

# Opinion

## Transformed transportation to boost growth

By Bjorn Lomborg

**G**HANA has been experiencing steady economic development, but GDP growth has not been supported with enough infrastructure to boost welfare sustainably in the long term. One of the sectors requiring urgent improvement is transport.

The road network comprises over 78,000 kilometres, but only 49 per cent of it is maintained or rehabilitated.

Up to 60 per cent of the 1300-kilometre rail network is not used regularly due to lack of maintenance.

This absence of necessary infrastructure limits commerce and exports and slows down Ghana's economic growth prospects and even tourism, given that many of the major attractions are located in rural areas which are difficult to reach due to the poor state of the roads.

Accra's rapid demographic growth also creates transportation issues through an increased number of vehicles and congestion. As the city spreads, people experience longer commutes, which create time costs and have an adverse impact on the environment.

But with so many important challenges, how can decision makers choose the right initiatives to generate the highest benefit for every cedi spent?

### Ghana Priorities

Ghana Priorities is a collaboration between the National Development Planning Commission (NDPC) and the award-winning think tank, Copenhagen Consensus, that aims at identifying the smartest policies for the country by using proven methods of cost-benefit analysis.

Twenty eight teams of economists studied more than 80 initiatives to detect the most effective solutions for Ghana, and the results are now being published to impulse discussions on policy priorities that benefit all Ghanaians.

As part of this project, Bahman Kashi and Sarah Carello from Limestone Analytics, Michael Graham from the University of Stellenbosch Business School in South Africa and Brad Wong of

Copenhagen Consensus studied infrastructure interventions to target the country's rural areas, as well as Accra's growing traffic congestion.

The researchers studied the construction of 1,888km of roads that link rural areas, especially agricultural areas and tourist attractions, to principal centres in the country.

This initiative would have a cost of approximately GH¢5.3 billion, but the benefit from a reduction in travel time, carbon emissions, transportation cost and post-harvest losses avoided over 30 years was estimated at GH¢6.5 billion.

For every cedi spent, this intervention would yield a return of GH¢1.2.

### Rail

Railway transport is a viable and affordable alternative to roads, especially for cargo and freights. However, Ghana's

railway sector is in a poor state of maintenance and today only accounts for three per cent of freight traffic.

A modern railway system would improve Ghana's international competitiveness and market access, stimulate productivity and boost economic growth and social welfare.

The researchers studied an intervention to rehabilitate 670km of existing tracks and expand rail networks to the northern regions of Ghana by constructing new tracks with a total length of 3,340km.

The cost of this project was estimated at GH¢73 million per kilometre. The benefits in time savings, revenue from increased passenger traffic, the lower cost of transport, as well as reduced carbon emissions, accidents and post-harvest losses for the agricultural sector, add up to an estimated GH¢109 million per kilometre, meaning every cedi spent will yield a return of 1.5 times higher than the original investment.

### Volta Lake

The researchers also considered a transportation intervention to develop the Volta Lake into a major transportation artery and improve access to the rural northern regions and landlocked neighbouring countries by building modern ferry ports in

Mpakadan, Buiepe, Debee and providing upgraded ferries in collaboration with the private sector.

The improved transport system will improve access to ferry transport for communities living in the surrounding area, which is currently served by an

informal service of boats and roads in poor condition.

The costs of this intervention amount to approximately GH¢4.7 billion, while the benefits in cost savings, reduced carbon emissions and improved safety for passengers reach nearly GH¢6.8 billion, in a benefit-cost ratio of 1.2.

### BRT

For Accra's growing traffic congestion problem, the researchers studied the option of investing in infrastructure for a Bus Rapid Transport (BRT) system that would include the construction of a separate bus lane to reduce travel times and make the bus a more attractive choice for passengers.

The costs associated with this project amount to nearly GH¢1.2 billion in total. However, the benefits in time savings from reduced congestion and carbon emissions and increased safety for all road users amount to nearly GH¢1.8 billion, generating 1.5 times the benefit for every cedi spent.

Extensive infrastructure projects are costly, but these initiatives have the potential to transform Ghana's transportation system, protect the environment, boost competitiveness and stimulate the country's growth prospects.

By linking rural areas to cities via road, rail and ferry and easing Accra's traffic congestion to save cost and time, decision makers can bring both short-term comfort and long-lasting change to the people.

*The writer is the President of the Copenhagen Consensus & Visiting Professor at Copenhagen Business School.*

Summary Table

Intervention	Cost (GH¢)	Benefit (GH¢)	Benefit-cost ratio
Linking agricultural producing areas and tourist attractions to district capitals	5.3 billion	6.5 billion	1.2
Rehabilitating 668 km of rail and constructing 3340 km of new rail	73 million per kilometre	109 million per kilometre	1.5
Volta River Transport System	4.7 billion	5.8 billion	1.2
Bus Rapid Transport System for Accra	1.2	1.8	1.5