

**Third Party Evaluator's Opinion on
Procurement of Locomotives, Rolling Stock and Workshop in Ghana**

Ernest Aryeetey
Director, ISSER
Ghana

Relevance of the Project

There has been an urgent need for the rehabilitation and expansion of railroads to meet the rapidly growing transportation demand that Ghana has faced for a number of years. The growing demand is to satisfy both passenger traffic as well as goods traffic. While the transportation of passengers has been more easily dealt with through a rapidly growing fleet of passenger vehicles on an expanded road network, the movement of goods has continued to be a major problem throughout the last two decades.

Over that period, the transportation of cocoa to the ports has increasingly been done by road, a practice that has proven to be quite unreliable, subject to weather conditions, and quite costly. The transportation of bauxite and manganese has continued to be done by rail transport.

There is no doubt about the proven relevance of the project of procuring locomotives, wagons and workshop equipment for the Ghana Railway Company. The relevance is drawn from the fact that a working railway system is a major ingredient to enhancing Ghana's participation in world trade in this age of globalization. One of the principal aims of the project was to enhance foreign exchange derived from the export of major mineral and agricultural products through the provision of adequate railway facilities to transport the products. The relevance of this to the goal of growth and poverty reduction is not in dispute.

But while the project was clearly relevant to national growth and development, its limited scope may have affected overall significance. Limiting the project scope to the acquisition of locomotives and wagons without dealing with other major aspects of the collapse of the railway system, including highly defective rail tracks, affected the impact. The high frequency of derailments affected the credibility of the rail system. As a consequence, the rail system has still not become a major player in the transport sector. Between 1994 and 2004 the number of passenger kilometers went down from 281 million to 80 million, while the number of passengers only increased from 2.3 million to 2.6 million.

Effectiveness of the Project

On the whole, the project made a significant impact on Ghana Railway Corporation's (GRC) operation and maintenance capabilities. The acquisition of the 14 locomotives and 100 covered wagons increased the overall freight transport volume. However, statistics on the volume of cocoa transported show a gradual decline over the project period, which has been attributed to a shift to transport by trucks operated by small private sector operators. Thus the wagons have not been effectively utilized. The average number of covered wagons operating per day in 2004 was 57, rendering some wagons idle. Cocoa companies have suggested that the shift to transport by trucks was due to substandard track conditions and this has not been good for the effectiveness of the project. Also, mining companies are of the view that the project would have been more effective if all the wagons procured were used for mineral transport. We note that in 2004 even though the volume of cocoa transported increased by more than 50% following the huge increase in cocoa output, the share of road transport grew faster, and the volume of bauxite and timber carted by rail fell by 28.6% compared to the previous year. The same decline in 2004 was observed for all other goods, except for cocoa. In sum, the effectiveness of this project has been compromised by the existing damaged tracks. These will have to be restored soon in order to enhance the effectiveness of this project.