeder Roads (DFR),
(iv) Ghana Road Fund (GRF); and
(v) Koforidua Training Centre.

Table 1 source – MTEF for 2016 – 2018
Table 2 & 3 source – Ministry of Roads & Highways

2.0 REFERENCE DOCUMENTS

2.1 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 2017 Financial Year,

iv) The Medium-Term Expenditure Framework (MTEF) for 2016-2018 Programme Based Budget Estimates; and

v) The Report of the Committee on the 2016 Budget Estimates for the Ministry of Roads and Highways.

3.0 MISSION OF THE MINISTRY OF ROADS AND HIGHWAYS (MRH)

3.1 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.

4.0 POLICY OBJECTIVES OF THE MRH

4.1 The policy objectives relevant to the Road Sector as outlined in the Medium-Term Expenditure Framework (MTEF) for MRH for 2016-2018 are:

- Establish Ghana as a Transportation Hub for the West Africa Sub-Region,
- Create and sustain an efficient and effective transport network that meets user needs,

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

- Integrate land use, transport planning, development planning and service provision,
- Create appropriate environment for private sector participation in the delivery of transport infrastructure,
- Ensure sustainable development and management of the Transport Sector,
- Develop adequate human resource base; and
- Develop and implement comprehensive and integrated policy, governance, and institutional frameworks.

5.0 ACHIEVEMENTS OF THE ROAD SECTOR IN 2016 FISCAL YEAR

5.1 Road Rehabilitation and Maintenance Programme:

5.1.2 In the year under review, the MRH carried out routine maintenance works on 10,723.49km (90% of the approved work plan) of trunk road network; 16,183km (72% of the approved work plan) on the feeder road network; and 9,384km (94% of the approved work plan) on the urban road network.

5.1.3 In 2016 maintenance activities, comprising re-gravelling, spot improvement and resealing works were carried out on 43km (0.6% of the approved work plan) of trunk roads, Feeder Roads had a performance figure of 71km (7% of the approved work plan) and 3,893km (93% of the approved work plan) for urban roads.

5.1.4 Periodic maintenance on the urban roads centered on asphalt overlay works which resulted in 479km of roads being asphalted in areas such as Accra, Sekondi-Takoradi, Axim, Tarkwa, Asankragua, Tamale, Cape Coast, Agona Swedru, Winneba, Kumasi and Ho.

5.1.5 Minor rehabilitation works covering minor upgrading and the construction of culverts and drainage structures were carried on 137km (15% of the

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

approved work plan) of trunk roads, 477km (136% of approved work plan) of feeder roads and 642km (642% of the approved work plan) of urban roads.

5.2. Road and Bridge Construction Programme

5.2.1 MRH in 2016, was able to undertake rehabilitation, reconstruction, construction of bridges and upgrading of roads. A total of 98km of development works representing 49% of approved program was achieved on trunk roads. In addition, 35km of development works were executed on urban road networks, about 88% of approved program.

5.2.2 Other construction works in 2016 saw 3 bridges completed on the trunk road network. One (1) interchange and 3 footbridges were completed on the urban road network. Seventy-five (75) bridges at various stages of completion are on-going on the feeder road network.

5.3 Road Safety and Environment Programme

5.3.1 In the year under review, the Ministry pursued the implementation of the Law on Axle Load Limit as stipulated in the Road Traffic Regulation LI 2180. Three new weighbridge stations at Adansi Asokwa, Sawla and Damango started operations. A total of 596 traffic signals were installed and maintained with 60 road safety hazard sites treated.

5.4 Public Private Partnerships (PPP)

5.4.1 The Ministry's Public Private Partnerships (PPP) programme for the financing, construction and management of road infrastructure is still on-going.

5.4.2 Transaction Advisory services are on-going for feasibility studies on the procurement of a Concessionaire for the Accra-Takoradi road project. With respect to the Accra-Tema Motorway, the contract for the Transaction Advisory Services has been signed and the inception report submitted.

Table 1 source – MTEF for 2016 – 2018
Table 2 & 3 source – Ministry of Roads & Highways

5.4.3 Works are currently on-going to construct additional lanes at the Tema Roundabout as slip road to improve capacity or ease traffic congestion during the Accra-Tema Motorway expansion project.

5.5 Monitoring and Evaluation

5.5.1 During the 2016 Fiscal year, the Ministry undertook monitoring of 231 road projects in eight regions and agencies. The Agencies were asked to respond to key findings of the monitoring exercise. This exercise is necessary to help improve their performance.

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

5.6 FINANCIAL PERFORMANCE OF THE ROAD SECTOR IN 2016

TABLE 1: MDA Summary of Disbursement of Approved Budget as At December 2016

MRH AND ITS AGENCIES PERFORMANCE ANALYSIS AS AT DECEMBER, 2016			
EXPENDITURE ITEM	2016 CEILING (GH¢)	DISBURSMENT AS AT DECEMBER, 2016	% DISBURSED
COMPENSATION OF EMPLOYEES	33,652,108.00	32,796,320.00	97.5
GOODS AND SERVICES	323,395.00	50,333.00	15.6
ASSETS	0.00	0.00	0.0
ABFA ALLOCATION (ASSETS)	172,841,246.00	108,479,666.00	62.8
TOTAL GOG	**206,816,749.00**	**141,326,319.00**	**68.3**
DONOR	408,273,184.00	694,268,599.00	170.1
IGF	9,534,264.00	7,411,442.00	77.7
GRAND TOTAL	**624,624,197.00**	**843,006,360.00**	**135.0**

Table 1 shows how the Ministry utilised its budget for the year 2016

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

6.0 OUTLOOK FOR 2017

The Ministry to execute its program of activities for the year was given an amount of **GH¢871,222,971.** The amount is to be used to enhance the activities of the Ministry through the following programmes:

i.	Management and Administration	-	GH¢408,801,980.00
ii.	Road and Bridge Construction	-	GH¢300,180,273.00
iii.	Road Rehabilitation and Maintenance	-	GH¢151,736,449.00
iv.	Road Safety and Environment	-	GH¢10,504,269.00
	TOTAL	-	**GH¢871,222,971.00**

6.1 Management and Administration

6.1.1 In 2017, the effectiveness and efficiency of the performance delivery of the sector would be improved. To help achieve this, 82 technical staff and 75 non-technical staff would be recruited or replaced. Additionally, 326 technical staff and 206 non-technical staff would be trained in different disciplines. An amount of GH¢408,801,981.00 has therefore been allocated to cover this exercise, among others.

6.2 Road and Bridge Construction

6.2.1 In 2017 fiscal year, 195km of trunk roads and 25km of urban roads would be constructed and those on-going would be continued. In addition to that, $3_{no.}$, $10_{no.}$, and $2_{no.}$ bridges on the trunk, feeder and urban road network respectively would be constructed and also

Table 1 source – MTEF for 2016 – 2018
Table 2 & 3 source – Ministry of Roads & Highways

undertake 10 engineering studies. An amount of GH¢300,180,272.00 has been earmarked for these purposes.

6.3 Road Rehabilitation and Maintenance

6.3.1 The Ministry and its Agencies hope to undertake 11,900km, 22,950km and 10,200km of routine maintenance activities (grading, pothole patching, shoulder maintenance, vegetation control) on trunk, feeder and urban road networks respectively.

6.3.2 Periodic maintenance activities (spot improvement, re-gravelling, resealing, asphaltic overlay, partial reconstruction, and maintenance of bridges) would be undertaken on 350km, 300km, and 350km on trunk, feeder and urban roads respectively.

6.3.3 Minor rehabilitation works would be done on 60km of trunk roads, 350km of feeder roads and 100km of urban roads would also be undertaken. Under this programme a total amount of GH¢ 151,736,449.00 has been allotted. This excludes amount from the Ghana Road Fund.

6.4 Road Safety and Environment

6.4.1 The Ministry and its Agencies would install and maintain 20 and 360 Traffic Signals respectively and also put in place corrective measures to 60 road safety hazard sites throughout the Country. Overloading of vehicles will also be kept below 10% of total vehicles weighed at all weigh station.

Table 1 source – MTEF for 2016 – 2018
Table 2 & 3 source – Ministry of Roads & Highways

6.5 TABLE 2: PLANNED BUDGET FOR 2017 AGAINST APPROVED CEILINGS

EXPENDITURE ITEM	APPROVED CEILING (GH¢)	PLANNED BUDGET (GH¢)	VARIANCE	VAR %
COMPENSATION OF EMPLOYEES	39,784,995	39,195,960	589,035	1.5
GOODS AND SERVICES	1,500,000	18,284,270	(16,784,270)	91.8
ASSETS	230,000,000	1,606,231,788	(1,376,231,788)	(85.7)
ABFA ALLOCATION	187,255,173	2,409,347,682	(2,222,092,509)	(92.2)
SUB - TOTAL (GoG)	**458,540,168**	**4,073,059,700**	**(3,614,519,532)**	**(88.7)**
DONOR	408,529,328	1,895,639,260	(1,487,109,932)	(78.4)
IGF	4,153,475.00	7,229,670.00	(3,076,195.00)	(42.5)
GRAND TOTAL	**871,222,971**	**5,975,928,630**	**(5,104,705,659)**	**(85.4)**

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

It is deduced from the Table 2 that only 14.6% of the Planned Budget of the Ministry was accepted by the Ministry of Finance.

6.6 TABLE 3: COMPARISON OF APPROVED BUDGET FOR 2016 WITH 2017 CEILINGS

EXPENDITURE ITEMS	YEAR 2016	YEAR 2017	VARIANCE	VAR %
COMPENSATION OF EMPLOYEES	33,652,108.00	39,784,995.00	6,132,887.00	18.2
GOODS AND SERVICE	323,395.00	1,500,000.00	1,176,605.00	363.8
ASSETS	0.00	230,000,000.00	230,000,000.00	–
ABFA ALLOCATION	172,841,246.00	187,255,173.00	14,413,927.00	8.3
TOTAL (GOG)	**206,816,749.00**	**458,540,168.00**	**251,723,419.00**	**121.7**
DONOR	408,273,184.00	408,529,328.00	256,144.00	0.1
IGF	9,534,264.00	4,153,475.00	(5,380,789.00)	(56.4)
GRAND TOTAL	**624,642,197.00**	**871,222,971.00**	**246,598,774**	**(39.5)**

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

TABLE 4: APPROVED CEILING FOR 2017 FISCAL YEAR PER AGENCY

MIN./ AGENCY	COMPENSATION	GOOD AND SERVICES	ASSETS	ABFA ALL	SUB TOTAL-GOG	DONOR	IGF	TOTAL
MRH	2,221,298	340,000	30,000,000	1,755,173	**34,316,471**	12,532,112	-	**46,848,583**
GHA	26,532,465	500,000	75,000,000	96,500,000	**198,532,465**	187,560,577	3,503,296	**389,596,338**
DFR	7,148,020	300,000	60,000,000	35,000,000	**102,448,020**	23,456,696	564,849	**126,469,565**
DUR	3,883,212	360,000	65,000,000	54,000,000	**123,243,212**	184,979,943	85,330	**308,308,485**
TOTAL	**39,784,995**	**1,500,000**	**230,000,000**	**187,255,173**	**458,540,168**	**408,529,328**	**4,153,475**	**871,222,971**

It was observed at the meeting with the Ministry and its Agencies that an amount of GH¢34,316,471.00 the sub-total GoG for the Ministry, an amount of GH¢5,779,509.00 is allotted to Koforidua Training Centre.

7.0 CHALLENGES AND CONSTRAINTS

7.1 The Committee noted that all the three Agencies of the Ministry were challenged in terms of their ability to raise enough revenue from other sources to support road maintenance programmes.

7.2 Low and untimely release of funds for Goods and Services have been hampering the preparation, supervision and monitoring of projects by the Ministry and it's implementing Agencies. In addition,

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

payment of allowances are unduly delayed resulting in low morale of work.

7.3 The long delays in honouring payment of work done by contractors severely affect projects cashflow resulting in poor physical progress at various project sites. As a result of the undue delay in payments, interest accruing on such payment delays are huge and increasing daily.

8.0 OBSERVATIONS AND RECOMMENDATIONS

8.1 The Committee noted the priority areas of the Sector Ministry and its Agencies for 2017 fiscal year. They are Compensation payments for Development Partner projects, Government of Ghana component for Development Partner Projects, Payment for Supervision or Consultancy Services, payment for On-going Works before New projects are brought on board.

The Committee agreed with these priorities set up by the Ministry and viewed them as means to ensure smooth run of donor funded/assisted road and bridge projects and also limiting awards of new projects to allow for early completion of on-going ones.

8.2 The Committee observed a 0% disbursement of Goods and Services for the Ghana Highway Authority, during 2016 fiscal year, a trend that the Agency confirmed had been the norm for some years now. The budgetary allocation of Goods and Services has been woefully inadequate and the least disbursed in spite of the important role this amount plays in the operation of the Agency with regard to supervision of projects, maintenance of project vehicles, payment of allowances to workers, payment of utility bills, among others.

Table 1 source – MTEF for 2016 – 2018

Table 2 & 3 source – Ministry of Roads & Highways

Indeed all the Agencies including the Ministry are affected by the low budgetary allocation and poor disbursement amounts and the Committee recommends the House to urge the Ministry of Finance to improve the allocation for Goods and Services and subsequent disbursements.

8.3 The Ministry of Finance issues commencement certificate prior to the start of major upgrading, rehabilitation and construction projects, that is, after the Ministry of Roads and Highways has selected and approved of a contractor. However, three (3) Conditions in the Certificate are of much concern to the Ministry of Roads and Highways and its Agencies.

These are that the Employer shall not

a. Provide for advance mobilisation loan

b. Pay interest on payments that have been delayed, and

c. Pay fluctuation on changes in prices of commodities over the base month of projects.

The Committee recommends to the House to urge the Ministry of Finance to have another look at these conditions especially that of (b) and (c) where

the FIDIC Conditions of Contract governing these contracts provide for such payments especially for projects already awarded.

Otherwise, the Ministries of Finance and Roads and Highways should collaborate and change or amend such portions of the conditions of contract before tendering of road and bridge projects.

9.0 CONCLUSION

9.1 The pivotal role played by the road sector is known to all. Therefore, for the Ministry of Roads and Highways to realise its objectives and mission, the Committee urges the House to adopt this report and approve the sum of **Eight Hundred and Seventy One Million, Two Hundred and Twenty Two Thousand, Nine Hundred and Seventy One Ghana Cedis (GH¢871,222,971)** for the activities of the Ministry of Roads and Highways for the 2017 Financial Year.

Respectfully Submitted,

HON. KWABENA OWUSU-ADUOMI
CHAIRMAN, COMMITTEE ON ROADS AND TRANSPORT

MR. ASANTE AMOAKO-ATTA
COMMITTEE ON ROADS AND TRANSPORT

March, 2017