

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

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

**ON THE**

**2018 ANNUAL BUDGET ESTIMATES OF THE  
MINISTRY OF RAILWAYS DEVELOPMENT**

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DECEMBER, 2017



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**DEVELOPMENT**

**1.0 INTRODUCTION**

- 1.1 On Thursday, 16<sup>th</sup> November, 2017, the Minister for Finance, Mr. Ken Ofori Atta in fulfilment of Article 179 of the 1992 Constitution presented to the House, the 2018 Budget Statement and Economic Policy of Government.
- 1.2 In accordance with Standing Orders 140 (4) and 189 of the House, the Budget Estimates of the Ministry of Railways Development were referred to the Committee for Roads and Transport for consideration and report.
- 1.3 The Committee on Tuesday, 12<sup>th</sup> December, 2017 met with the sector Minister, Hon. Joe Ghartey, the Deputy Minister, Hon. Andy Appiah-Kubi, the Chief Director and Heads of Agencies of the Sector Ministry and reports as follows:
- 1.4 The programme-based budget for 2018 covers the Ministry of Railways Development and the following Agencies:
- (i) Ghara Railway Development Authority (GRDA) and
  - (ii) Ghara Railway Company Limited (GRCL)

**2.0 REFERENCE DOCUMENTS**

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

- (i) The 1992 Constitution of the Republic of Ghana,
- (ii) The Standing Orders of Parliament,
- (iii) The Budget Statement and Economic Policy of the Government for the 2018 financial year,
- (iv) The National Medium Term Development Framework (NMTDF) for 2018-2021; and
- (v) The Report of the Committee on the 2017 Estimates for the Ministry of Transport.

### **3.0 VISION OF THE MINISTRY OF RAILWAYS DEVELOPMENT**

3.1 The Vision of the Ministry of Railways Development is to develop a modern, robust and integrated railways system, as well as, other associated infrastructure to serve as a catalyst and a backbone for the transformation of the economy and make Ghana's rail transport system the lead in Africa.

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

#### **4.1 Mission**

4.1.1 The Ministry's Mission is to provide leadership and guidance for the development of Ghana's railways system and associated infrastructure through Effective Policy Formulation, Investment Promotion, Market Regulation, Oversight Responsibility, Sector Development including research and Development, Asset Management and Responsive Service Delivery.

#### **4.2 Policy Objectives**

4.2.1 The Policy Objectives of the Ministry as derived from the NMTDPF 2018-2021 as well as the National Transport policy are as follows:

- (i) Establish Ghana as a Transportation Hub for the West African Sub-Region,
- (ii) Create and sustain an efficient transport system that meets the user needs,
- (iii) Integrate land use, transport planning, development planning and service provision,
- (iv) Create a vibrant and performance-based management environment that maximises benefits for public and private sector investors,
- (v) Develop and implement a comprehensive and integrated Policy, Governance and Institutional Frameworks,
- (vi) Ensure sustainable development in the Transport Sector; and



- (vii) Develop adequate human resource capacity and apply new technology.

## 5.0 FINANCIAL PERFORMANCE FOR 2017

5.1 The summary of the 2017 Budget performance for the Ministry of Railways Development and its Agencies is as stated in the table below.

**TABLE 1: 2017 APPROVED BUDGET AGAINST DISBURSEMENT AS AT NOVEMBER 2017**

ITEM	FUNDING SOURCE	APPROVED BUDGET (GH¢)	RELEASED (GH¢)	COMMITMENT	VARIANCE
COMPENSATION	GOG	24,161,263.25	3,101,828.25		21,059,434.75
GOODS & SERVICES	GOG	3,830,000.00	1,414,620.64		2,415,379.36
	ABFA	11,600,000.00	5,312,054.00		6,287,946.00
	DP	21,208,657.00	21,208,657.00		0
CAPEX	GOG	195,026,085.00	82,262,119.22	112,763,965.78	0
	ABFA	177,765,503.00	0.00	177,765,503.00	0
	DP	84,834,627.00	326,095,270.00		(241,260,643.00)
<b>TOTAL</b>		<b>518,426,135.00</b>	<b>439,394,549.11</b>	<b>290,529,468.78</b>	<b>-211,497,882.64</b>

For the period under review an amount of GH¢ 518,426,135.00 was approved by Parliament for the implementation of the sector's programmes and activities. To date an amount of GH¢ 439,394,549.11 has been released and there is a commitment of GH ¢290,529,468.78 to be met, thus bringing the total expected expenditure GH ¢ 729,924,017.89. Therefore there will be a negative variance of GH ¢211,497,882.64 which arose as a result of the over release on the Tema - Akosombo Rail Line Project

It should be noted that the over release was as a result of the need to pay for the mobilization of 20% of the contract sum of the Tema - Akosombo Project as per contract agreement.

## **6.0 ACHIEVEMENTS OF THE MINISTRY OF RAILWAY DEVELOPMENT IN 2017 FISCAL YEAR**

### **6.1 Light Rail**

6.1.1 Adverts for the Transactions Advisor was published and proposals for Feasibility studies received to develop an integrated light rail transit system in Accra and Kumasi.

6.1.2. The construction of the 10.1km double track railway line from Takoradi to Kojokrom a 4.5km single track line to Sekondi was completed and sub-urban rail services on the line has commenced.

### **6.2 Central Spine**

6.2.1. An evaluation of Technical and Financial Proposals to engage a Consulting Firm to undertake feasibility studies for the extension of the railway network to the North (from Kumasi to Paga i.e. Central Spine) was completed. Contract is expected to be signed in December 2017 for commencement of the feasibility studies in January 2018.

### **6.3 Western Line**

6.3.1. A consultant was engaged for the full design for the Western Line from Kojokrom to Kumasi including the branch line to Awaso and currently, the design works from Kojokrom to Eshiem has been completed. Furthermore, a Contractor has been procured after going through a procurement process for additional works to be undertaken for the continuation of a standard gauge line from Kojokrom to Eshiem, a distance of 5km.

6.3.2. Rehabilitation of five (5) coaches for operation on the Kojokrom - Tarkwa rail line and ten (10) coaches to be used on the Accra - Nsawam Railway Line is ongoing.

- 6.3.3. Contract had been awarded for the procurement of specialised equipment for the GRCL for the laying tracks.
- 6.3.4. Rehabilitation works for the narrow gauge section of the Western Line from Kojokrom to Tarkwa through Nsuta (54.5km) by GRCL workers is on-going.
- 6.3.5 Processes for the engagement of a Project Manager for the management of works on the Kojokrom - Tarkwa line is on-going.

#### **6.4 Tema - Akosombo Railway Line**

- 6.4.1. Works on the 85km railway line from Tema Port to link the Volta Lake via Akosombo Port as part of a multi-modal transport system to facilitate the transfer of containerised cargo by rail to and from Tema Port is on-going.
- 6.4.2. Various technical surveys, including Topographic, Cadastral and Hydrological Surveys have been completed.
- 6.4.3. The right-of-way acquisition is on-going and the alignment from 0-70km for the construction of the Tema - Akosombo Railway Line (85km) has been confirmed.
- 6.4.4. Data has also been captured for the relocation of utility crossings like ECG lines, GWCL pipelines, telephone cables etc.

#### **6.5 Eastern Line**

- 6.5.1. Rehabilitation of Accra - Nsawam Line (narrow gauge) by GRCL commenced in the year under review.
- 6.5.2. Feasibility studies for the development of the Eastern Railway line and the Boankra Inland Port on a PPP basis was completed and approval granted by the PPP Approval Committee for the second phase of the Transaction Advisory Services to proceed.
- 6.5.3. A Market Sounding event, as part of the procurement process, was held on 6<sup>th</sup> December, 2017 in Accra to sensitize prospective strategic investors for the project.



## 6.6 Institutional Development

6.6.1. The GRCL commenced the rehabilitation of Location Workshops and Railway Training School.

6.6.2. Office rehabilitation works for the Ministry is 40% complete with 25% of key staff provided with the necessary logistics items.

## 7.0 BUDGETARY ALLOCATIONS FOR THE MINISTRY OF RAILWAYS DEVELOPMENT AND ITS AGENCIES FOR 2018

7.1 The Ministry of Railways Development and its Agencies have been provided with a budget allocation of GH¢544,297,260.00 for the fiscal year 2018. The 2018 budget allocation compared with that of 2017 are as follows:

**TABLE 2: 2017 & 2018 BUDGETARY ALLOCATIONS FOR THE MINISTRY OF RAILWAY DEVELOPMENT AND ITS AGENCIES COMPARED**

EXPENDITURE ITEM	FUNDING SOURCE	2017 APPROVED ALLOCATION (GH¢)	2018 APPROVED ALLOCATION (GH¢)	VARIANCE (%)
COMPENSATION	GOG	24,161,263.00	5,000,000.00	(79.31)
GOODS AND SERVICES	GOG	3,830,000.00	3,869,620.00	1.03
	ABFA	11,600,000.00	0.00	(100)
	DP	21,208,657.00	76,656,000.00	261.44
	IGF	0.00	2,147,640.00	100
CAPEX	GOG	195,026,085.00	0.00	(100)
	ABFA	177,765,503.00	150,000,000.00	(15.62)
	DP	84,834,627.00	306,624,000.00	261.44
<b>TOTAL</b>		<b>518,426,135.00</b>	<b>544,297,260.00</b>	<b>4.99</b>



**TABLE 3: 2018 CAPITAL EXPENDITURE ALLOCATION**

<b>CAPEX</b>		
<b>PROJECT</b>	<b>ACTIVITY DESCRIPTION</b>	<b>Amount</b>
<b>WESTERN LINE</b>	Kojokrom Tarkwa through Nsuta ( Standard gauge)	20,000,000
	Procure Consultant for Final Engineering Design from Kojokrom-Kumasi branch line from Dunkwa to Nyinahin via Awaso	50,000,000
	Rehabilitation Works	8,000,000
<b>EASTERN LINE</b>	Rehabilitation of Accra-Tema-Nsawam Line	2,000,000
<b>CENTRAL LINE</b>	Consultancy for Full Feasibility-Huni Valley	3,000,000
<b>LIGHT RAIL (Accra &amp; Kumasi)</b>	Consultancy-Transaction Advisor (FED, PM)	20,000,000
<b>TRANS ECOWAS LINE</b>	Consultancy-Transaction Advisor	10,000,000
<b>ASSOCIATED INFRASTRUCTURE DEV.T (Stations to Cities)</b>	Volta, Accra, Kumasi, Offinso & other stations	10,000,000
	Eastern Line Extension	7,500,000
	Western Line Extension	7,500,000
<b>TEMA - AKOSOMBO</b>	Community Relations	2,000,000
	Construction of the Tema-Akosombo Railway Line (85km)	306,624,000
<b>TOATL</b>		<b>456,624,000</b>

## 8.0 PROGRAMME OUTLOOK FOR 2018

8.1 Feasibility studies to develop an integrated light rail transit system in Accra and Kumasi, as well as, the extension of the railway network from Kumasi to Paga (Central Spine) would be completed.

- 8.2 The full design of the Western Line from Kojokrom to Kumasi, including the branch line from Dunkwa to Awaso would be 100% completed.
- 8.3 The rehabilitation of five (5) and ten (10) coaches for operation on the Kojokrom - Tarkwa and Accra - Nsawam Railway Lines respectively would be completed and operationalised.
- 8.4 Specialised equipment for the laying of tracks would be delivered to GRCL and operationalised this year.
- 8.5 A contractor would be contracted for works on 54.5km section of the Western Line from Kojokrom to Tarkwa through Nsuta.
- 8.6 The construction of the Tema - Akosombo Railway Line would be 20% complete.
- 8.7 The rehabilitation of Accra - Nsawam Line by GRCL would be completed and be made operational.
- 8.8 Rehabilitation works on Location Workshops, Railway Training School and the Office of the Ministry would also be completed.
- 8.9 The staff of the Ministry and its agencies would be trained to develop their capacity in their respective fields of operation.
- 8.10 The Ministry shall commence construction of the Western and Eastern Lines.
- 8.11. An EPC (Engineering, Procurement Contractor) shall be engaged for the Central Spine.

## **9.0 OBSERVATIONS AND RECOMMENDATIONS**

- 9.1 The Committee envisages railway development as the best option to reduce congestion, improve efficiencies in the Transport Sector and act as the catalyst for future growth and development of the economy. Towards this end, it has become imperative and a development agenda to ensure the completion of ongoing railway projects.

### **9.1.1. Rail Transport Programme**

The Committee noted that under the Rail Transport Programme, the Ghana Railway Development Authority, successfully completed negotiation for the acquisition of a new office building and has embarked on an enhanced revenue generation drive to improve on their Internally Generated Fund. These accomplishments, the Committee noted, has paved the way for the effective and efficient operation of the Authority.

### **9.1.2. On-Going Projects**

The Committee noted with satisfaction, the Ministry's efforts and commitment to forge ahead and ensure the completion of the following projects:

- The development of the Sekondi - Takoradi via Kojokrom railway line and further to Tarkwa.
- The entire development of the Western line from Takoradi to Kumasi, with a branch line from Dunkwa to Awaso, which covers a distance of 340km.
- The Eastern Railway line from Accra to Kumasi, with a branch line from Accra to Tema, which covers a distance of 330km.
- Feasibility Studies for the Central Railway line, which covers a distance of 200km and spans from Kotoku on the Eastern line to Huni Valley on the Western Line
- The development of the Accra and Kumasi sub-urban railway project for the introduction of passenger rail services

### **10.0 Railway Lines encroachment/ Squatter Settlement**

The Committee noted that with the huge capital outlay (loans and investments) into the sector, modernization of the railway system with the state of the art technology and re-routing of lines to avoid conflict with human created by encroachment and squatter settlement on the railway lines should be a thing of the past.



### **10.1 Compensation**

The Ministry is collaborating with stakeholders to effectively reach amicable settlements on the payment of compensation to encroachers on the railway land and properties.

### **10.2 Managing Public Expectation**

The Committee was informed that substantial investment (US\$2m) would be injected into Community development activities. This would involve public education and sensitization of communities on how to ensure safety and security in rail operations and also for the public and private institutions to desist from encroachments on railway lands.

### **10.3 Re-structuring of GRDA**

The Committee was informed on the need to review the Ghana Railways Act, 2008 (Act, 779) and the restructuring of GRDA into an Infrastructure Development Authority and a separate independent Authority with responsibility for Railway regulations.

Furthermore, the 2003 Railway Master Plan, is to be reviewed.

### **10.4 Performance Indicators**

The Committee took note that, in the year under review, the total route length of railway lines rehabilitated was 20 percent complete, the length of lines maintained was 20 kilometres, passengers and goods traffic by rail was 258,000 and 599,000 tonnes respectively and the average turnaround time was 6 hours.

The Committee observed that despite the teething challenges of the Ministry, it has been able to meet critical targets especially the train turnaround time of six (6) hours.



## 10.5 2017 Financial Performance

The Committee observed that an amount of GH¢195,026,085.00 under GoG CAPEX meant for the payment of arrears for the Sekondi - Takoradi via Kojokrom sub-urban railway line has not been fully paid for.

They further observed that an amount of GH¢167,765,503.00 meant for the reconstruction of sections of the Western Railway line, thus, Kojokrom to Tarkwa through Nsuta was vired to undertake the following:

- Part payment for the full design and construction supervision of the Western Railway line from Kojokrom to Kumasi including the branch line to Awaso (standard gauge).
- Continuation of the construction of the railway line from Kojokrom to Tarkwa through Nsuta (standard gauge).
- Rehabilitation of the old line (narrow gauge) from Kojokrom to Tarkwa.
- Purchase of specialised equipment for the laying of trucks.
- Commence rehabilitation of Location (workshop) and Training School.
- Engagement of Owners Engineers/Consultant for the Kojokrom - Tarkwa (old narrow gauge line).
- Commence rehabilitation of part of the Eastern Line from Accra to Nsawam for passenger services.

Funds in respect of the above projects are being committed.

The Committee also noted that, the Ministry recorded budget overrun to the tune of (GH¢ 241,260,643.00) due to release of 20% mobilization to finance the Tema - Akosombo Rail Line Project.

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## 10.6 Local Content Policy

The Committee was informed that the Ministry considers the need to develop Ghanaian capacity and capability in the development of the Railway Sector, and as much as possible will engage local expertise for various railway studies and projects, where necessary.

The Committee noted with satisfaction, the employment of Ghanaians for the rehabilitation of some section of the existing Western and Eastern lines as well as feasibility studies for the development of the Kumasi - Paga lines. The Committee noted that rail development in the country enhance the economic opportunities of the citizenry as it would ensure new developments and businesses along the rail corridors.

## 11.0 CONCLUSION

Ghana is going through exciting times with its Railway development. With the current massive investment drive embarked by the sector coupled with re-vamping and re-structuring taking place in the sector, rail development holds the key to rapid transformational change in the transport sector.

To enable the Ministry execute its programme and facilitate the necessary transformation, the Committee recommends that the House adopts the report and approve the sum of GH¢544,297,260.00 for the Ministry of Railways Development for the 2018 Financial year.

Respectfully submitted.

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

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

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