



52 Ghana

Procurement of Locomotives, Rolling Stock, and Workshop

Supporting the reconstruction of railway sector by providing locomotives, freight cars, and equipment leases

Loan Amount/Disbursed Amount 6.23 billion yen/6.23 billion yen
Loan Agreement March 1994
Terms & Conditions Interest rate 2.6%, Repayment period 30 year (grace period 10 years), General untied
Final Disbursement Date July 2000
Executing Agency Ghana Railways Company



Project Objectives

The project's objective was to improve railway transport capacity by procuring of locomotives, wagons, and workshop equipment as part of the Ghana's Railway Rehabilitation Projects launched in 1983, thereby contributing to promoting export of major products and stimulating the country's economy.

Effectiveness & Impact

Rating **a**

This project provided 14 diesel locomotives, which increased the volume of freight transport, number of locomotives in service, and running distance (km). As a result, transported volumes of bauxite and manganese have grown to 1.5–2 times the levels prior the 1970s economic crisis. Since most of the locomotives that were in use had been taken out of service, it can be said that the entire railway business would not have been able to remain in operation if this project had not been implemented. Rail transport of cacao decreased after the liberalization of cacao marketing, in part due to competition with road transport, which made it possible to directly and immediately transport the products. As a result, the 100 covered wagons* that were provided are not being utilized fully. On the other hand, there is a high potential demand for rail transport because the political unrest in surrounding countries has brought the rapid increase in unloaded transit cargo volume, bound for Mali and other landlocked countries, at Takoradi Port since 2002. Therefore, this project rates a highly satisfactory level of effectiveness since it has largely achieved its objectives..

*Wagons that are covered. Used in the transport of cacao and other goods.

Relevance

Rating **a**

Both at the time of appraisal and the ex-post evaluation, this project has been highly relevant to Ghana's national policy (such as

Comparison of operation and maintenance capabilities for equipment covered by this project

Indicator	Type	2004 Values	Compared with time of appraisal (1993)
Freight transport volume	Total	215.69 million tons/km	+ 56%
	Freight	13/day	+ 116%
Number of running trains	Passenger	12/day	- 7%
	Locomotives	600,000km	+ 33%
Running distance (km)*	Freight Cars	14,250,000km	+ 16%
	Locomotives	0.034 days/car	- 44%
Maintenance days at maintenance factory	Freight Cars	0.21 days/car	- 68%
	Locomotives	25.7 cars	No data recorded for 1993
Units in operation	Freight Cars	57 cars	No data recorded for 1993

Note: *Number of Cars x Annual Distance Traveled Source: Ghana Railways Company

Economic Recovery Plan and Ghana Vision 2000). This project was also a part of the third Transport Rehabilitation Project (TRP) that is cofinanced by the World Bank, AfDB (France), and KfW (Germany).

Efficiency

Rating **b**

Although project costs were almost as planned, the project period was much longer than planned (166% of planned period); therefore the evaluation for efficiency is moderate. Causes for the delay included the executing agency's lack of capital due to the halting of government subsidy provisions and delays in the foundation work for the rolling stock plant.

Sustainability

Rating **b**

Though some problems have been observed in terms of financial situation, the sustainability of this project is moderate. From a financial standpoint, some conditions observed during the ex-post evaluation are the effects of the increase in foreign exchange loss, due to a drop in local currency value in 2000, which has caused a very difficult situation in terms of excessive debts and cash flow. A policy needs to be adopted to increase future revenue.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be satisfactory. As a lesson learned, there was a need to hire a consultant and carefully consider items for procurement of workshop equipments. In order to extract potential economic value in railway projects, it is hoped the Government of Ghana will give adequate consideration to strengthen the operation and maintenance of the executing agency and to developing an investment plan.

Third-Party Opinion

This is a highly effective project, as it has contributed to the development of the railway sector and economy of Ghana. The operational capability of the executing agency has increased a certain degree since project implementation. It is hoped that railroad tracks would be improvements in order to enhance the project effectiveness

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