

AFRICAN DEVELOPMENT BANK GROUP



GHANA

**REVIEW OF BANK ASSISTANCE TO THE TRANSPORT
SECTOR**

**OPERATIONS EVALUATION DEPARTMENT
(OPEV)**

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ABBREVIATIONS AND ACRONYMS

ADB	:	African Development Bank
ADF	:	African Development Fund
AFD	:	Agence Française de Développement
ASROC	:	Association of Road Contractors
BADEA	:	Arab Bank for Economic Development in Africa
CDF	:	Comprehensive Development Framework
CSP	:	Country Strategy Paper
DANIDA	:	Danish International Development Agency
DCO	:	Donor Coordination Office
DFR	:	Department of Feeder Roads
DFID	:	Department for International Development
ECOWAS	:	Economic Community of West African States
EAP	:	Environment Action Plan
EIA	:	Environmental Impact Assessment
EPCP	:	Economic Prospects and County Programming Papers
EPA	:	Environmental Protection Agency
EU	:	European Union
GDP	:	Gross Domestic Product
GHA	:	Ghana Highway Authority
GPRS	:	Ghana Poverty Reduction Strategy
GRC	:	Ghana Railway Company
GTZ	:	German Technical Co-operation
IDA	:	International Development Association
JICA	:	Japan International Co-operation Agency
KfW	:	Kreditanstalt für Wiederaufbau
MDG	:	Millennium Development Goals
MRT	:	Ministry of Roads and Transport
MRPH	:	Ministry of Railways, Ports and Harbours
NEPAD	:	New Partnership for Africa's Development
NRSC	:	National Road Safety Commission
NTF	:	Nigeria Trust Fund
OPEC	:	Organisation of Petroleum Exporting Countries
PCRs	:	Project completion reports,
PPERs	:	Project Performance Evaluation Reports
PRS	:	Poverty Reduction Strategy
RMCs	:	Regional Member Countries
RSDP	:	Road Sector Development Programme
UNDP	:	United Nations Development Program
WFP	:	World Food Program

PREFACE

1. The Bank has been engaged in lending and non-lending activities in the Transport Sector of Ghana since 1978. During this time, it has financed three studies and eight projects in the road and railway sub-sectors. By the end of 2003, the loans and grants for the transport sector amounted to UA 127.37 million raised from ADB resources of UA 13.53 million, ADF resources of UA 108.57 million and from NTF resources of UA 5.27 million. This represented about 15 percent of the financing for the country.
2. The objectives of this review are to assess the policies and strategies put in place over the years both by the Government and the Bank to guide priority setting for the development of the Transport Sector and the performance of the projects based on the standard evaluation benchmarks: Relevance, Efficacy of Bank Assistance, Efficiency of Implementation, Institutional Development Impact, and Sustainability including impact on cross-cutting issues.
3. The evaluation is based on findings from the review of documents such as economic prospects and country programming papers (EPCPs); sector and cross cutting policies; country strategy and poverty reduction papers, appraisal reports, project completion reports, and project performance audit/evaluation reports. These findings were supplemented with a field mission to Ghana in order to share the views of government officials, executing agencies, donors, the private sector and civil societies.
4. The review has documented the Bank's experience from its past and recent assistances and interventions in the transport sector, drawn lessons and made recommendations for the way forward. The finding of this review will serve as an input for the Country Assistance Evaluation of the Bank Group in Ghana.
5. The Bank expresses its appreciations to the Government officials of Ghana and the various development partners for their cooperation and collaboration that immensely contributed to the successful completion of this task.

EXECUTIVE SUMMARY

1. **Objective, Scope and Methodology of the Review:** The objectives of this review are to assess the policies and strategies put in place over the years both by the Government and the Bank to guide priority setting for the development of the Transport Sector and how effectively they have guided the Bank's interventions in the sector. The review also aims at assessing the performance of the projects and development partners involved in the transport sector.
2. The review documents the Bank's experience from its past and recent assistance in the transport sector, draws lessons and makes recommendations for the way forward. The finding of this review will serve as an input for the Country Assistance Evaluation of the Bank Group in Ghana.
3. The scope of this review covered all Bank interventions in the Transport Sector in Ghana from inception (1978) to end of 2003. The methodology encompassed the review of available documents and undertaking field missions to Ghana in order to share the views of the Government, the executing agencies, development partners, and other stakeholders relating to the Government's and Bank's policies and strategies that have evolved over time.
4. **Country Socio-Economic Context:** The socio economic conditions of Ghana have traversed different periods of good performance and severe economic recession. In 1970s through the early 1980s, the economy was performing poorly that the Government implemented Economic Recovery Programme (ERP) for the period covering 1983 to 1986, with the support of the World Bank and IMF. This was followed by two phases of structural adjustment programme (SAP) over the periods 1987-88 and 1989-90 to address the structural problems of the economy. Implementation of these programmes supported by the World Bank and the Bank helped in reversing and sustaining the annual GDP at 4.7 percent during 1986-93 from a rate of 3.7 percent. The impact of the adjustment programmes had been positive but with time, the benefits were eroded when policy implementation and fiscal discipline were relaxed from 1992 onwards. After 1996 general election, further economic reform programme were implemented to stabilize the economy and accelerate private sector development. In recent years, the economic reform program has been on track and Ghana's macroeconomic situation continued to improve since 2000, GDP stabilizing around 5.2 percent. With a population of about 20 million out of which rural population represented about 42 percent, the economy of Ghana continued to depend on agriculture sector (notably cocoa production) and the mining sector (notably gold production). The improved economic growth recorded since the mid 1980s have brought about some improvement in a number of social indicators.
5. Next to agriculture and rural development sector (including agro-based industry), transport infrastructure has been considered to contribute to economic growth in earlier years and poverty reduction in recent years since the later has become the main development goals of development partners. To this end, the Government has been implementing infrastructure improvement programmes, in particular in the road sub-sector since the 1970s. Despite the progress over the years, however, poverty remains to be a major issue. Inadequate infrastructure and weak institutional and human capacity in all sectors including transport sector continued to be among the major constraints in achieving higher growth rates and poverty reduction.

6. At present, Ghana's transport system consists (i) a total of about 40,000 kms road network of all classes (12,383 kms trunk roads; 24,000 kms of feeder roads; 2,909 kms of urban roads and 820kms of town roads). Of the 24,000kms feeder road, only 50 percent are in maintainable condition; (ii) a railways network of about 950 kms; (iii) air transport services consisting of one international and four domestic airports; (iv) a maritime service with two major seaports; and (v) a 415kms inland water transport facility. Roads continued to be a predominate mode of transportation currently accounting for about 95 percent of freight and 97 percent of passenger traffic movement.
7. **Bank Sector Strategy, Relationship to Government Strategy and Relevance:** In 1970s and early 1980s, lending programmes were worked out in line with the development plans of the Government, as was the case in other regional member countries (RMCs). Ghana took major steps and introduced successive Economic Recovery Programmes, which guided its development strategy. The Bank's lending programme was based on Economic Prospects and Country Programming Papers until mid-1980s. The Bank's medium-term lending programme for 1988-1990 focused on rehabilitation of economic and social infrastructure in industry, agriculture and social sectors. The transport sector was not included as a priority then although the Bank had financed two road projects in 1978 and 1885 and a railway project in 1981.
8. The lessons learnt from its earlier interventions have paved the way for the Bank to formulate its first transport policy in 1992. The policy emphasised the need for major rehabilitation and upgrading of the existing transport networks in RMCs including Ghana. Thus, the Economic Prospects and Country Programming Paper (EPCPs) prepared for the period 1991-1993 included the transport sector among the priority areas. Subsequent EPCPs and the Country Strategy Papers (since 1999) fitted the Government's development programmes and most recently the Government's Poverty Strategy Papers, and have continued to support the Transport Sector cognisant of its contribution to economic growth, poverty reduction and private sector development. Thus, the Bank's interventions in the 1990s and particularly from 2000 onwards concentrated on rehabilitation and upgrading of major trunk roads in Ghana while other donors particularly bilateral covered the investment needs for feeder roads. Recently, the Government has prepared a Road Sector Development Program for the period 2002-2007 with the assistance of donors. Donors including the Bank have curved out several projects from the RSDP for financing. The Bank's Road Infrastructure Project of 2003 is a part of this programmed co-financed with the World Bank/IDA, OPEC and the Government of Ghana. Thus, the Government's and the Bank's strategies have been in congruence and relevant for the development of the sector.
9. **Evaluation of the Bank's Interventions:** In the last twenty-five years, the Bank Group has provided loans and grants to the Transport Sector of Ghana amounting to UA127.37 million comprising UA 13.53 million (11 percent) from ADB, UA 108.57 million (85 percent) from ADF and UA 5.27 million (4 percent) from NTF. The sector accounted about 15 percent of the total financial resources provided to the country during this period. Several other donors have been financing transport projects in Ghana in parallel or jointly with the Bank.
10. The overall rating of the interventions based on the evaluation benchmarks shows that the studies and projects financed were relevant since they are by and large based on the country's development and the Bank's lending strategies. However, the efficacy, efficiency, sustainability and institutional development impact have been unsatisfactory for the completed projects and the overly delayed projects, which are now nearing completion. The overall assessment indicates that the interventions have not brought the envisaged benefits on time. The likely

performance, outcome and sustainability of the most recent projects still under implementation is rated satisfactory since there is increasing commitment to improve institutional arrangements and incentive mechanism for the different sector organizations and executing agencies; to manage effectively the Road Fund, and to introduce some privatization option in the Railway services. Bank's and Borrower's performance is rated satisfactory for the completed projects but unsatisfactory for projects overly delayed but nearing completion. Bank's and Borrower performance is showing some improvement for the projects approved since 1995 due to increased supervision missions and improved allocation of counterpart funds as well as the Bank's technical assistance for project management and coordination included under the Road Infrastructure Project of 2003.

11. Regarding non-lending activities, the Bank has not been involved in economic and sector work. It was also absent in institutional reforms and some sector development activities related to the transport sector. On the other hand, it has participated in resource mobilization through joint or parallel financing. However, the Bank has not been fully engaged in donor coordination and consultation meetings on co-financing and other donor activities in the transport sector. Bank's relationship with NGOs is on ad hoc basis with no concrete mechanism for sustainable cooperation.

12. **Lessons Learnt and Recommendations**

Lessons

Front-end economic and sector works could enable the country and the Bank to clearly understand sectoral priorities and sub-sectoral linkages in order to allocate scarce resources for optimal development of related sub-sectors that effectively contribute to poverty reduction (para. 2.3.1.1);

Well-prepared projects are likely to move forward smoothly during implementation. Financing projects that are not well designed can lead to extension of time and cost overruns, which ultimately reduces and delays the flow of benefit (para. 2.3.2.4);

Implementation and operational issues that adversely affect project objective, outcome and sustainability need to be addressed effectively during preparation stage of the project cycle (paras. 2.3.2.4, 2.3.2.7, 2.3.2.9);

Parallel or joint financing of transport projects calls for effective coordination of involved donors in facilitating the release of funds in order to avoid unjustifiable delays during implementation (para. 2.3.2.5)

Lack of managerial skills and delayed payments can contribute to local contractors failure in meeting their contractual obligations on time (2.3.2.7);

Recommendations

There is need for front-end economic and sector work to improve future interventions of the Bank (para. 2.3.1.1);

Bank needs to be proactively engaged in donors' coordination meetings on a sustainable basis (paras.2.3.2.9, 2.4.4);

Bank's response time in procurement and disbursement matters needs improvement (para.2.3.2.7)

Bank needs to support Government's efforts in streamlining the sector's institutional arrangements with appropriate incentive mechanism and capacity building (para. 3.2.6);

Bank needs to ensure the smooth flow of funds to contractors for works on Bank's financed projects (paras. 2.3.2.7, 2.5.10).

Bank, with other donors, needs to oversee that the Road Fund is adequately funded and is utilized for its intended purposes; and axle load control is effectively applied to avoid the premature deterioration of the road network (para. 2.3.5.2)

1. BACKGROUND

1.1 COUNTRY AND SOCIO-ECONOMIC CONTEXT

1.1.1 Ghana is located in West Africa with the total area of about 240 thousand square kilometres, land covering about 96 percent and water covering about 4 percent. With about 20 million people, Ghana is well endowed with natural resources of gold, timber and cocoa as major generators of foreign exchange. The economic sector of Ghana comprises agriculture (40 percent), industry (25 percent) and services (35 percent). The contribution of the transport system falls under services, which accounts for about 4 percent. The GDP-per capita is about USD 450.

1.1.2 Ghana had experienced a severe deterioration in its terms of trade due to the sharp decline of the international prices of the country's two major exports, gold and cocoa while the price of crude oil, the country's major import rose sharply in 1970s and 1980s. As a result, the rate of increase in real GDP slowed down from 4.4 percent to 3.7 percent during this period. However, due to stabilization measures introduced since 1983 and reinforced in the 1990s and 2000s, the real GDP has been improved and since 2001 the 4.4 percent has been regained and it is expected that it will be around 5 percent in 2005. The improvement in 2001 resulted from the good performance in the services sector, followed by agricultural output, though the performance of the industrial sector remained sluggish. External indebtedness remains a major constraint to economic development, which is being eased through the HIPIC initiatives.

1.1.3 Current population estimates is about 20 million, out of which rural population represents about 42 percent. The economy of Ghana has continued to depend on agriculture sector (notably cocoa production) and the mining sector (notably gold production). The improved economic growth recorded since the mid 1980s have brought about some improvement in a number of social indicators. The national poverty scales have improved. However, regional, sectoral and gender variations are prevalent. Thus, Ghana needs to achieve higher income growth rates and implement projects and programs that have high income distributional impact in order to effectively deal with poverty alleviation and make progress towards the MDGs. Sustaining growth at higher rates is a challenge because of many constraints such as low savings and private investment, unsustainable and recurring fiscal deficits, vulnerability to external shocks, the debt burden, low agricultural productivity, poor infrastructure, low literacy rates and the pandemic HIV/AIDS.

1.1.4 Next to agriculture and rural development sector (including agro-based industry), transport infrastructure has been considered to contribute to economic growth in earlier years and poverty reduction in recent years since the later has been the main development goals of development partners. To this end, the Government has been implementing infrastructure improvement programmes, in particular in the road sub-sector since the 1970s. Improved road network is expected to enhance economic development by facilitating income generation activities linked to agriculture and other socio-economic sectors with the ultimate goal of reducing poverty. In effect, the Government with the assistance of donors including the Bank has put significant resources towards the maintenance and expansion of the road network particularly in the last two decades.

Despite the progress over the years, however, poverty is still a major issue. Inadequate infrastructure and weak institutional and human capacity in all sectors including transport sector continued to be among the major constraints in achieving higher growth rates and poverty reduction.

1.1.5 At present, Ghana's transport system consists (i) a total of about 40,000 kms road network of all classes (12,383 kms trunk roads; 24,000 kms of feeder roads; 2,909 kms of urban roads and 820kms of town roads). Of the 24,000kms feeder road, only 50 percent are in maintainable condition; (ii) a railways network of about 950 kms; (iii) air transport services consisting of one international and four domestic airports; (iv) a maritime service with two major seaports; and (v) a 415kms inland water transport facility. Roads continued to be a predominate mode of transportation currently accounting for about 95 percent of freight and 97 percent of passenger traffic movement.

1.2 BRIEF DESCRIPTION OF HISTORICAL RELATIONSHIP WITH THE BANK

1.2.1 The Bank Group commenced its operational activities in Ghana in 1973 with the financing of the Nasia Rice Project. Up to the end of 2003, the total financial approvals for Ghana by sector stood close to UA 855 million. This was 2.6% of total cumulative Bank Group approvals in Africa up to 2003. The sectoral distribution in percentage terms is given below:

Agriculture and Rural Development	21.9%
Social Sectors	17.3%
Power	4.8%
Telecommunications	0.6%
Water Supply & Sanitation	3.6%
Transport	14.9%
Industry and Mining	14.0%
Financial Sector	10.7%
Multi-sector	<u>12.2%</u>
Total	<u>100%</u>

1.2.2 The agriculture and rural development sector, the social sector and transport sector respectively accounted for 21.9%, 17.3% and 14.9% of the total financing making up the major priority sectors in the Government's and the Bank's strategy.

2. BANK ASSISTANCE TO THE SECTOR

2.1 BANK SECTOR STRATEGY, ITS RELATIONSHIP TO GOVERNMENT STRATEGY AND RELEVANCE - 1970S AND 1990S

2.1.1 In the past, the Bank's lending activities was in line with the Government's development priority, which was guided by development plans. In the 1970s and early 1980s, the economy of Ghana had been facing fundamental and structural constraints, which were gradually removed through implementation of successive economic recovery programmes (ERPs) on which Bank's assistance was anchored. Since mid-1980s, the Bank's lending programme focused on supporting the Government's efforts to come out of poor economic performance of those earlier years through structural adjustment and then through strategies that support accelerated growth

and poverty reduction. In this regard, the Bank's lending activities in earlier years was in agriculture and industry sectors as contained in its Economic Prospect and Country Programming papers (EPCPs) of 1991-1993. It had, however, financed outside the EPCPs, two road projects and one railway project in late 1970s and 1980s in response to Government concern on the poor conditions of the transport system resulting from prolonged neglect of maintenance during the recession period.

1990s

2.1.2 Since mid-1990s, the Bank's EPCPs focused on economic reforms across sectors, while project lending targeted agriculture, social sectors and transport. The Government deepened its policy reforms to achieve its macro-economic targets with requirements of improving both access to and delivery of social services through rehabilitation of the transport infrastructure, which was characterized by poor quality and costly services. Agriculture and transport together with health and education became the centre of poverty reduction programme of the Government. The Government's strategy for poverty reduction laid emphasis on economic growth, integrated rural development, expansion of employment opportunities for the urban poor and improved access by the rural and urban poor to basic public services such as education, health care, water and sanitation, and family planning services. During this period, however, the Bank financed only one road project and two studies. This was the period when Bank's credit policy was tightened and ADF resource, for which the country was eligible, were not replenished on time. Meanwhile the Bank issued a transport policy in 1992 to guide its interventions in the years ahead.

2000s

2.1.3 In recent years, the Government's development efforts has been guided by its home grown poverty reduction strategy paper (PRSP) in order to ensure sustainable and equitable growth and achieve accelerated poverty reduction within a decentralised, democratic government. In this regard, one of the main goals was the active involvement of the private sector as the main engine of growth and partner in the nation building. The sectoral priorities of PRSP have been: infrastructure development, modernization of agriculture-based rural development, enhanced social services with emphasis on health, education, good governance and private sector development.

2.1.4 The Bank prepared its country assistance strategy (CSP) for the period 2002-2004 in line with the PRSP priorities. The main focus of the Bank's interventions aimed at strengthening the foundations for sustainable development through the improvement of social and economic infrastructure and the creation of an enabling environment for the private sector, while emphasising the cross-cutting issues of gender, the environment and good governance. The Bank's CSP focused on the removal of policy, institutional, structural and infrastructure bottlenecks towards the attainment of growth through market-based resource allocation. Specific projects were supposed to focus on the achievement of higher productivity, output and employment, as well as poverty alleviation, environment and gender issues. Within this context, the transport sector is meant to continue complementing the agricultural sector through the

rehabilitation and expansion of rural and feeder roads, development of link roads from crop production areas to market centres and transport facilities to the export markets.

2.1.5 In order to effectively address the constraints in the road sub-sector, the Government with the assistance of donors have recently developed the Road Sector Development Program (RSDP) 2002-2004, which has been further revised to include investments up to 2007. The RSDP, which covers the trunk, urban and feeder roads, comprised routine maintenance, periodic maintenance and rehabilitation, upgrading, reconstruction and major rehabilitation, bridges/culverts, traffic management and safety, as well as administration and services. The Bank's recent financing of the Road Infrastructure Project of 2003 was a part of this program and is co-financed with the World Bank/IDA, OPEC and the Government of Ghana.

2.1.6 In view of the above, it is clear that the Government and the Bank along with other development partners have continued their assistance to strengthen the transport system for domestic and regional integration. The assistance has been further enhanced in recent years in the light of the millennium development goals (MDGs) and the new partnership for Africa's development (NEPAD) initiatives that place infrastructure among the major priority areas for development in general and poverty reduction in particular. Ghana is committed to NEPAD initiatives and has placed the Secretariat under its Ministry of Regional Cooperation and NEPAD. The Ministry of Regional Cooperation and NEPAD along with other development agencies are engaged in translating the initiative into workable programs and projects. In order to minimize the gross inadequacy of the transport network in Ghana. By and large, the Government's development programs and the Bank's lending strategy are linked and relevant and aim at contributing to the development of the sector.

2.2 LENDING ACTIVITIES

2.2.1 The Bank lending activities in the Transport sector has been relatively significant. For well over twenty years, the Bank has financed seven road projects and one railway project for a total loans and grants of UA127.37 million comprising UA 13.53 million (11 percent) from ADB, UA 108.57 million (85 percent) from ADF and UA 5.27 million (4 percent) from NTF. One road project (the Mpatabe-Elubo Road of 1978) was completed. Three roads projects (the Anyinam-Kumassi Road of 1985; the Achimota-Anyinam Road of 1997; and the Tetteh Quarshe Circle and Pantag-Mamfe Roads of 2001) are at various stage of implementation; and the remaining three roads (the Tema-Aflao Road of 2000; the Akatsi-Dzodze-Noepe road of 2002 and the Road Infrastructure project of 2003) are at early stage of implementation.

2.2.2 The total resources committed to the projects, net of cancellation, was UA 103.30 million of which only UA 32.02 million (31 percent) was disbursed at the end of 2003. This low rate of disbursement is largely due to slow implementation of the projects on one side and the large number of projects approved in recent years (since 2002) on the other hand. In the railway sector, the Bank has financed one Railway Rehabilitation Project with UA 10 million in 1981 which was completed in 1991. In addition, the Bank has financed three road feasibility studies, which are completed. The list of the projects and studies is given in Annex 1.

2.3 EVALUATION OF THE SECTOR PROJECTS

2.3.1 Relevance

The Bank's financed transport projects were in line with the country's development plans and the Bank's lending strategy of the time. They were identified for financing and implementation to redress the deteriorating conditions of the transport system of the country as explained in details in section 2.1. In this context, the projects were rated **Relevant**. Nevertheless, for future interventions, there is need to carry out front-end economic and sector works that clearly determine sectoral priorities and sub-sectoral linkages (for example road and railway sub-sectors) to effectively allocate scarce resources and achieve an optimal development of related sub-sectors.

2.3.2 Efficacy/Achievement of Objectives and Outputs

2.3.2.1 The overall objectives of the projects were to enhance the movement of people and goods within Ghana and in the region by rehabilitating and expanding the transport networks. The road projects aimed at rehabilitating and upgrading the existing networks with the view of reducing travel time and operating costs of vehicles that otherwise would have used deteriorated road network. The railway project aimed at improving the conditions of the rails and the operating wagons with the view of enhancing the revenue generating capacity of the Ghana Railway Company (GRC). It also consisted capacity building components for training and technical assistance in order to enhance the institutional efficiency of the Company. The traffic carrying capacity of the Company was increased through better equipment, enhanced managerial efficiency and improved financial management. The project had contributed to strengthen the Western line of GRC's rail network and improved the revenue at least for the first few years after project completion. Objectives and outputs of the completed projects (one road and one railway) have been by and large as planned. Achievement is thus rated **Satisfactory**.

2.3.2.2 The efficacy of the completed road and railway network as a whole have declined over the years due to inadequate maintenance. In the case of the railway network, the efficacy has declined due to the low fares charged for its overall services, which resulted in inadequate revenue. It cannot even meet its operation and maintenance costs further resulting in overall inefficient services. The project could have reduced the heavy traffic on the congested road network but the poor performance of GRC has resulted in failure to sustain the objectives and the output of the project.

2.3.2.3 Implementation of some of the on going road projects have suffered enormously with changes of objectives and scopes at different stages of project implementation largely resulting from faulty design and unforeseen circumstances as explained in Box 1.

Box 1: Impact of Change of Objectives and Scope: The Anyinam-Kumassi road financed in 1985 has been in the process of improvement for the last nineteen years. Originally, the scope of the project was rehabilitation of the 136 km road between Anyinam and Kumassi. Due to faulty design, the project's implementation (after ten years) was halted and the contractor's contract terminated in early 1990. The project was re-introduced in late 1990 within the same budget but under reduced scope of rehabilitating 89km from the original 136km due to cost overrun resulting from design changes and delays. Later, the objective was changed from rehabilitation to reconstruction and the scope was further reduced to 39 km on the same road due to further cost overruns. The change in objective was necessitated as a result of the heavy transit traffic from/to Burkina Faso, Niger and Mali that is diverted to the project road due to the political problem in Côte d'Ivoire. The scope of the project was thus changed to reconstruction of only 39km to accommodate the heavy traffic, which was not foreseen when the original project was designed. The remaining 50 km is left out. Unless the full project is implemented, the benefits will be substantially reduced.

2.3.2.4 Lack of coordination has adversely affected the flow of funds from donors engaged in joint or parallel financing resulting in delays thus, curtailing the benefits from flowing on time as explained in Box 2.

Box 2: Impact of Lack of Coordination: The 136km Achimota-Anyinam Road has been segmented into six sections. The first 6km is financed by the World Bank and is ready for commencement; the second section with 15 km is under some financial commitment from KfW but requires more budget to complete the whole section; the third section with 30km is under rehabilitation with financing from the Chinese Government; the fourth section with 41km is under design review stage and is to be financed by the Bank; and the fifth and sixth sections with 22km each are under completion financed by ADB/OPEC and BADEA. This complex project financing modality has adversely affected the achievement of objectives and realization of the expected output on time.

2.3.2.5 In view of the above, the efficacy of the projects, which have been overly delayed for completion, has been rated **Unsatisfactory**.

2.3.3 Efficiency

2.3.3.1 The cost overrun was covered through scaling down the scope of the project. Only one road project of 1978 (Mpatabe-Elubo) was completed with considerable delays. It took 46 months for the entry into force of the loan. The railway project financed in 1981 took 36 months for the loan to be effective. Overall delays were about 85 months for the two completed projects. A great part of the delay is due to the time it usually takes in submission to and obtaining ratification of the external assistance from the Ghanaian Parliament. The Anyinam-Kumassi road financed in 1985 and scheduled for completion in 1986 is still under construction (after 19 years since loan approval). The Achimota-Anyinam road approved in 1997 and scheduled for completion in 2001 is now at completion stage registering 3 years delay. Thus, projects nearing completion are faced with delays and the resulting cost overruns. Details on implementation information are presented in Annex 3.

2.3.3.2 The major causes for the delays are reported to be delays in fulfilment of loan conditions, non-availability of counterpart funds, delays in procurement and disbursement processing both at the Borrower and Bank level, delays resulting from faulty designs, poor performance of local contractors (resulting from lack of managerial skills and delayed settlement of invoices) and unforeseen circumstances such as the political situation of Cote d'Ivoire that forced the rerouting of traffic through Ghana, which in turn resulted in changing the rehabilitation works to reconstruction works. Delays were common both during studies and project implementation periods as explained in Box 3.

Box 3: Impact of Delays: Studies and Projects implementation delays have been considerable ranging from 3 to 15 years from scheduled dates leading to time and cost overruns. For instance, in the case of the Achimota-Anyinam Road Study approved in early 1990, it took almost 36 months for the disbursement to be effectiveness The Two Road Study approved in 1995 took 25 months for loan effectiveness. This was largely due to delays in ratification of the studies by Parliament. Similarly projects' loan effectiveness alone took some 87 months in the case of the Mpatabe-Elubo Road Project while project implementation of this road was delayed for 105 months (10 years). The Anyinam-Kumassi Road (which have regional integration objectives) approved in 1985 is still under implementation registering already 15 years from scheduled date and almost 20 years since approval of the loan. The Achimota-Anyinam Road Project approved in 1997 has been delayed for 3 years from the scheduled completion date. Delays in 1970s and 1980s were considerable compared to delays in 1990s. There is significant improvement in recent years particularly since 1998 resulting from allocation of counterpart funds and closer supervision by the Bank. In general delays have negatively impacted on the flow of benefits to the country as well as the region as a whole.

2.3.3.3 Although the completed projects (one road project of 1978 and one railway project of 1981) had provided the expected benefits after completion, their outcomes have not been sustained due to lack of funds for operation and maintenance. Those nearing completion have failed to provide the full benefits on time. In spite of this, the roads are all the same being used with detours for the sections still under construction slowing the movement of traffic and creating inconveniences to passengers particularly on the road network from Anyinam-Kumassi. This network is overly used by traffic from Burkina Faso, Niger and Mali following the political problems in Côte d'Ivoire. The sections completed are prematurely deteriorating with the result that they may require maintenance well before all the remaining sections are completed. This leads to the perpetual cycle of work segmented into maintenance, rehabilitation and reconstruction on the same stretch of road never achieving full completion within a reasonable time frame.

2.3.3.4 The ratings are carried out on the basis of implementation performance (time and cost overruns) since data were not available to determine the benefits. No PCRs were prepared for the completed projects. The only one road project of 1978 (Mpatabe-Elubo) and the railway project of 1981 were completed with considerable delays as explained above and are thus rated **Inefficient**. The Anyinam-Kumassi Road, which is still on going after 19 years since loan approval is rated **Highly Inefficient** and the Achimota-Anyinam Road, which is delayed for three years is rated **Inefficient**. The Tetteh Quarshi Circle Mamfe Road is progressing satisfactorily and is thus rated **Efficient**. The projects approved since 2001 (Tema-Aflao Road, Akatsi-Dzodze-Noepe Road and Road Infrastructure Project) are at early stage of

implementation. Overall implementation and operational performance of the projects is rated **Inefficient**.

2.3.4 Institutional Development Impact

2.3.4.1 In the past, the restructuring of the Ministry in different forms did not produce any significant improvement in institutional arrangements. Bank's financing had included some capacity building components of a short-term nature to facilitate project implementation. The impact of such assistance was limited in scope and not sustained and needs to be strengthened. However, Bank financed studies and projects have assisted in transfer of skill from consultants and contractors engaged during implementation. Overall institutional development impact is rated **Modest**.

2.3.4.2 The Government's Road Sector Development Programme is a more integrated approach covering engineering as well as capacity building. The Government is now in the process of recruiting a consultant for the preparation of a national transport policy. There is need to address effectively institutional arrangement issues once the policy is adopted. Details on institutional development carried out by the Government are presented in Annex 6.

2.3.5 Sustainability

2.3.5.1 The road sub-sector is the predominant mode of transport accounting about 94 percent of freight and 97 percent of passenger traffic movements in Ghana. The sub-sector is the most viable alternative except for rail mode to transport bulk commodities like manganese, bauxite, timber and cocoa. The railway network operates at limited capacity with low efficiency. There is plan to involve private sector through management contract to improve the efficiency of the railway company.

2.3.5.2 The road transport industry is dominated by the private sector, which is competitive with no restriction to entry. However, inefficiency prevails due to high cost of vehicle operation on poor roads. The Government has made progress in recent years to put appropriate structure and funding for maintenance of the road network. In order to sustain the road infrastructure, the Road Fund was restructured in 1997 to have its own Board and managing director. The Fund is exclusively dedicated to the preservation of Ghana's trunk, feeder and urban road networks through efficient and effective maintenance activities. The Fund is supposed to be utilized exclusively for road maintenance. In the past, the Government is using it frequently for rehabilitation and upgrading of road projects. However, there is increasing commitment to raise allocation and use the road fund for the intended purposes, which would ensure the sustainability of the road network in future. Details on the Road Fund are given in Annex 6.

2.3.5.3 Road safety is an important ingredient of sustainability. Well planned, designed, programmed and executed road projects will deliver smooth flow of vehicles with safe movement of passengers, goods and services. The Government has established a National Road Safety Commission within MRT to improve the safety of drivers, passengers and properties. Enforcement was lacking before but now the Government is commitment to enforce the safety rules.

2.3.5.5 Bank's and Borrower performance is showing some improvement for the projects approved since 1995 due to increased supervision missions and improved allocation of counterpart funds. The provision of Bank's technical assistance in its Road Infrastructure Project of 2003 is expected to further improve project management and coordination activities. In view of the above, overall sustainability is rated **Likely**.

2.4 NON-LENDING ACTIVITIES

2.4.1 In order to facilitate the financing of road projects in the sector, Bank has assisted the Government through grants to carry out feasibility studies and detailed engineering designs. It has financed three road studies (Annex 3). The Bank has financed all the projects resulted from the studies.

2.4.2 The Bank has been engaged in co-financing (parallel or jointly) in the past. Its joint financing has been reinforced in recent years following the development of the Road Sector Development Programme (RSDP) covering the period 2003-2007 with assistance from donors including the Bank, World Bank, EU, KFW, and DFID. This is a well coordinated and integrated programme for trunk, feeder and urban roads maintenance, rehabilitation and re-construction requirements for the whole road network including capacity building. The Bank's Road Infrastructure project financed in 2003 was curved out of this programme and is co-financed with World Bank/IDA and OPEC. Thus, the Bank has participated in resource mobilization efforts along side other donors.

2.4.3 The Government of Ghana under the Comprehensive Development Framework (CDF) prepared the RSDP. The total resources for the programme is US\$2.64 billion (broken down into US\$1.26billion for trunk road, US\$688.72 million for feeder roads and US\$693.4 million for urban roads) and about US\$ 410.98 million has been secured from donors including the world Bank/IDA, EU and the ADB/ADF for the implementation of the trunk roads. For feeder roads, about UA\$104.23 million has been secured from donors including the DFID, EU, DANIDA, JICA and AFD. With regard to the urban roads, US\$79.4 million has already been secured from donors such as the World Bank, AFD and DANIDA. Similarly, Agence Française de Developpement (AFD), Arab Bank for Economic Development in Africa (BADEA) and Organisation of Petroleum Exporting Countries (OPEC) are financing institutional building and road projects. GTZ/Germany is involved in Technical Assistance. The presence of so many donors in a single sector has necessitated the establishment of a Donors' Coordination Office (DCO) in order to effectively coordinate and oversee the implementation of the RSDP.

2.4.4 With respect to the ongoing projects, the Bank has co-financed with OPEC the 22km Apedwa-Bunso Road. Similarly, several donors including the Bank are involved in financing the Achimota-Anyinam Road. Although joint financing is commendable, the benefits cannot be achieved unless there is effective coordination. In particular, it makes coordination difficult when different projects along the same route are segmented among donors at different point of entry that has resulted in different stages of implementation. Such financing has created an open-ended cycle of maintenance, rehabilitation and reconstruction on the same section of the road network over an extended period of time. In effect, benefits are undermined and delayed.

2.4.5 The aid coordination efforts of the Bank have not been strong to ensure the effective flow of funds for co-financed projects. The Bank does not have sustainable representation in donors' day-to-day activities. There is Annual Donors Conference, which the Bank attends, but the Bank is usually absent from monthly aid coordination meetings. This situation may improve once a country office is set up. On the other hand, Bank's effort to enhance participatory approach is commendable. For example, the Bank's CSP for 2002-2004 was a product of the participation of major stakeholders. The Bank organized a two-day workshop to discuss and get feedback from a cross section of participants such as the Government representatives, the civil society, the media and the private sector on the issues paper prepared for CSP.

2.5 OVERALL ASSESSMENT

2.5.1 Impact on Gender

In the transport sector, women participate in road construction and maintenance activities. Under feeder road projects, there are 93 labour-based contractors, 80 are active and about 25 percent of the workforce are women. There are 600 employees of which 20 percent are women. Women also participate as private road contractors. The Association of Road Contractors (ASROC) has 500 members with active membership of 200 made up of small, medium and large-scale contractors. There are 40 active women contractors as members of ASROC. However, most of the local contractors, including women contractors lack managerial skills and capital resources. The latter problem is exacerbated by delays in payments, both by Government and donors, weakening the implementation capacities of local contractors. Bank has consistently stated in its strategy to assist local contractors and consultants in capacity building but has not done so through its interventions. The private sector window of the Bank may need to consider this challenge. Women also occupy themselves as vendors of food and local drinks during construction of roads, which contribute to their sources of income although on ad hoc basis.

2.5.2 Impact on Environment

2.5.2.1 Environmental concerns were not a major development issue in first generation projects. Since recent years, donors and governments have mainstreamed environmental concerns in the development agenda and activities. The Government has set up an Environmental Protection Agency (EPA) under the Ministry of Environment, Science and Technology with mandate to ensure compliance of all investment activities to environmental standards in order to achieve sustainable development. The Ministry exercises the overall supervision of environmental policy planning, formulation and implementation while EPA coordinates the implementation of environmental policy in the country. EPA, under the environment impact assessment (EIA) procedures, ensures preventive approach to environmental management emphasizing the need to promote socio-economic development under acceptable environmental standards.

2.5.2.2 The implementation of Bank-financed roads did not result in any destruction of forests. Currently, vegetations are intact and some of the places along the project roads are not densely populated. In fact, it is after the construction of the roads that settlements along the roads have resulted in social and economic activities. The Environmental Protection Agency created in

recent years monitors the impact of human settlements on the surrounding environment following the upgrading or expansion of the road network.

2.5.2.3 Most of the recent road projects, including the most recent one (Road Infrastructure Project of 2003) involve rehabilitation works and hence have been classified as Category II. Usually there are several positive and minor negative aspects expected in implementation of road projects and the latter ones are taken care of during design through mitigating measures.

2.5.3 Impact on Poverty

2.5.3.1 The Government has formulated a poverty reduction strategy. As formulated, the Government's development strategy for the medium-term will be focused mainly on broad strategies as outlined in the Ghana Poverty Reduction Strategy (GPRS). GPRS considers sustainable and equitable growth as the main goal with acceleration of poverty reduction and the protection of the vulnerable and the excluded under the decentralized, democratic government.

2.5.3.2 The Bank has financed a number of trunk roads to provide the basic services for economic development. However, it has not directly financed feeder and urban roads to enhance agricultural produce and urban mobility. Although the projects were not directed for poverty reduction at the design stage, their implementations have contributed in that regard. The projects have facilitated and are envisaged to facilitate movement of agricultural produces to the surrounding markets. However, other infrastructure services such as water supply, electricity and investments in economic activities should complement the projects to significantly impact on poverty reduction.

2.5.3.3 In rural Ghana, 51.6 percent of the populations were below poverty line during 1998-99 while in urban areas the corresponding figure was 22.8 percent. Thus, the Government is required to aggressively develop infrastructure, among others, to effectively deal with poverty reduction making progress towards tangible economic development. In this regard, the Government's development agenda and the Bank Group's strategy are reconcilable and thus can jointly improve the infrastructure constraints in the country with eventual reduction of poverty concomitantly boosting the national economic growth.

2.5.4 Impact on Private Sector and NGO Participation

2.5.4.1 Private sector participation in consultancy and contract activities is active in Ghana. ASROC was established in 1993 to organize, encourage and assist local contractors to engage in road construction and maintenance activities. The Association has 500 members of which 200 are classified into small, medium and large-scale contractors are actively engaged in construction works through out the country.

2.5.4.2 In the past, Ghana Highway Authority (GHA) had monopolized maintenance works but now has conceded this function to private contractors. Originally, GHA had 14,000 employees under Force Account Program but now has gone down to 2700. GHA does 10 percent of the maintenance works while private contractors undertake the remaining 90 percent. Foreign contractors usually engage in major rehabilitation works. Local contractors usually lack the

management skill and capital to participate in major works. In addition, there is high turnover of experienced engineers working with private contractors because of low salaries and delays in payments. It is difficult for private contractors to effectively plan their works. Delayed disbursement of Bank loans and counterpart funds also affect the performance of the local contractors. Currently, KfW encourages local contractors on their projects. The Bank is not doing enough in this respect although CSPs have stressed capacity building.

2.5.4.3 Bank's relationship with NGOs is sporadic and not sustained. NGOs are invited to participate in discussion of studies and CSPs.

2.5.5 Impact on Community Participation

Community participation helps in road ownership and revenue generation. Communities take care of road infrastructures they had participated in as a sense of ownership. In addition, road constructions are the major sources of income for communities through direct labour or supply of foodstuff and local drinks to the construction crews. In this regard, under feeder roads construction and maintenance activities, there are 93 labour-based contractors with 80 participating actively. There are 600 employees under Department of Feeder Road (DFR) of which 20 percent are women. However, the Bank's financing has been in trunk roads in which community participation has been minimal. But road projects have given employment opportunities for the communities settled along side the road network. For example, the Anyinam-Kumasi Road reconstruction project has 400 workers involving local communities including women. Similarly, the Apedwa-Bunso Road rehabilitation project has involved 200 employees of which 80 percent are skilled and the remaining 20 percent unskilled from local communities.

2.5.6 Impact on Regional Integration

2.5.6.1 Some of the road network financed by the Bank has contributing to regional integration. The Accra-Anyinam-Kumasi road runs North-West providing services to traffic from/to Burkina Faso, Niger and Mali. Similarly, the Tema-Aflao Road, which commences at the Tema Junction east of Accra and terminates at Aflao on the Togo border is considered as an important international road forming part of the Trans-West African Highway linking Ghana with its Economic Community of West African States (ECOWAS) trading partner-countries, mainly Togo, Burkina Faso, Benin, Nigeria and Niger. The railway project financed by ADB has supported the operation of the Ghana Railway Corporation (GRC) that provides passenger and freight services between Takoradi Port and the second largest city of Kumassi that extends its transportation services to the northern countries of Burkina Faso, Niger and Mali.

2.5.6.2 There are many bridges for construction along feeder roads that will facilitate regional integration. Many potential bridges are at the borders with Cote D'Ivoire, Burkina Faso and Togo. A total of about 5,000 bridges are required of which 1,200 have been identified but only 79 have been constructed up to now. Bank has not financed any bridge project yet.

2.5.7 Overall Assessment of the Assistance to the Sector

2.5.7.1 Overall assessment of the performance of Bank Group's portfolio in the transport sector has been mixed. All the road projects completed and nearing completion have faced delays and cost overruns. The performance of the project, the Bank and the Borrower was not satisfactory particularly in the 1970s and 1980s. However, performance by all parties has improved since 1995 during which time six projects have been approved and are at various stage of implementation. Evaluation ratings are made for projects completed and near completion.

2.5.7.2 The performance of the Government has improved in recent time. It has improved the mechanism of contributing counterpart funds on timely basis. However, incentives to employees of executing agencies are not attractive and thus resulting in poorly motivated staff or high turnover, which is adversely affecting the sustainability of the infrastructure. The following table shows the overall ratings of the projects. The Bank has included technical assistance in its 2003 project, which is expected to improve project implementation. Annex 4 shows details of ratings in respect of each project and the summary is provided Table 1.

Table 1: Summary of Evaluation Ratings

Evaluation Criteria	Completed Projects		Ongoing Projects		Overall	
	Quantitative	Qualitative	Quantitative	Qualitative	Quantitative	Qualitative
Relevance	3	Relevant	4	Highly Relevant	3	Relevant
Efficacy	3	Satisfactory	3	Satisfactory	3	Satisfactory
Efficiency	1	Highly Inefficient	2	Inefficient	2	Inefficient
Sustainability	2	Unlikely	3	Likely	3	Likely
Institutional Development Impact	2	Modest	2	Modest	2	Modest

2.5.8 The Counterfactual

The country's infrastructure is in a very poor condition at the time the Economy Recovery Program was formulated and even in subsequent years. It called for significant investment, which required the Government's and donors' full commitment of a long-term nature to improve and expand the transport network. The completed projects and those, which are still on going could contribute to improving the road network in the country and the region as a whole. Considering the huge investment and the country's economic condition, the Bank's concessionary financing has been very useful. The road and rail network condition would have been even worse if the Bank, including other donors, has not been involved in the transport sector of Ghana.

3 CONTRIBUTOR'S PERFORMANCE

3.1 THE BANK

3.1.1 The Bank has provided relatively significant resources in the form of loans and grants to the transport sector in Ghana since 1978 to finance ten road projects and one railway project as well as three studies. In general the Bank has carried out the project cycle satisfactorily except in some cases where designs were not well scrutinized to enhance quality at entry.

3.1.2 The Bank is reported to be slow in response time with respect to procurement and disbursement matters as well as general communication with the Government and executing agencies particularly in 1970s and 1980s and at the time of the relocation of the Bank to Tunis. Bank performance has improved in recent time with increased supervision and enhanced monitoring activities.

3.1.4 Cognisant of the poor implementation performance of past projects, the Bank has provided technical assistance in its 2003 Road Infrastructure Rehabilitation Project to improve project management and coordination activities. The opening of country office in the near future is expected to address implementation issues on timely basis.

3.2 GOVERNMENT

3.2.1 The Government had a problem of releasing counterpart funds and allocating funds for maintenance of the network in the past. The completed projects were not sustained due to lack of adequate maintenance. On going projects were delayed considerably, in some cases with change of scope and objectives due to faulty designs and unforeseen circumstances. The Government is showing commitment to keep its transport infrastructure in place and operational. Road projects are actively under construction and are better maintained since 1997, following the preparation of the Road Sector Development Program with the assistance of donors including the Bank.

3.2.2 The Road Fund has been established to generate consistent and continuous revenue for periodic maintenance of the road network. Although past allocation and use of the Road Fund was not effective, improvement is seen in recent time to increase allocation and use the fund for the intended purposes. In addition, the Government is committed to fully launch axle load control on heavily traffic roads in the country to enhance sustainability of the network.

3.2.3 The railway network needs major rehabilitation. In this regard, it was reported that the Governments of Ghana and Burkina Faso would be filing joint funding request to the Bank. Privatization option is also being considered.

3.2.4 Two ministries (MRT and MPHR) handle the regulations and operational management of transport activities in order to give the required attention to all transport modes. Currently, MRT is in the process of recruiting a consultant for the preparation of the transport policy. However, the fragmentation of the responsibilities of the sector would not facilitate the sector's development. Donors, including the Bank have expressed their concerns in this regard. There is need to streamline the responsibilities of the ministries.

3.3 OTHER DONORS

3.3.1 Several donors participate in financing transport projects in Ghana. The World Bank, Department for International Development (DFID) and the Danish International Development Agency (DANIDA) are involved in financing trunk, feeder and urban roads and also road safety. The European Union (EU), Japan International Cooperation Agency (JICA) and Kreditanstalt für Wiederaufbau (KfW) are involved in financing trunk and feeder roads. Similarly, Agence Française de-Developpement (AFD), Arab Bank for Economic Development in Africa (BADEA) and Organisation of Petroleum Exporting Countries (OPEC) are involved in financing institutional building and road projects. GTZ/Germany is involved in Technical Assistance.

3.3.2 World Bank/IDA, Japanese Government, United Nations Development Program (UNDP), World Food Program (WFP) had expressed interest in financing the 136 km Anyinam and Kumassi road. But the full financing did not materialize. Instead, the Bank is financing the section between Nkawkaw and Konongo (39 km) and DANIDA has allocated fund to finance the Konongo-Kumassi (46 km) section. Similarly, the ECOWAS and the Government of Togo, together with the Bank are to co-finance the Akatsi-Dzodze-Noepé Road (30 km).

3.3.3 With regard to the railway network, the 1978 project, the Bank, World Bank, Government of France and the Government of Ghana co-financed this project. The Bank loan amounted to UA 10 million was used on the western line (Takoradi-Kumasi), which is still operational, serving the transportation of bulk commodities such as cocoa, timber, bauxite and manganese. However, the overall railway network is in poor condition requiring about USD 50 million for rehabilitation. The Governments of Ghana and Burkina Faso are seeking external financial assistance. The long-term plan of the Ministry of Ports and Harbours is the privatization of the railway with the objectives of enhancing the national and the regional economy through regional integration between Ghana and the northern countries of Burkina Faso, Niger and Mali.

3.3.4 Co-financing requires coordination from donors and commitment from the Government. The timely financing of one donor cannot be effective unless coordinated with all the involved partners. In general, the performance of other donors is satisfactory since there is effective donor coordination meetings annually and on a monthly basis. However, the Bank is not represented pro-actively and on sustainable basis in donor coordination meetings.

4. LESSONS AND RECOMMENDATIONS

4.1 LESSON LEARNT

Front-end economic and sector works could enable the country and the Bank to clearly understand sectoral priorities and sub-sectoral linkages in order to allocate scarce resources for optimal development of related sub-sectors that effectively contribute to poverty reduction (para. 2.3.1.1);

Well-prepared projects are likely to move forward smoothly during implementation. Financing projects that are not well designed can lead to extension of time and cost overruns, which ultimately reduces and delays the flow of benefit (para. 2.3.2.4);

Implementation and operational issues that adversely affect project objective, outcome and sustainability need to be addressed effectively during preparation stage of the project cycle (paras. 2.3.2.4, 2.3.2.7, 2.3.2.9);

Parallel or joint financing of transport projects calls for effective coordination of involved donors in facilitating the release of funds in order to avoid unjustifiable delays during implementation (para. 2.3.2.5)

Lack of managerial skills and delayed payments can contribute to local contractors failure in meeting their contractual obligations on time (2.3.2.7);

4.2 RECOMMENDATIONS

There is need for front-end economic and sector work to improve future interventions of the Bank (para. 2.3.1.1);

Bank needs to be proactively engaged in donors' coordination meetings on a sustainable basis (paras.2.3.2.9, 2.4.4);

Bank's response time in procurement and disbursement matters needs improvement (para.2.3.2.7)

Bank needs to support Government's efforts in streamlining the sector's institutional arrangements with appropriate incentive mechanism and capacity building (para. 3.2.6);

Bank needs to ensure the smooth flow of funds to contractors for works on Bank's financed projects (paras. 2.3.2.7, 2.5.10).

Bank, with other donors, needs to oversee that the Road Fund is adequately funded and is utilized for its intended purposes; and axel load control is effectively applied to avoid the premature deterioration of the road network (para. 2.3.5.2).

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BANK GROUP OPERATIONS IN TRANSPORT SECTOR AS AT 08 APRIL 2004

Ser No.	Project Name	Source	Status	Appr. Date	Amt. Appr. UA'000
1	Mpataba-Elubo road	ADB	Completed	01/25/1978	3,526.70
		NTF			2,271.30
2	Railways	ADB	Completed	04/28/1981	10,000.00
3	Anyinam-Kumassi Road	ADF	On going	11/22/1985	23,671.04
4	Achimota-Anyiman road study	ADF	Completed	08/24/1992	1,215.79
5	Roads study	ADF	Completed	08/31/1993	1,307.89
6	Achimota-Anyinam Road Rehabilitation	ADF	On going	12/15/1997	10,000.00
7	Three Roads Study	ADF	On going	10/20/1999	1,160.00
8	Tetteh Quarshie Circle Mamfe Road Rehabilitation	ADF	On going	12/11/2000	25,000.00
9	Tema-Aflao Road Rehabilitation	ADF	Approved	04/17/2002	14,700.00
10	Akatsi-Dzodze-Noepe Road(akatsi-akanu)	ADF	Approved	12/20/2002	12,720.00
11	Road Infrastructure	ADF	Approved	09/17/2003	18,000.00
		ADF			800.00
		NTF			3,000.00
Total Approved					127,372.72
Total Net of Cancellation					103,300.00

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LOANS AND GRANTS AND DISBURSMENT STATUS

Projects		Date Approved	Loan (UA million)				Remark
Name	Distance (km)		Approved	Net Loan	Disbursed	Undisbursed	
PROJECTS							
Mpataba-Elubo	116	25/1/78	5.80	5.80	5.80	0	Completed
Anyinam-Kumasi	40	22/11/85	23.67	23.67	18.75	4.92	Ongoing
Achimota - Anyinam Road Rehabilitation (Apedwa-Bunso)	22	15/12/97	10.00	10.00	5.71	4.29	Ongoing
Tema-Aflao	57	17/2/00	14.70	14.70	0	14.70	Supervisory Consultant not yet recruited. Delayed
Tetteh Quarshe Circle and Pantag- Mamfe Road	30	8/3/01	25.00	25.00	5.50	19.50	Ongoing
Akatsi-Dzodze-Noepe	30	20/12/02	12.72	12.72	0	12.72	Supervisory Consultant not yet recruited. Delayed
Road Infrastructure Project (Nswam-Apedwa)	41	17/9/03	21.80	21.80	0	21.80	Supervisory Consultant not yet recruited. Delayed
SUB-Total	336		113.69	113.69	35.76	77.93	
STUDIES							
Roads Study	57	31/8/93	1.31	0.43	0.43	0	Completed
Achimota-Anyinam Road Study	136	24/8/92	1.22	0.56	0.56	0	Completed
Three Roads Study	353	20/10/99	1.16	1.16	0.19	0.97	Completed
SUB-TOTAL	546		3.69	2.15	1.18	0.97	
OVERALL	882		117.38	115.84	36.94	0.97	

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IMPLEMENTATION STATUS**

N o.	Project	Approval Date	Signature Date	Effective Disbursement Date	Time Lag (Approval – Effectiveness (months)	Completion status
						Time Lag (months) from Appraisal Schedule
	Projects					
1	Mpataba-Elubo Road Construction	25/01/78	22/01/79	24/11/81 09/04/86	46 87	Completed with 105 months delay
	Railways Project	28/04/81	12/05/81	16/05/84	36	Completed with 60 months delay
	Anyinam-Kumasi Road Construction	22/11/85	20/12/85	12/08/86	8	Still on going with 180 months delay
1	Achimota-Anyinam Road Rehabilitation	15/12/97	29/05/98	26/12/00	36	Still on going with 38 months delay
	Tetteh Quarshie Circle Mamfe Road Rehabilitation Project	11/12/00	08/03/01	10/08/01	8	On going
2	Tema-Aflao Road Rehabilitation Project	17/04/02	02/08/02	05/12/02	8	Implementation not yet started- delayed
3	Akatsi-Dzodze-Noepe Road Upgrading Project	20/12/02	18/07/03	06/02/96	?	Implementation not yet started
6	Road Infrastructure Project (Nsawam-Apedwa)	17/09/03	01/04/04	06/02/04	?	Implementation not yet started
	Studies					
1	Roads Study	31/08/93	09/02/94	06/02/96	28	Completed with delays
2	Achimota-Anyinam Road Study	24/08/92	04/09/92	01/06/95	32	Completed with 51 months delay
3	Three Roads Study	20/10/99	17/02/00	17/02/00		Stage I Completed with delays 49 months from date of effectiveness

PROJECTS RATINGS

No.	Project Name	Date of Approval	Relevance	Efficacy	Efficiency	Sustainability	Institutional Development	Overall
COMPLETED PROJECTS								
1	Mpataba-Elubo Road Construction	25/1/78	Relevant (3)	Satisfactory (3)	Highly Inefficient (1)	Unlikely (2)	Modest (2)	Unsatisfactory (2)
2	Railways Project	28/04/81	Relevant (3)	Satisfactory (3)	Inefficient (2)	Unlikely (2)	Modest (2)	Unsatisfactory (2)
Average			Relevant (3)	Satisfactory (3)	Highly Inefficient (1)	Unlikely (2)	Modest (2)	Unsatisfactory (2)
ONGOING PROJECTS								
1	Anyinam-Kumasi Roads Construction	22/11/85	Highly Relevant (4)	Unsatisfactory (2)	Highly Inefficient (1)	Likely (3)	Modest (2)	Satisfactory (3)
2	Achimota-Anyinam Road Rehabilitation Project (Apedwa-Bunso)	15/12/97	Highly Relevant (4)	Satisfactory (3)	Inefficient (2)	Likely (3)	Modest (2)	Satisfactory (3)
3	Tetteh Quarshie Circle Mamfe Road Construction	11/12/00	Relevant (3)	Satisfactory (3)	Efficient (3)	Likely (3)	Modest (2)	Satisfactory (3)
Average			Highly Relevant (4)	Satisfactory (3)	Inefficient (2)	Likely (3)	Modest (2)	Satisfactory (3)
Overall			Relevant (3)	Satisfactory (3)	Inefficient (2)	Likely (3)	Modest (2)	Satisfactory (3)

GHANA

INSTITUTIONAL DEVELOPMENT

1. In early 1970's, transport operations in Ghana were managed under two ministries: Ministry of Transport and Communication (MTC) and Ministry of Works and Housing (MWH). Air, rail, ports and harbours were under MTC whereas road transport was under MWH. Ghana Highway Authority (GHA) was formed in 1974 to plan, develop, maintain, protect and administer the public highways, ferries, road camps, traffic devices and any related works. In 1977, all feeder roads were transferred from Social Welfare to GHA but in 1980, they were transferred to the Ministry of Local Government. In 1982, GHA and the Feeder Roads Department were transferred to the Ministry of Roads and Highways (MRH). Urban Roads Department was established in 1988 under MRH. In 1997, MRH was re-organized as the Ministry of Roads and Transport (MRT) incorporating other transport modes including railways. In 2003, MRT was re-organized to exclude railways, ports and harbours, which were placed under a new ministry, the Ministry of Railways, Ports and Harbours (MRPH). The organisation of MRT is optimum in respect of road infrastructure since all the roads in the country are managed and operated by one ministry. However, the fragmentation of MRT into two ministries cannot contribute to the sectors development in respect of efficiency and efficacy. During this time, the Bank has not been involved in any institutional development.
2. In the past, each transport mode developed and implemented specific policies without considering its impact on the development of other modes. Instead, the Government is currently focusing on an integrated approach with all modes focusing on efficient and effective operations of the system supporting one another vertically as well as horizontally. In 2004, the Government is in the process of recruiting a consultant for the preparation of a national transport policy. In addition, ADB is to finance a study on institutional strengthening and capacity building and the terms of reference (TOR) is under review by the Bank.
3. Although the institutional set up of the transport sector has evolved through many forms, the implementation of transport projects as well the operation of the system were neither efficient nor effective – the rehabilitation of roads were not completed on time and the maintenance of the railway infrastructure were not effective due to financial constraints of the Ghana Railways Company Limited. The Government is committed to address these shortcomings through improved allocation of counterpart funds, better project management, and introducing Management Contract for the Railways Company. The Bank's latest project financing also includes technical assistance for management and coordination of project implementation.

Road Fund and Road Safety

1. Sustainability of the transport system depends on the availability of the state of the art technology to maintain the dynamism of the sector, well established organization and management including qualified human resources to run the system, reliable infrastructure to accommodate forecasted traffic, affordable tariff to attract transport users, rational road pricing to enable efficient and effective provision of the transport services and the establishment of appropriate mechanisms to enhance road safety.
2. The road sub-sector is the predominant mode of transport in Ghana accounting about 94 percent of freight and 97 percent of passenger traffic. The sub-sector is the most viable alternative except for rail mode to transport bulk commodities like manganese, bauxite, timber and cocoa. The railway network operates at limited capacity with low efficiency.

3. The road transport industry is dominated by the private sector, which is competitive with no restriction of entry. However, inefficiency prevails due to high cost of vehicle operation on poor roads. Currently, the Government is focused on Poverty Reduction Strategy (PRS) and is implementing a recovery programme to enhance transport operations in the Country. To fulfill the Strategy, road infrastructure development and maintenance is the priority area of focus. In order to sustain the road infrastructure, the Road Fund was restructured in 1997 and is supervised by the Chief Director of MRT, managed by a director and administered by the Roads Fund Board. It was originally established in 1985 and was jointly administered by the Minister of Finance, Minister of Roads and Highways and the Controller and Accountant General. However, it was found necessary to restructure the Fund in order to address the proper maintenance of the national road network. The Fund is exclusively dedicated to the preservation of Ghana's trunk, feeder and urban road networks through efficient and effective maintenance activities.
4. The sources of Road Fund are fuel levy, fines on excess axle loads, and collections from toll roads, in the future. An increase of one US cents per litre per year is the program. However, the Government has not increased fuel levy since 2000. In addition, the Fund was supposed to be utilized exclusively for road maintenance activities but the government utilizes it for rehabilitation and upgrading of projects.
5. Documents on Road Fund have been discussed extensively with some of the sector's Development Partners who have suggested that the Ministry should proceed with the preparation and implementation of action plans. Some of the Development Partners are committed to assist MRT in the implementation of both the fuel levy and axle load policies. The tolling policy document is to be reviewed by the consultants currently carrying out the Road Concession Study. The recommendations of the study will be the base for implementing the Action Plan.
6. Lack of human resource capacity exists in the transport sector. Although the number of engineers is reasonable at GHA, socio-economists, transport economists and environmental experts are almost non-existent. Salaries are low to retain qualified staff. ADB is financing a training program that has been going on since 2002 and will continue up to 2006. The training includes post-graduate studies and group trainings locally. This program assists the Authority in strengthening its staff in road management and sustainability of the system. The Road Infrastructure Project financed in 2003 also includes technical assistance for project management and coordination, which is expected to avoid project implementation problems.
7. Donors have supported the Department of Feeder Roads (DFR) in capacity building. Software on Maintenance Performance Budgeting System (MPBS) was developed through the support of DANIDA. MPBS is used for regular maintenance i.e. grading, reshaping, spot improvement, etc. In addition, Rural Travel and Transport Program (RTTP) is envisaged and a draft has been prepared on policy.
8. Road safety is an important ingredient of sustainability. Well planned, designed, programmed and executed road project will deliver smooth flow of vehicles with safe movement of passengers, goods and services. In this regard Ghana is doing very well at the moment and is promising to continue in the foreseeable future. The Government has established a National Road Safety Commission within MRT in order to improve the safety of drivers, passengers and properties. The Commission has developed a National Road Safety Strategy to involve road agencies, education, police & court as enforcement and others. NRSC comprises representatives from 19 stakeholders as board members including Ghana Highways Authority and transport operators. However, private contractors are not represented which should have been so since they are actively involved in road infrastructure that involves road accidents.

9. The Government has regulated a Road Safety Act that entitles NRSC to receive money from the Road Fund. Currently, DANIDA contributes 58 percent of the budget, the World Bank through IDA contributes 24 percent, DFID contributes 5 to 10 percent and the remaining is contributed from the Road Fund and local partnerships such as oil companies. There is a road safety program on television once in a week for 15 minutes. There are also radio, school, church and mosque programs. Training on Road Safety is provided to drivers for three days focusing on vehicle maintenance, tire test, drivers rest, speeding and the deleterious effect of alcohol.
10. By law, every vehicle is required to be insured. Standards are set for importation of vehicles. Commercial vehicles are inspected twice a year and private vehicles once a year. In addition, axle load limit is regulated although not properly enforced. Donors are concerned about the limited number of weigh bridges and poor enforcement. There are 26 weigh bridges in Ghana of which only 6-10 are functioning properly. There is a plan to rectify these shortcomings.
11. NRSC had conducted workshop on road safety audit with the assistance of the Transport and Road Research Laboratory of the United Kingdom. Since the establishment of NRSC, the number of fatalities per 10,000 vehicles has gone down from 70 in 1991 to 27 in 2003. However, the major problem is human resource capacity since many of the staff is not well trained on road safety. Finance is a problem too - NRSC is too much dependent on donors. Local people should get involved in revenue generation. Police don't have speed guns for effective and efficient enforcement of vehicle speeds.

**GHANA
LIST OF DOCUMENTS**

ADB Group

A. Appraisal Reports¹

- Ghana Railway Rehabilitation Project, 1981
- Road Rehabilitation and Maintenance Project for Anyinam-Kumassi Road Section, July 1985.
- Achimota-Anyinam Road Rehabilitation Project, September 1997
- Akatsi-Dzodze-Noepé Road Upgrading Project – Multinational Ghana – Togo, September 2001.
- Road Infrastructure Project (Eastern and Western Regions), August 2003.
- Three Roads Study, September 1999

B. Supervision Summary²

- Achimota-Anyinam Road Rehabilitation Project
- Achimota-Anyinam Road Study
- Akatsi-Dzodze-Noepé Road Upgrading Project
- Anyinam-Kumasi Road Rehabilitation
- Ghana Railways Project
- Mpataba-Elubo Road Construction
- Road Infrastructure Project
- Tema-Aflao Road Rehabilitation Project
- Three Roads Study
- Tetteh Quarshie Circle Mamfe Road
- Two Roads Study

C. Documents and Papers

- Country Environmental Profile
- Country Strategy Papers (1991-93, 1999 update, 2002-2004)
- Economic Prospects and Country Programming Paper (1991-93, 1995)
- Gender, Poverty and Environmental Indicators, 2004
- Infrastructure and Poverty Reduction – Making Markets Work for the Poor by Xianbin Yao
- Infrastructure and Poverty Reduction – What is the Connection by Ifzal Ali and Ernesto M. Pemia
- Review of 2001-2002 Evaluation Results
- Study on Bank Group Experience and Lessons from Road Sub-Sector Projects and Programmes
- A study on Sectoral and Project Performance Indicators in the Transport Sector

¹ Some appraisal reports were not available

² Information contented in the Supervision Summary entered in SAP is not complete for all projects.

D. Republic of Ghana

- Consultancy Services for Further Analysis of Accidents Blackspots on the Highway
- Environmental Impact Assessment Procedures, Environmental Protection Agency
- Environmental Assessment Regulation 1999,
- National Road Safety Strategy (2001-2005), National Road Safety Commission, July 2001
- Network in Ghana, March 2001
- Road Fund Act, 1997
- Road Sector Development Programme (1997-2002), Annual Donors Conference Proceedings
- Quarterly Digest of Statistics, December 2001
- Status Report on Feeder Roads Component of the Implementation of Road Sector Development Programme (RSDP), 23rd-26 March 2004
- Strategic Plan (2004-2008) (Draft), Department of Urban Roads