

**ADDRESS DELIVERED BY THE HON. MINISTER OF TRANSPORTATION**  
**AT THE OPENING CEREMONY OF THE FIFTH AFRICA ROAD**  
**MAINTENANCE FUND ASSOCIATION (ARMFA) GENERAL MEETING**  
**AT M-PLAZA HOTEL ON 27TH SEPTEMBER 2006**

Mr. Chairman,  
Hon. Ministers of State  
Hon. Members of Parliament,  
President of ARMFA,  
Distinguished Development Partners,  
Distinguished ARMFA Members,  
Officials of the MOT,  
Invited Guests,  
Ladies and Gentlemen,

It is my pleasure to be with you and to deliver the opening speech of the Fifth Conference of the African Road Maintenance Funds Association (ARMFA).

I wish on behalf of His Excellency the President of the Republic of Ghana to welcome you to Ghana and especially those of you who are here for the first time. It is my hope you will enjoy the proverbial Ghanaian hospitality.

Mr. Chairman,  
Transport plays a major role in the socio-economic development of all nations. It is all encompassing and pervasive and therefore affects the social, economic and political life of every citizen. As you must be aware, studies done in India, China, Vietnam and Ethiopia show a positive correlation between investment in Road Transportation and Growth and poverty reduction.

Similar studies conducted in Ghana during 2004-2005 also confirmed that completed and maintained roads lead to 20% increase in trips to hospitals, 65% lowering of costs of traveling to market centers, 41% reduction in costs of traveling to welfare facilities and 23% increase in the price of maize received by farmers and thereby empowering them financially.

Between 2002 and 2006, the Government of Ghana with the support of her Development Partners invested over US\$1.12 billion with the view to improving the road sector in order to aid the rapid socio-economic development of the country.

For the 2006 fiscal year, about 33% of the total national investment budget was devoted to transport infrastructure development and maintenance.

Mr. Chairman,

This massive investment has been specifically made in order to ensure that transport is used as a vehicle not only to achieve the targets set under the Growth and Poverty Reduction Strategy (GPRS II) but also to the achievement of the Millennium Development Goals and the attainment of a middle income status by the year 2015.

Mr. Chairman

Ghana's dream of attaining a middle income status will to a large extent depend on the provision and maintenance of an efficient and effective transport infrastructure and services. Ghana currently has about 58,536 km of roads out of which 9,250 km are paved and 40,300 km are unpaved. Roads are the predominant mode of transportation in Ghana and currently account for 94% of freight and 97% of all traffic movements.

Mr. Chairman

The objectives of your Association I am told are:

- To develop a network for the exchange of experiences and information on the financing of road maintenance in Africa as well as the operation of the funds;
- To encourage the promotion and strengthening of ties between road maintenance funds in Africa;
- To promote the proper management of road maintenance funds;
- To work for the strengthening of capacities of the existing road funds;
- To promote a good public/private partnership in order to provide the best conditions for the mobilization of resources for road maintenance among others.

These are laudable objectives which need to be vigorously pursued in order to ensure that sustainable funds are available for the maintenance of the network in all member countries. Your meeting here is a manifestation of the role Ghana has played and continues to play in ARMFA which is just three years old.

Mr. Chairman

I am glad to inform you that a Second Generation Road Fund which ARMFA is seriously promoting was established in Ghana in 1997, when the Road Fund Act (Act 536) was passed to regulate the establishment of the road fund to finance routine and periodic maintenance and the rehabilitation of public roads.

This created a legal framework for most of the structures needed for the efficient operation of the Fund and brought it in line with what pertains in Sub-Sahara Africa. The law clearly defined the sources of revenue and made provision for a Management Board of thirteen (13) members with a strong private sector representation. The fund derives its revenue from the following road user charges:

- Fuel levy
- Vehicle Registration Fee
- Road Use Fee
- Road, Bridge and Ferry Tolls and
- International Transit Fees.

Currently the fuel levy contributes between 90 and 94% of the revenue.

Mr. Chairman,

The Road Fund currently supports about 68% of our maintenance needs. Government is exploring all avenues to increase the Fund accruals to enable it cater for the maintenance portfolio even as Development Partners support us to rehabilitate and construct new roads.

Mr. Chairman,

Ghana attaches great importance to road maintenance in order to preserve the investments already made in the road assets. With a current asset value of about \$7 billion, the country stands to gain by investing in maintenance rather than allow the network to deteriorate with its concomitant high reconstruction costs.

Mr. Chairman,

Road construction in Ghana progressed rapidly up to the mid 1970s. Unfortunately funds for maintenance were reduced in the 1960s. The effect of the reduction on road maintenance was the virtual collapse of the network which left in its wake a huge backlog of neglected maintenance. Up till 1985 when the first generation road fund was set up, Ghana financed the maintenance of roads from the consolidated fund. Over the years, both the allocation and actual disbursement progressively dwindled. As already mentioned, this resulted in extensive deterioration of the network. It was in order to ensure an adequate and sustainable flow of funds for maintenance that the government introduced the road fund concept.

Mr. Chairman,

Government since August 2004 approved the Policy Paper for the regular and progressive increases in the fuel levy to achieve acceptable levels. Government is also considering increases to road use, road and bridge tolls/fees. This will ensure that

projected revenues are achieved to enable the fund cover our maintenance requirements.

Mr. Chairman,

The government is promoting participation of private capital in the provision and maintenance of road infrastructure as recognized by the SSATP and CENSAD Ministerial conferences last year. Modalities are being worked out and in the not too distant future this will become a reality. The restructuring of the fund has generally been positive. There is improved awareness and co-operation among the general public, contractors, Parliament and Government as a whole. The concept of commercialization of roads has also been accepted and there is improvement in the condition of roads through timely interventions.

Mr. Chairman,

Participants,

Ladies and Gentlemen,

I am told you will have the chance to see the Akosombo dam which is the largest man made lake in the world. Let me wish you fruitful deliberations, Welcome you to Ghana with the expectation that the Accra conference will help to strengthen our resolve to provide sustainable and adequate finances to maintain and provide safe and motorable roads for our people.

Thank You.