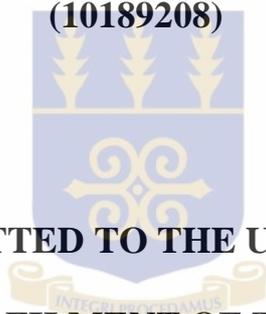


**THE POLITICS OF PUBLIC TRANSPORTATION IN GHANA: THE  
CASE OF METRO MASS TRANSIT LIMITED**

**BY**

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**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA,  
LEGON IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR  
THE AWARD OF MPhil POLITICAL SCIENCE DEGREE**

**JULY, 2013**

## DECLARATION

This is to certify that this thesis is the result of research undertaken by Eric Yobo towards the award of the Master of Philosophy (M.Phil) Political Science in the Department of Political Science, University of Ghana.

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## ABSTRACT

Efficient public transportation system is indispensable to economic development of countries. This study examined the involvement of the state in Ghana's public transport delivery. It, particularly, focuses on the creation of Metro Mass Transit (MMT) Limited as a state-backed transit organisation, in spite of the Ghanaian Government's chequered history in the transit industry. The study shows how the Government was, inter alia, politically motivated to set up MMT Limited as a dominant public transit company in Ghana to enjoy state patronage. The study also underscores political interference in the operations of MMT Limited yet it has made significant strides in alleviating transportation problems encountered by both urban and rural dwellers. The study concludes that active state participation in public transit provision ensures efficient transport systems that are socially accessible, environmentally friendly and economically sustainable.

**Keywords:** *politics, public transport, Metro Mass Transit, involvement.*



## **DEDICATION**

To Naana Yaa Fosuaa, my grand mum, this work is dedicated.



## LIST OF ABBREVIATIONS

**ADB** – Agricultural Development Bank

**CES** – City Express Services

**DVLA** – Driver and Vehicles Licensing Authority

**ECMT** – European Conference of Ministers of Transport

**FBRSC** – Free Bus Ride for School Children

**FCUBE** – Free Compulsory Universal Basic Education

**GOIL** – Ghana Oil Company Limited

**GPRTU** – Ghana Private Road Transport Union

**GTTC** – Government Technical Training Centre

**LI** – Legislative Instrument

**MESW** – Ministry of Employment and Social Welfare

**MMDA** – Metropolitan, Municipal/District Assemblies

**MMT** – Metro Mass Transit

**MoT** – Ministry of Transport

**MRH** – Ministry of Roads and Highways

**MTTU** – Motor Traffic and Transport Unit

**NDC** – National Democratic Congress

**NIB** – National Investment Bank



**NPP** – New Patriotic Party

**NRC** – National Redemption Council

**NRSC** – National Road Safety Commission

**OSA** – Omnibus Service Authority

**PBL** – Prudential Bank Limited

**PPP** – Public Private Partnership

**PROTOA** – Progressive Transport Owners Association

**PWD** – People with Disability

**SIC** – State Insurance Company

**SSNIT** – Social Security and National Insurance Trust

**STC** – State Transport Company

**UPTUs** – Urban Passenger Transport Units

## ACKNOWLEDGEMENTS

To God be the glory for great things He has done. My foremost and deepest appreciation goes to God Almighty for guiding me through this study till completion. I also wish to thank my supervisors, Dr. Philip Osei-Duku and Dr. Emmanuel Debrah, for their invaluable supervision which has guided me in all the stages of this research.

I am grateful to the University of Ghana for offering me the opportunity to pursue my postgraduate studies. Many thanks go to the lecturers of the Political Science Department, University of Ghana, for their encouragement and tutelage during my studies.

My profound gratitude also goes to my family for their support and encouragement which has helped me immensely throughout my studies. Particularly, Dad and Mum, Rev. Jones & Mrs Juliana Afrifa, Sam Agyei Peprah, Percy Kwame Amponsah, and all my siblings, I am most grateful. I love you all and cherish every sacrifice you have made for me.

I would like to express sincere appreciation to my senior colleagues Kwadwo Konadu and Mark Kwakye Frempong, as well as the entire MPhil Political Science 2011 Class for their useful and thoughtful suggestions offered for my considerations.

Finally, I am also indebted to my beloved Phil Adwoa Ansaah for her relentless encouragement and prayers which inspired me to come out with this thesis. Again, to all those who granted me interviews whose names for want of space have not been explicitly mentioned, I am most grateful.

I, however, accept full responsibility for any shortcomings and criticisms in this paper.

## Table of Contents

DECLARATION .....	i
ABSTRACT .....	ii
DEDICATION.....	iii
LIST OF ABBREVIATIONS.....	iv
ACKNOWLEDGEMENTS.....	vi
Table of Contents .....	vii
List of Tables .....	x
Table of figures .....	xi
CHAPTER ONE .....	1
GENERAL INTRODUCTION .....	1
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	3
1.3 Objective of the Study .....	5
1.4 Research Questions .....	5
1.5 Operational Definitions .....	5
1.5.1 Politics (the).....	5
1.5.2 Public Transport .....	6
1.6 Significance of the Study.....	6
1.7 Location of the Study .....	7
1.8 Organisation of the Thesis .....	7
CHAPTER TWO .....	8
THEORY AND LITERATURE REVIEW .....	8
2.1 Introduction and Definition of Theory .....	8
2.2 Theory: State Capitalism .....	8
2.3 Literature Review .....	12
2.3.1 Introduction.....	12
2.3.2 “Public Transportation” What Does It Mean? .....	12
2.3.3 The Role of the State in Public Transportation.....	14
2.3.4 Rationale for State Intervention in Public Transportation.....	21
2.4 State’s Involvement in Transport Development in Ghana.....	24
2.4.1 Ghana: Background.....	24
2.4.2 Sate Transport Corporation.....	25

2.4.3	Omnibus Service Authority .....	27
2.4.4	City Express Services .....	29
2.4.5	Metro Mass Transit .....	30
2.4.6	Other Public Transport Services .....	31
2.5	Summary .....	32
CHAPTER THREE.....		34
RESEARCH METHODOLOGY .....		34
3.1	Introduction.....	34
3.2	Research Strategy.....	34
3.3	Data Collection.....	36
3.4	Framework for Data Analysis .....	40
3.5	Limitations and Problems .....	41
CHAPTER FOUR.....		44
RESULTS AND DISCUSSION .....		44
4.1	Introduction.....	44
4.2	Functions of Government of Ghana in Road Transportation.....	44
4.2.1	Transport Infrastructural Development .....	44
4.2.2	Passenger Transport Service Delivery.....	45
4.2.3	Optimising Road Transport Safety.....	48
4.2.4	Devolved Functions: Licensing and Management of Assets.....	50
4.2.5	Determining Transport Fare.....	53
4.2.6	Manpower Training and Development.....	55
4.3	The Empirical Case Study Findings .....	56
4.3.1	Metro Mass Transit: Background and Ownership .....	56
4.3.2	Metro Mass Transit: Mandate and Service Coverage .....	58
4.4	Why MMT was established?.....	60
4.4.1	The Urban Transport Sector Condition .....	60
4.4.2	Socio-Economic Objectives.....	63
4.4.3	Social Welfare Objectives .....	65
4.4.4	Environmental and Energy Objectives .....	67
4.4.5	Political Objectives.....	68
4.5	State Involvement in MMT.....	71
4.5.1	Appointments and Composition of MMT Board.....	71

4.5.2	Subvention and Grant .....	73
4.5.3	Social Intervention Policies .....	77
4.5.4	Parliamentary Oversight on MMT .....	83
CHAPTER FIVE .....		85
SUMMARY, CONCLUSION AND RECOMMENDATIONS .....		85
5.1	Introduction.....	85
5.2	Summary and Conclusion.....	85
5.2.1	Research Objective 1: The role of the state in Ghana’s public transport system	85
5.2.2	Research Objective 2: Why MMT was established as a state-backed enterprise? .....	87
5.2.3	Research Objective 3: Shift of MMT’s mandate. ....	90
5.2.4	Research Objective 4: The extent of state involvement in MMT .....	91
5.3	Recommendations .....	92
A.	Recommendation for Government .....	93
B.	Recommendation for MMT .....	95
C.	Recommendation for the Academia .....	95
BIBLIOGRAPHY .....		96
APPENDICES .....		109
Appendix A: Samples of Interview Guide .....		109
Appendix B: 2000 Presidential Elections Run-off Regional Results.....		114
Appendix C: The MMT Board of Directors .....		115
Appendix D: Political Interference in MMT Appointments.....		116
Appendix E: MMT fares vis-à-vis GPRTU fares.....		117
Appendix F: Audited Profit and Loss Accounts and Balance Sheets of MMT Limited ...		118

## List of Tables

Table 1: List of Shareholdings of MMT. Source: MMT Limited .....	57
Table 2: Fleet of MMT. Source: MMT Limited .....	58
Table 3: Accumulated Import Taxes of MMT. Source: MMT Limited .....	75
Table 4: School Children carried by MMT under the FBRSC. Source: MMT Limited .....	79

## Table of figures

Figure 1: Metro Mass Transit provides free rides to school children. Source: Metro Mass Weekly Issue 3 2007 .....	80
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# CHAPTER ONE

## GENERAL INTRODUCTION

### 1.1 Background to the Study

Transportation is indispensable to ‘economic growth and development of human settlements’ (Pisarski, 1981; Small, 2006; Gbadamosi, 2010, p. 1). Transport serves as a key component in addressing poverty and social equity goals while ensuring adequate access to public services – education, healthcare, markets, jobs and recreation – that are essential to the lives of all persons (Rittner & Kirk, 1995; Sanchez, 1999; Mbara, 2002; Bullard, 2003). Efficient transport systems are therefore required to support socio-economic development, namely; integrating rural and urban economies, promoting regional integration, attracting foreign investment, and reaching global markets<sup>1</sup>.

Indeed, transport is one of the most important preconditions for attaining all the eight Millennium Development Goals (United Nations, 2009). To this end, Mbara (2002) has stated that transport is inextricably linked to the national economy and hence, constraints in the sector are likely to have adverse effects on national economic performance.

In the last few decades, the world has experienced an unprecedented increase in population (UNFPA, 2012). The ratio of urban dwellers among the world’s total population is currently estimated at 3.36 billion inhabitants, majority of whom live in the developing world. This population is projected to see a colossal increase over the next few decades (Demographia report, cited in AFD & MEEDDM, 2009). African countries will see the biggest upsurge as

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<sup>1</sup>Paper Delivered By The Hon. Minister For Transport, Hon. Alhaji Collins Dauda At The 3rd Ghana Policy Fair Dialogue Series With Focus On The Transport Sector At The Accra International Conference Centre On The 19th April, 2012. Available at <http://www.ghana.gov.gh/index.php/information/speeches/13247> (accessed on December 23, 2012)

55% of the African population will be living in urban areas by 2020, thereby imposing a high demand for mobility (Trans-Africa Consortium, 2010).

The situation is especially threatening as much of the existing transport infrastructure and services in many African states are in a deplorable state, coupled with the dearth of efficient public transit organisations in Africa (AFD & MEEDDM, 2009; Trans-Africa Consortium, 2010). This has resulted in increased congestion in our cities, loss of productive man-hours in traffic, environmental pollution, and amongst others, due to uncoordinated public transport systems largely provided by the informal sector (Pucher, Korattyswaroopam, & Ittyerah, 2004).

In response to the mobility crisis arising from the gross inadequacies of the various public transportation modes, African governments have developed various strategies to meet transport needs (Kwakye, Fouracre, & Ofosu-Dorte, 1997; Kwakye & Fouracre, 1998; World Bank, 2012). These strategies range from improving highways capacity to ensuring access to mobility for vulnerable groups – like the disabled, the urban poor, the infirm – who are usually mobility deprived (Docherty, Shaw, & Gather, 2004). For instance, Nigeria, Côte d'Ivoire and South Africa, just to mention but a few, have developed and maintained mass public transit systems (AFD & MEEDDM, 2009; Trans-Africa Consortium, 2010). In Kenya, plans are underway to develop new mass rapid transport systems to ease the country's urban traffic congestion (World Bank, 2012).

To address public transportation needs in Ghana, successive Governments, among other things, created public transport enterprises such as the Omnibus Service Authority (OSA) Transport Company, State Transport Company (STC), City Express Services (CES), and lately Metro Mass Transit (MMT) Limited for efficient delivery of public transportation to increase productivity and economic growth (Wilson, 2006).

## 1.2 Statement of the Problem

Ghana's public transport system has been dominated by private sector provision of paratransit for many years. It serves about 95% of public transport needs, often using shared taxis and minibuses (Fouracre, Kwakye, Okyere, & Silcock, 1994; IBIS, 2005; Wilson, 2006). The paratransit sector provides low service capacity; nevertheless large number of vehicles is required to meet demand. The dominance of these services, *inter alia*, creates discomfort, congestion, journey delays and high level of environmental pollution. In the main, this retards national economic growth and development (Trans-Africa Consortium, 2010; Poku-Boansi & Adarkwa, 2011).

It is commonly argued that urban mass transit has the capacity to address Ghana's public transportation deficit, as well as achieving environmental and energy objectives (UITP, n.d.). However, concerted efforts by successive Governments to develop and maintain State Mass Transit Agencies, to eliminate the dysfunctions of the public transport industry, have wrecked in the usual pitfalls of state ownership (Fouracre *et al.*, 1994). This compelled the National Democratic Congress (NDC) Government to privatise STC and CES and to liquidate OSA in the 1990s (IBIS, 2005; Afful, 2011).

According to Trans-Africa Consortium (2010, p. 1), a leading think tank on transportation; 'apart from a few remaining companies, almost all publicly owned and managed public transport enterprises in Africa ceased to exist during the 1990's'. This is partly due to excessive political interference, operational inefficiencies, inadequate subsidy to maintain fleets and services (Aworemi, 2008; Aworemi, Abdul-Azeez, & Olaogun, 2009).

Notwithstanding the pitiful history of the State in transit provision, the Ghanaian Government in 2003 sponsored the establishment of yet another version of the defunct OSA Transport

Company. The new bus transit system – MMT Limited<sup>2</sup> – is organised as a quasi-government operator of larger buses (IBIS, 2005). MMT provides urban mass bus services, which is ‘usually unscheduled and often, on demand-responsive routes, filling gaps in informal transit provision’ (Poku-Boansi & Adarkwa, 2011, p. 29).

Against the background of the State’s poor performance in the public transit industry, the rationale behind the creation of MMT Limited is quite uncertain and incredulous. The burden of this study is to investigate the State’s incessant interest in public transport provision in Ghana. Specifically, the researcher seeks to understand why the Government of Ghana sought to re-engage itself in public transit provision despite its abysmal performance in the past.

Some scholars have albeit paid some attention to Ghana’s public transportation issues, but most of these studies are on traffic congestion (Agyeman, 2009; Mahama, 2012); mode choice (Abane, 1993); transport unionism (Fouracre *et al.*, 1994), just to mention a few. Notwithstanding these notable ones, not much have been studied on Ghana’s public transportation; especially as it pertains to the politics of public transit provision.

After almost a decade of operation, MMT Limited presents a good case for investigating the rationale and the politics of state intervention in public transport provision in Ghana. This study will go a long way to provide useful information that would influence policymakers, transportation planners, and other transport stakeholders to develop and implement measures that will support efforts to enhance sustainable public transportation in Ghana.

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<sup>2</sup> See MMT website, Available at [http://metromass.com/establish\\_mmt.htm](http://metromass.com/establish_mmt.htm) (accessed on August 23, 2012)

### **1.3 Objective of the Study**

The general objective of the study is to examine state involvement in public transportation in Ghana and the reasons responsible for the state's sponsorship of MMT limited. To do that, the researcher aims to:

- I. Identify the role of the state in public transport delivery in Ghana.
- II. Explore the objectives of state sponsorship of MMT's establishment.
- III. Examine the mandate of MMT to ascertain if it serves any unspecified purpose.
- IV. Investigate the extent of state involvement in MMT.
- V. Formulate recommendations for effective public transport provision in Ghana.

### **1.4 Research Questions**

Emanating directly from the above stated research objectives, the researcher poses the following questions to form the crux of the study:

1. What is the role of the state in public transport delivery in Ghana?
2. What factors influenced the Government to sponsor the establishment of MMT?
3. Does MMT serve any unspecified purpose apart from its original mandate?
4. To what extent is the state involved in MMT?
5. What policy relevant recommendation can be made for Ghana's public transportation?

### **1.5 Operational Definitions**

#### **1.5.1 Politics (the)**

This is used to refer to the activities of the state and/or government in the provision of public transport services as part of government's broad social and public service obligation. This

operationalised definition of the term “politics” is associated with classical definitions of politics which evolves from the Greek word *polis* – meaning the city-state (Modebadze, 2010; Kurian, Alt, Chambers, Levi, & McClain, 2011). Politics is thus primarily defined in relation to the activities of the state or the government (Modebadze, 2010).

### **1.5.2 Public Transport**

In this study, public transport is used to mean a shared transport system which is made available, usually against payment, for any person who wishes to use it (Ubbels, Nijkamp, Verhoef, Potter, & Enoch, 2001). This definition accommodates both state-owned and privately-provided public transits.

### **1.6 Significance of the Study**

- i. The study will add unto the body of growing literature on public transportation and serve as a reference document for future researchers to build upon existing knowledge. That is, because the research focuses on state involvement in public transport provision in Ghana; an area where research is lacking, the study will serve as a channel to get more researchers into researching the area.
- ii. The study will inform governments and policy makers in formulating and implementing policies and programs to develop an accessible, adequate, safe, and affordable transport system that supports efforts to eradicate poverty and bring about sustainable development.
- iii. The study will also help us to appreciate the crucial role of the state and the private sector in the efficient management of urban mobility.

## **1.7 Location of the Study**

This study is located under public policy making – an important subfield of political science – with special emphasis on transportation policy effectiveness, by examining the politics pertaining to urban public transportation in Ghana.

## **1.8 Organisation of the Thesis**

The thesis is organised into five main chapters. Chapter 1 titled “General Introduction”, which is the present introduction to the thesis, constitutes the background; problem statement; objectives; research questions; operational definitions; location of the study; significance of the study and; organisation of the thesis.

Chapter 2, “Theory and Literature Review”, deals with the theoretical framework on which this study positions itself, and a review of relevant and current literature on the subject of public transportation. It also discusses the evolution of state-owned public transport in Ghana. Chapter 3 titled “Research Methodology” presents the research methods employed in the study. Sub-themes such as research strategy, data collection, framework for data analysis as well as potential limitations and problems associated with the chosen methods are thoroughly discussed.

Chapter 4, which is the data analysis section, presents the research findings in relation to the stated research objectives. The chapter is titled “Results and Discussion”. Chapter 5, “Summary, Conclusion and Recommendation”, will summarise the research findings and make policy relevant recommendations.

The next chapter is a discussion of the theory employed in this study and a review of relevant and current literature.

## CHAPTER TWO

### THEORY AND LITERATURE REVIEW

#### 2.1 Introduction and Definition of Theory

What one thinks of as political theory, according to Theodoulou & O'Brien (1999, p. 2), is 'a coherent body of propositions that has, in some sense, transcended time to provide us with enduring questions that continue to help us evaluate current circumstances, as well as create solutions as we look towards the future'. The role of a theory is to increase scientific understanding of an issue, and must be capable of both explaining and predicting phenomena (Hunt & Arnett, 2003; Osuala, 2007). Theory, therefore, provides the context for the study of social science. It is often argued that 'research and theory go hand in hand' (Osuala, 2007, p. 21) and without a theory 'the research project would be meaningless' (Theodoulou & O'Brien, 1999, p. 2).

#### 2.2 Theory: State Capitalism

The study uses the *State Capitalism Theory* as a theoretical framework. This theory is associated with, but not limited to, scholars like Grinder & Hagel (1977), Morales & Sachs (1990), Bremmer (2009; 2010), and Musacchio & Lazzarini (2012). State capitalism broadly refers to an economic and political system in which the state undertakes commercial economic activity, with management and organisation of the means of production in a capitalist manner. Alternatively, state capitalism may be used to refer to a partnership of government and big companies in which the state intervenes on behalf of large capitalists against the interests of consumers (Bremmer, 2010; Musacchio & Lazzarini, 2012).

Under this system, the state operates business enterprises for the purpose of accumulating capital and directing investment in the framework of either a free-market economy or a mixed-market economy. The state capitalist model thus describes a system where the state intervenes in the market to protect the interest of certain strategic sectors of the economy, and also invests in large scale businesses to create ‘national champions’ (Bremmer, 2009, p. 3.). Such statist intervention aims to optimise the provision of essential public services while ensuring market regulation. Nevertheless, government does not directly intervene in the running of corporations (Musacchio & Lazzarini, 2012). These government-linked enterprises are however organised along corporate and business management practices.

The most important feature of the state capitalism model is the degree of government’s intervention in an economy and the rationale for such intervention. Bremmer (2010, pp. 4-5) describes the state capitalism thus:

*In this system, governments use various kinds of state-owned companies to manage the exploitation of resources that they consider the state’s crown jewels and to create and maintain large numbers of jobs. They use select privately owned companies to dominate certain sectors. They use so-called sovereign wealth funds to invest their extra cash in ways that maximize the state’s profits. In all three cases, the state is using markets to create wealth that can be directed as political officials see fit. And in all three cases, the ultimate motive is not economic (maximizing growth) but political (maximizing the state’s power and the leadership’s chances of survival). This is a form of capitalism but one in which the state acts as the dominant economic player and uses markets primarily for political gain.*

In the state capitalist system, ‘the state functions as the leading economic actor and uses the market primarily for political gains’ (Bremmer, 2009, p. 2; Bremmer, 2010, p. 5). In the view of Bremmer (2010), the state invests in strategic sectors like transportation, *inter alia*; to

create more accessibility to job opportunities and also to maximise profit for the state. Nonetheless, the ultimate aim of such state's investment decisions is politically motivated rather than sheer economic objectives. That is to ensure the entrenchment of the political elites in power (Bremmer, 2010).

China and Russia are described as the leading adherents of the state-directed capitalism in the 21<sup>st</sup> century. The Chinese Government, for instance, controls shares in almost all major companies in China (Bremmer, 2009; Musacchio & Lazzarini, 2012). The AVIC Empire (aircraft), Huawei (telecommunication), Lenovo, and China's Ocean Shipping Company (transportation) are among such state-favoured firms (*ibid*, 2009). In Russia, the state retains golden shares in over thousand firms (Musacchio & Lazzarini, 2012). Bremmer (2009, p. 3) succinctly posits; 'In Russia, any large business must have favorable relations with the state in order to succeed'.

Though not a recent phenomenon, the state capitalist model is increasingly gaining popularity in most developing world. The governments of Norway, Brazil and India, for instance, are openly acquiring participatory shares in many large-scale companies and creating national champions (Musacchio & Lazzarini, 2012). Most government, across the developing world, have become powerful shareholders and prefer to exercise control through their share ownership (*ibid*). The state capitalist economy is thus characterised by the dominance of state-owned business enterprises, as well as privately owned but government-favoured national champions.

Despite the strong positive impact of state capitalism model on public sector worldwide, particularly in China and Russia, it has not escaped its fair share of scholarly criticisms (Morales & Sachs, 1990; Musacchio & Lazzarini, 2012). It is argued that state capitalism-inspired reforms engender excessive state intervention in an economy as result of 'injection

of politics' (Bremmer, 2009, p. 2) into pure economic decision-making. This often results in high levels of inefficiency, cronyism and corruption – which are more likely to impede social and economic growth (Bremmer, 2009).

Again, critics assert that developmental projects sanctioned under the state capitalism model respond more to noneconomic factors – national pride, national security – than to any profitability criteria (Morales & Sachs, 1990). Thus, political considerations override economic rationality.

In spite of the criticisms levelled against the state capitalism model, there is no much doubt that the model is apposite for this research. State capitalism stresses on the fundamental role of the state; provision of public services, while at the same time conceding the merits associated with private sector management of means of production.

In an ideal world, state intervention in transit provision – in a capitalist manner – in all likelihood would enhance mobility and accessibility to public goods and services, whilst at the same time building domestic popular support for the ruling class. The values of state capitalism thus support the establishment of MMT Limited as a joint state-private enterprise to enjoy government patronage and 'substantial competitive advantages over their private-sector rivals' in the Ghanaian public transit industry (Bremmer, 2009, p. 6).

## **2.3 Literature Review**

### **2.3.1 Introduction**

The literature review is organised along the following sub-themes; the definition of public transportation; the role of the state in public transportation and; rationale for state involvement in public transportation. Special attention is also given to the literature on state involvement in the development of public transport in Ghana.

### **2.3.2 “Public Transportation” What Does It Mean?**

Defining “public transportation” must begin with a general understanding of the term “transportation” itself. Transportation, however, defies any single watertight definition. Schulz (2004) construes transportation in the widest sense not only to include the conveyance of freight and mobility of persons, but also recognising the flow of information, labour and capital, and the activity of providing access to resources and opportunities. Defining the term in this manner broadens the scope to encompasses non-motorised systems; walking, bicycle and animal drawn cart (Rahman, D’Este, & Bunker, 2008; Krizek, Handy, & Forsyth, 2009), as well as non-traditional modes such as the use of ICT (Information and Communication Technologies) to transfer expertise and resources between spatial environments (Schulz, 2004).

In the view of Mbara (2002, p. 3), transportation refers to a “system” comprising two major components, viz., the vehicle commonly referred to as the “carrying unit” and the path which in transport term is referred to as the “way”. In this sense, transport comprises of an ‘infrastructure component’ and a ‘service component’. The latter component constitutes the carrying unit – such as bus, aircraft, ship or train – whereas, the infrastructure component represents the roadway, railway, tunnel and amongst others. For the efficient operation of

transport system, skilled personnel are indispensable. Mbara (2002, p. 3) therefore argues for ‘appropriate qualified staff as a vital third component of the transport system’.

A precise definition of public transportation (also called *Public transit*, *public transport*, *mass transit* and *urban transit*) is quite limited in the transportation literature. However, throughout the literature, public transportation is generally used to mean; a shared passenger transportation service which is available for use by the general public (Pucher *et al.*, 2004; TCRP, 2009; Trans-Africa Consortium, 2010; Buehler & Pucher, 2012). This embraces various transport services available to the general public; including carpools, shared taxis, ferries, passenger rail and bus services, and their variations (Litman, 2012a; Washington State Legislature Joint Transportation Committee, 2011). Perhaps, the essentials of this definition is that public transport is a mode where the “vehicle” in question is not necessarily owned by the user or used privately.

There is also a popular view that “public transport” means those modes that are owned and or operated by government. This is not a satisfactory definition because all modes – train, bus, ferries, and amongst others – have many examples of both private and public ownership.

In their article, *Alternative Ways of Funding Public Transport: A Case Study Assessment*, Ubbels *et al.*, (2001) helps us with a working definition of public transportation. Ubbels *et al.*, (2001, p. 73) thus refer to public transportation as: ‘a collective transport system, which is made available, usually against payment, for any person who wishes to use it’. This definition reveals that public transport is deployed to mean the communal use of transport (such as train and bus), usually for commercial purposes. It is therefore, sometimes, used interchangeably with “commercial transport”. The emphasis is to serve “public good” rather “private good”.

Here, what is fundamental in Ubbels’ *et al.*, (2001) definition is “access” and “sharing”. These two dimensions – access and sharing – seem to capture the most essential feature of

what we mean by “public transportation”. That is an important point because it helps counter the implicit preconception that public transport must only be owned and operated by the government. This definition, offered by Ubbels *et al.*, (2001), will be used to refer to public transport throughout the research.

### **2.3.3 The Role of the State in Public Transportation**

Public transportation is a prime responsibility of government, a basic role ‘even the most ardent libertarian would be hard-pressed to dispute’<sup>3</sup>. However, any understanding of the role of the state in public transportation must first of all begin with an attempt to appreciate how the state involves itself in transportation issues. Studies suggest that all over the world, governments are heavily involved in the provision, regulation, organisation, planning and management of public transport systems (ECMT, 2004; Docherty *et al.*, 2004; Washington State Legislature Joint Transportation Committee, 2011).

A significant function of the State, under transportation, is its public policy responsibilities. National government functions as a policymaker in public transportation by formulating policies, backing such policies with appropriate legislations and voting money to fund such public policies (ECMT, 2004; Marsden & Rye, 2010). To this end, Docherty *et al.*, (2004, p. 258) asserted, ‘the management of mobility has always been at the heart of transport policies across the globe’. The works of Ubbels & Nijkamp (2002), Sundeen & Reed (2006); AFD & MEEDDM (2009) examined these policy responsibilities of government under transportation.

Ubbels & Nijkamp (2002) agree with AFD & MEEDDM (2009) that public funding is a major source of financing various modes of public transportation, both in terms of

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<sup>3</sup>Chicago Sun-Times, February 11, 2012, Editorial: Mass transit is for all, not just for Democrats. Available at <http://www.suntimes.com/opinions/10556420-474/editorial-mass-transit-is-for-all-not-just-for-democrats.html> (accessed March 3, 2013).

investments and operations. Regardless of the political and administrative setup of a country, central governments remain key sponsors of the transport sector. This includes the provision of transport services and the development of requisite transport infrastructure such as highways, railways, terminals and other water borne connections for ferry services as well as providing subsidies on fuel, amongst others.

Cervero (n.d.), Trans Africa (2010) and Cervero (2011) have examined governments' efforts and commitments to developing sustainable urban public transport. Focusing on Bogotá (capital city of Colombia), Cervero (n.d.) examined state provision of bus transport services. Cervero (2011) and Cervero (n.d.) argued that Bogotá's TransMilenio Bus Rapid Transit is one of the most efficient high-capacity bus systems in the Latin America. Established in 2000, the state-backed TransMilenio serves over 5.5 million passengers per day with dedicated bus lanes. The study opined that the Colombian Government gives investment priority to pedestrians, followed by cycling facilities, and then public transit. As a result, the city of Bogotá has many built bikeways with bicycle parking facilities at each TransMilenio station to facilitate bicyclists using the transit (*ibid.*).

In a paper titled "Public Transport in Sub-Saharan Africa", Trans Africa (2010) also examined ten African countries to review programmes aimed at improving their public transport systems. The study revealed, *inter alia*, that governments of Senegal and Cote d'Ivoire have initiated policy packages to reorganise and improve the informal transport sector through the introduction of a fleet renewal programme, supported by public funding. For instance, the state of Cote d'Ivoire, with government warranty, regularly renews the fleet of SOTRA (Abidjan bus Transport Company) to address the challenge of unsatisfactory service offer. This has led to significant reduction of the operational and technical costs of SOTAR while improving service quality (*ibid.*).

Aworemi's (2008) study also examined the factors which militate against state owned transport operations. The study, which focused on Nigeria, adopted quantitative methodology using multiple regression technique to establish the causes of difficulties for state mass transport agencies. Aworemi (2008) maintained that public transport operations are usually fraught with problem of low fare policy, insufficient cost recovery and overstaffing. The study attributed these challenges to over-politicisation and mismanagement. Based on his finding, Aworemi (2008) recommends, inter alia, appropriate policy framework for efficient public transport operation and management.

In many countries, the power to organise and fund urban modes of transport has been devolved to local governments – such as the Lagos Metropolitan Area Transport Authority (Nigeria) and Gauteng Transport Management Authority (South Africa) (Oni, 1999; AFD & MEEDDM, 2009). Sundeen & Reed (2006), Aworemi *et al.*, (2009) and Litman (2012b) corroborate that local governments are also significantly involved in the provision, management and regulation of public transportation. According to Sundeen & Reed (2006), local government participation in addressing transportation priorities is increasingly important. The study, which focuses on United States, opines that:

*In 2002, states transferred \$12.7 billion to local governments for surface transportation. Of that, states intended \$11.8 billion for highway purposes, \$99 million for mass transit and \$821 million for other local purposes. Local governments collected \$2.1 billion in local motor-fuel taxes and motor vehicle receipts. Local governments collected \$1.7 billion in toll revenues (Sundeen & Reed, 2006, p. 17).*

During the last decade, substantial financial burden for surface transportation projects has fallen on state and local governments (Sundeen & Reed, 2006; Litman, 2012 b). Sundeen & Reeds (2006) argued further that local governments, in at least 34 states examined, are responsible for administering vehicle license and registration taxes in the United States.

Oni's (1999) studies of urban transportation system also revealed that, the administration of Nigeria's urban transport falls under the jurisdiction of the three tier government – federal, state and local governments. However, the local government predominantly controls Nigeria's urban transport with 67% share of urban roads, whereas the state and federal governments handle only 27% and 6% respectively. The chunk of urban roads transport in Nigeria is managed by the local government units and the state governments.

Ubbels & Nijkamp (2002) nevertheless, allude elsewhere that public services – especially public transport – have suffered reduced government financial support in recent years, at least in Europe. Government sources dedicated to fund public transport are becoming increasingly limited, restricted and uncertain (*ibid*). This view of governments' diminishing role in public transportation is also upheld by Pucher, Hyungyong, & Kim (2005) and Sundeen & Reed (2006) in their separate works which focused on India and United States respectively (Pucher *et al.*, 2005; Sundeen & Reed, 2006). Ubbels & Nijkamp's (2002) claim is informative yet failed to explain why there is such declined governmental fiscal support for public transportation.

Teisman & Klijn (2002), Sundeen & Reed (2006), Medda (2007) and Macário (2010), from neoliberal perspective, have examined the role of the state in the provision of public transportation. Their studies demonstrate that more countries are now exploring the use of public-private partnerships (PPPs), and other forms of partnership, to fund and support needed transportation projects. These scholars offer several reasons to justify the growing collaboration between public authorities and the private sector in transport services delivery. Often, budgetary constraints and lack of expertise are argued as major reasons for considering PPP options for public transportation (Teisman & Klijn, 2002; Medda, 2007; Macário, 2010).

Governments therefore collaborate with private stakeholders to enjoy additional resources to meet the growing demand for public transportation.

Harker (1988) opines that the provision of public transit has remained largely a governmental responsibility. However, in an era of worldwide outcry to reduce public debt, considerable reversion of urban mass transit must be rolled back to the private sector. According to Harker (1988), the subject of private market participation generates debate as to how much, 'if any private market participation in the provision of urban mass transit should be permitted by the government' (Harker, 1988, p. 96). Based on the argument made by Harker (1988), regarding the participation of the private sector in the transit industry, there is a *priori* reason to deduce that governments act as privatiser (and sometimes nationaliser) of public transits. Pucher *et al.* (2004) and Pucher *et al.* (2005) however assert that while there are considerable experiences of bus service privatisation, governments around the world rarely privatise the rail systems.

Sundeen & Reed (2006) and Huerta (2012) have investigated public transit funding obstacles in United States. Sundeen & Reed (2006) avow that, notwithstanding the positive impacts of surface transportation to the American economy, state lawmakers are faced with serious hurdles to access adequate funds to meet rising transport needs. The study emphasised; 'Within state government, individual lawmakers may be unwilling to support funding mechanisms that could be unpopular with constituents' or those that they perceive would directly benefit very few of their constituents (Sundeen & Reed, 2006, p. 21).

Huerta (2012), in her *Transit Funding; Why the Politics?*, builds upon the work of Sundeen & Reed (2006) with an emphasis on two cities – New York City and Los Angeles. Her 2012 study corroborates Sundeen & Reed (2006) earlier assertion that most Americans perceive public transit as a public good that benefit only certain parts of the state. Due to that, 'middle class voters see transit as a transport mode they will not use' and therefore propose reduction

in the nation's commitment to support public transportation lines (Huerta, 2012, p. 13). Huerta's (2012) study was, however, silent on the ideological values that underpin the views of those sections of the middle class. Both studies (Sundeen & Reed, 2006; and Huerta, 2012) were conducted in the United States – a developed country. However, the current study which is underway focuses on Ghana – a developing country – and will fill the spatial gap.

Regarding the role of the state as “economic regulator” of public transportation, studies have focused on government as regulator of market power (Kverndokk & Rosendahl, 2010); referee of competition; and regulator of prices (Cervero, 1990; Deakin & Harvey, 1996). Kverndokk & Rosendahl (2010) have examined the use of policy instruments, *inter alia*, fuel taxes to regulate the consumption of gasoline in the transport sector. The study assumed two regions in the world – closed economy and open economy – and studied the impacts of the different policy instruments in both competitive and monopoly markets.

Deakin & Harvey (1996), in a more subtle way, discussed government's role as regulator of prices by focusing on the effectiveness of five categories of transportation pricing measures. These categories include; congestion pricing, parking charges, Vehicle Mile Travel fees, fuel tax increases and emission fees. Deakin & Harvey (1996) argued further that government implements such pricing measures to achieve, *inter alia*, economic, environmental and energy objectives. The study, which focused on California, concluded that ‘properly designed and implemented’ transportation pricing measures could effectively reduce congestion, pollutant emission, energy consumption, and at the same time generates revenue (Deakin & Harvey, 1996, p. ix). This transport revenue, the study opines, could be used to fund new transport investments.

Pucher *et al.*, (2004) also agree with AFD & MEEDDM (2009) that fares are often kept low by public authorities – and do not necessarily reflect the real costs – to meet the needs of low-

income earners. Pucher *et al.*, (2004, p.2) while examining public transportation in India maintained that; with significant portion of India's urban population living in poverty, 'government has been forced to keep its public transport fares extremely low'. This particular function of the state as a regulator of fares ensures that service providers, particularly monopolists, do not overcharge users (Ogus, 1994; Oni, 1999).

Studies on public transportation have also focused on the role of government in optimising transportation safety. Safety is a public good and a prime focus of government agencies concerned with transportation (Lave, 1968; Short, Boyle, Shackelford, Inderbitzen, & Bergoffen, 2007).

In the view of Bliss & Breen (2012), road safety improvement requires political will, strong governmental ownership and leadership. Bliss & Breen (2012, p. 51) therefore argue that for a transport safety agency to succeed ought be a 'governmental body', defined in legislation and fully supported by government to ensure sustainable funding and delivery capacity. The study stresses; absence of state involvement, efforts aimed at transport safety promotion will often be 'illusory and unsustainable' (Bliss & Breen, 2012, p. 52).

A number of state institutions are engaged in setting and ensuring safety standards for transportation. Lave Lester, in his *Safety in Transportation: The Role of Government* catalogues how some state agencies are involved in ensuring transport safety in the United States:

*The FAA<sup>4</sup> sets requirements for air safety, the ICC<sup>5</sup> sets requirements for interstate ground transportation, the Maritime Commission looks after ocean-going vessels, and*

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<sup>4</sup>Federal Aviation Administration, a national agency of the United States Department of Transportation, which has authority to regulate and oversee all aspects of civil aviation in the U.S.

<sup>5</sup>It refers to Interstate Commerce Commission.

*the National Highway Safety Bureau has recently been created to look after automobiles; the Bureau of Public Roads sets the specifications for federal highways, and thus sets their safety standards*(Lave, 1968, p. 530).

Likewise, state institutions like the police helps in road safety compliance by enforcing traffic regulations. Lave (1968) argued further that relying on the market alone, including the legal system and insurance incentives, will not produce the desired level of society's transportation safety goals. The paper analytically identifies ways in which government engagement might be appropriate to supplement or even substitute the operations of market forces in achieving safety in our transportation systems. Lester (1968) thus argues in favour of government fiat, licensing and liability laws to ensure optimisation of transportation safety.

Authors like Milton (1980) and Harvey (2005) however contend against stringent government's direct regulatory involvement in the market. Such arguments are rooted in the notion that strict state regulation may limit people's economic right to produce (Milton, 1980; Harvey, 2005). According to Lave (1968), state regulatory agencies could also be influenced or intimidated politically, through public reaction to programmes – so as to deviate from its mandate. State regulators are therefore cautioned against adversarialism if transport regulatory objectives are to be attained.

#### **2.3.4 Rationale for State Intervention in Public Transportation**

In their *State Intervention in Contemporary Transport*, Docherty *et al.*, (2004) attempt to explain why states seem to have adopted interventionist stances in public service delivery, especially transportation, in recent years. The study, *inter alia*, argued; 'state involvement in transport has always been one of addressing market failures' (Docherty *et al.*, 2004, p. 258). Unregulated market provision of transport services usually falls short of society's demand,

both in terms of quality and quantity (Pucher *et al.*, 2004; Pucher *et al.*, 2005). It is also not uncommon for public transport operators, whether publicly or privately owned, to find their operations in financial crisis and resort to government for bail out (AFD & MEEDDM, 2009).

Docherty *et al.* (2004) argued further, while assenting with Winston (2000), that government intervention in public transportation is justified by the high fixed cost of developing transport infrastructure. The provision and maintenance of most transport infrastructures – such as highways, railroads, ports and terminals – are capital intensive, which the private sector is unlikely to finance or may be totally disinterested in its development (Winston, 2000; Docherty *et al.*, 2004). The Public sector usually accepts such challenge and responsibility as part of its solemn obligation to deliver public services to its citizenry. Likewise, such state intervention in transport provision avoids ‘wasteful competition’ and unnecessary duplication of assets – such as ‘separately owned, parallel railway lines’ (Docherty *et al.*, 2004, p. 529).

Other argument in favour of state intervention in public transport delivery is firmly rooted in social equity theories (Litman, 2002; Lucas, 2006; Cervero, 2011). Social equity often requires subventions for disadvantaged people such as the low income earners, physically challenged, elderly and the infirm (Litman, 2002). In the view of Cervero (2011, p.4), public transport is a form of ‘social investment’. Cervero (2011) therefore concurs with Litman (2002) and Docherty *et al.*, (2004), that public provision of transport infrastructures and services is more efficient and socially equitable than the market alternatives. Governments therefore intervene – either solely or collaboratively – in public transport provision to ensure adequate access to jobs, healthcare, education, and other public services for the vulnerable and mobility deprived, who are usually public transit dependent (Docherty *et al.*, 2004; Cervero, 2011). State intervention in public transit industry plausibly serves as instrument of social policy to guarantee decent living for the citizenry.

Closely related to the social justification for state's involvement in public transportation is a position coherently advocated by Bullard (2003), Dombroski (2005) and Cervero (2011). In his 2005 study, *Securing Access To Transportation for The Urban Poor*, Matthew Dombroski made a strong case for a 'de facto right to transportation' (p. 526). He vehemently argued that the right to mobility and freedom of movement is a basic entitlement for all and must be protected. Dombroski (2005) therefore argued for greater public support for the development of urban mass transportation systems as a means of alleviating the severe immobility the urban poor suffers on daily basis. To Cervero (2011), such arguments are deep-seated in the idea that mobility is a basic human need – not unlike medical care, potable water or sanitation. Transportation equity is therefore consistent with the objectives of the broader civil rights movement (Bullard, 2003).

Apart from the economic and social arguments, environmental objectives impress on governments to support public transport systems that are environmentally sustainable. Greenhouse gas emissions from motor vehicles constitute the greatest proportion of transport related pollutions (IEA, 2005). The works of Lucas (2006) and Marsden & Rye (2010) corroborate with Docherty *et al.*, (2004) that, the case for state intervention in transport market has become much potent in the wake of worldwide call to address transport related emission and pollution. The power of this argument was reflected in the words of Cervero (2011, p. 4); public mass transport is 'the most efficient user of road space and energy resources' and thus reduces emissions of pollutants and highway congestion especially 'if mass transit users are former single-occupant motorists'. AFD & MEEDDM (2009, p. 3) advocates for public support for transport system which is 'both energy-saving and low in greenhouse gas emissions, while being widely accessible and occupying little space'.

Diana & Daraio (2010) in their study, which focused on transport policy effectiveness, succinctly conclude that; reduction of environmental impacts, promotion of social equality

and, land use planning often constitute the primary justification for any state intervention in urban public transport. Diana & Daraio thus proposed a set of indicators – accessibility improvement, modal diversion, and environmental impact – to properly ‘address the specificities of public transit as a field of intervention of public powers’ (Diana & Daraio, 2010, p. 1).

## 2.4 State’s Involvement in Transport Development in Ghana

### 2.4.1 Ghana: Background

Ghana is located in West Africa and attained independence from Britain in 1957, the first country in sub-Saharan Africa to do so. The 2010 Population and Housing Census, which is the most current census, estimate Ghana’s population at 24,223,431<sup>6</sup>. The country is made up of two hundred and seventy-five (275) constituencies with ten (10) administrative regions. The regions are subsequently demarcated into Metropolitan, Municipal/District Assemblies (MMDA) for local government administration purposes<sup>7</sup>. Ghana operates a unitary system of government with a bicameral legislature and executive presidency<sup>8</sup>.

The country shares borders with Burkina Faso to the north, Cote d’Ivoire to the west and the Republic of Togo to the east. The southern border is shared with the Gulf of Guinea. The Gulf serves strategic waterborne transport importance to the country, *inter alia*, Tema and Takoradi harbours.

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<sup>6</sup><http://www.ghana.gov.gh/census/phc2010.pdf> (accessed May 23, 2012)

<sup>7</sup>[http://ghanadistricts.com/home/?\\_id=27&sa=5601](http://ghanadistricts.com/home/?_id=27&sa=5601) (accessed March 3, 2013)

<sup>8</sup>Constitution of Ghana, 1992 available at <http://www.ghana.gov.gh/index.php/information/constitution> (accessed March 3, 2013)

From the period 1966 to 1992, Ghana experienced about five (5) military rules interspersed with two (2) relatively short periods of civilian rules; the Progress Party government (1969-1972) under Prime Minister Dr. Kofi Abrefa Busia and President Edward Akuffo Addo; and Dr. Hilla Liman's People National Party government (1979-1981). Currently, Ghana has been relatively politically stable following a return to constitutional rule after the promulgation of the 1992 fourth republic constitution (Yakohene, 2009). It has since then elected the sixth (6th) parliament under its 4<sup>th</sup> republic.

Road transport is the principal mode of transportation in Ghana. However, there is considerable development of other modes of transport – rail, water, and aviation – for both passenger and freight movements. It is estimated that 15 per cent of road users own their own cars and 85 per cent make use of public transport or travel by foot<sup>9</sup>.

Modern public transportation system in Ghana (formerly Gold Coast) dates back to 1898 when the first rail line was built from Takoradi to Tarkwa for the commercial exploitation of gold, and the first road constructed between Accra Harbour (now Jamestown) and Dodowa to Larteh in 1905 for the export of palm fruits (Wilson, 2006). In an attempt to expand and improve public transportation, the country pursued socialist policies and this path for development saw the establishment of many state-owned transport enterprises. Prominent among such state owned public transport include STC, OSA and CES.

#### **2.4.2 State Transport Corporation**

The then colonial authority in Gold Coast (now Ghana) established what is now known as Intercity STC in 1909 as a Government Transport Department to cater for the transport needs of the colonial administration. Through a Legislative Instrument (LI), on 9<sup>th</sup> march 1965, the

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<sup>9</sup>[http://metromass.com/pub\\_trans\\_gh.htm](http://metromass.com/pub_trans_gh.htm) (accessed January 2, 2013)

transport department was made body corporate to run commercial passenger services and was then called the State Transport Corporation.

Subsequently, in January 1968, the Government created a haulage division to cater for the haulage of both dry and wet freight. This was handed over to STC to manage as a bulk haulage division, to function alongside the passenger division. STC was later incorporated in June 1995 as a limited liability company under Ghana's Companies Code 1963 (Act 179) under the name; State Transport Company Limited.

The company was charged to consistently and profitably provide safe, comfortable and reliable road transport and allied service such as haulage<sup>10</sup>. STC has no mandate to provide urban bus service. STC is responsible for the provision of inter-urban services, principally between regional capitals, but also serving other large urban centre as well as some cities in neighbouring ECOWAS countries (Fouracre *et al.*, 1994).

In 1996, STC was put on sale under a divestiture program, as part of Ghana's overall Economic Recovery Program. However, Government of Ghana was unable to find any suitable buyer which resulted in its incessant decline as a result of absence of public investment in the rolling stock and other assets (IBIS, 2005).

In June 2000, the NDC Government divested the asset of the company to Vanef Consortium. The company was thus reorganised under a new name; Vanef STC. The Vanef Consortium was a parent limited liability holding company that superintended the operations of the two main business units: The Passenger Service Division and The Haulage Division. During this time, Government of Ghana still owned equity share in Vanef STC, with Vanef Consortium

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<sup>10</sup><http://beta.stcghana.com.gh/corporate/our-history> (accessed January 24, 2013)

owning majority shares in all the units of Vanef Coaches limited and wholly owning the Haulage Division<sup>11</sup>.

Following the change of power relations in Ghana in 2001, which brought the New Patriotic Party (NPP) in government, the legal ownership of the transport company was reverted to the state and became known as Intercity STC ‘as the divestiture process was found to be fraudulent’ (Afful, 2011, p. 3). The board was reconstituted and a new managing director was consequently appointed. This eventually led to the exit of the Vanef Limited from the Consortium.

Presently, the company is owned by the Social Security and National Insurance Trust and Government of Ghana, with 80% and 20% equity subscription respectively<sup>12</sup>. However, the transport company – Intercity STC – is currently ailing and has laid off its workers as it is inundated with colossal financial burden which is compelling Government of Ghana to privatise it once more.

### **2.4.3 Omnibus Service Authority**

The origin of OSA began in 1927, when the Accra Town Council operated bus services in Accra, Kumasi, Sekondi/Takoradi and Obuasi (Wilson, 2006). Between 1927 to the period before 1969, almost all Municipal Councils operated their own bus services. OSA was formally constituted in 1969 under the then Ministry of Local Government to provide services previously provided by the Municipal Councils (Fouracre *et al.*, 1994). The OSA Decree of 1969 thus officially nationalised all the Municipal and Local Councils bus

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<sup>11</sup><http://beta.stcghana.com.gh/corporate/our-history> (accessed January 24, 2013)

<sup>12</sup><http://beta.stcghana.com.gh/corporate/our-history> (accessed January 24, 2013)

undertakings under a single body – OSA. Thus, OSA was mandated to regulate and provide public transport services in Ghana (IBIS, 2005).

In 1972, the National Redemption Council junta, which toppled the National Liberation Council (NLC) regime, repealed the OSA Decree of 1969 with the promulgation of Omnibus Services Decree (NRCD 71 of 1972). The new legislation (NRCD 71 of 1972) sought to split the two main separate functions of the OSA; the regulation and the provision of public transport (IBIS, 2005).

A separate Licensing Authority was created to be responsible for the licensing of all motor vehicles intended for use under the omnibus sector. The Licensing Authority determined, *inter alia*, routes and the types of bus to operate on particular routes, fares to be borne by passengers, as well as parking places of buses owned by the public, private organisations or individual (IBIS, 2005).

The OSA was however retained with the sole objective of bus service provision in its specified areas. This body was then later transformed into OSA Transport Limited under legislation covering commercialisation of parastatal enterprises. OSA Transport Limited contributed a lot to the Ghanaian society in terms of public transport. OSA operated mainly country-wide urban services (Fouracre *et al.*, 1994). In their 2005 study, IBIS Transport Consultants, examine the extent of government subvention for OSA:

*Both the Omnibus Services Authority Decree and the Omnibus Services Decree exempted the Authority from such taxes, rates and duties as the Commissioner for Finance may direct. All buses, their spare parts and non-consumable equipment, imported by the Authority shall be exempted from import duties. These, together with fuel and lubricants, purchased locally shall be exempted from purchase and sales taxes. The Authority is also exempt [sic] from income tax. Taken together, these*

*concessions are a very significant subsidy for the Authority and acted as a strong barrier to competitive market entry (IBIS 2005, p. 3).*

The OSA enjoyed a lot of unfair competitive advantage, tax incentives and other government operating subsidies yet could still not survive the harsh environmental and financial realities of the industry (IBIS, 2005). The asset of OSA was finally liquidated in the 1990s after a long period of neglect (Wilson, 2006).

The urban public transport industry in Ghana became deregulated, by default, following the collapse of Omnibus Services Authority and its operating division OSA Transport Limited. Thus, urban public transport services were largely replaced by private sector provision of paratransit, known locally as *trotro* (IBIS, 2005). A popular private transport in the 1980's was King of Kings Transport with about 30 fleets of large buses (Wilson, 2006). The industry was consolidated by the Ghana Private Road Transport Union (GPRTU), though smaller unions such as Concern Transport Union and Progressive Transport Owners Association, just to mention a few, have since emerged (Fouracre *et al.*, 1994; IBIS, 2005).

#### **2.4.4 City Express Services**

The City Express Service (CES) was formed in 1981 by the People National Party Government of Dr. Hilla Liman. CES operated as a special department within the then Ministry of Transport and Communications. It used Tata buses to provide rural/urban service to the people of Ghana. However, like OSA, CES made only a very insignificant contribution to urban transport in Ghana. Fouracre *et al.*, (1994) put the urban mileage for CES in January 1992 at less than 10% of total. It was privatised in 2000 due to operational inefficiency (Afful, 2011).

#### 2.4.5 Metro Mass Transit

In their study of urban public transport conditions in Accra, IBIS (2005) portrayed MMT as a state-linked company charged with urban mass transportation in Ghana. The study argued that the creation of MMT was an attempt to address the constraints in Ghana's public transport delivery following the demise of the OSA and CES; however, it largely resolved NPP's manifesto commitment.

The IBIS's (2005) report divulged that the MMT is owned by the Government of Ghana (55%) and indigenous six financial institutions (55%). However, IBIS (2005) casts doubt on the motive and credibility of these financial institutions in the formation of MMT. The study thus alleged bad faith that, the participation of the financial institutions in the creation of the MMT is 'based on their wish to divest from expensive staff transport commitments' (IBIS, 2005, p. 11). According to IBIS (2005), the business case for the enterprise is certain not compelling. The IBIS's (2005) report was however superficial and could not substantiate many of its claims. Nevertheless, the study cautioned against potential conflict of interest and 'arm length relationship between the shareholders' (IBIS, 2005, p. 11). The study concluded that MMT is organised to benefit considerable state patronage which act as strong barrier to competitive market entry.

Trans Africa Consortium (2010), in their study of public transport in sub-Saharan Africa, also asserted that the introduction of MMT was to alleviate the impact of high fuel price on Ghanaian households and also to achieve energy security during President Kufuor's administration. The study further averred that the use of high occupancy buses by MMT operators helps to reduce nationwide energy consumption, in an attempt to economise on the use of imported fuel (*ibid*). According to Trans Africa Consortium (2010), environmental and/or energy objectives of the government was the basic underpinning rationale for the formation of MMT as the operator of larger buses, and any other consideration runs second.

In the view of the Trans Africa Consortium (2010), the government's objective to improve energy security and reduce dependency on fossil fuels was more compelling than just resolving a party manifesto as argued by IBIS (2005). Nevertheless, both IBIS (2005) and Trans Africa Consortium (2010) studies agree that the state is committed to provide MMT with high occupancy buses to augment its fleet, with public funding.

Agyemang (2009) has also examined the extent to which traffic congestion conspired with other factors to collapse the Bus Rapid Transit (BRT) system initiated by the MMT Limited. The study argued that while pervasive traffic congestion caused the collapse of the pilot BRT, other factors such as lack of a supporting Legislative Instrument are equally liable. The study thereby recommended appropriate legislation, among other things, to offer Right of Way (ROW), otherwise known as express lane, for successful implementation of a BRT in Ghana.

Though MMT has somewhat received some scholarly attention, there is still a dearth of academic literature which specifically strive to examine the extent of the state's involvement and how the Ghanaian government employs the state-backed transit organisation to achieve its social and political goals. This paper therefore aims at bridging that gap by investigating in-depth the rationale for state's sponsorship of MMT in spite of government's abysmal history of transit delivery in Ghana.

#### **2.4.6 Other Public Transport Services**

State's involvement in direct transport service delivery in Ghana is not only limited to the road transport sector. The state got involved even in rail, aviation and ferry services. Since the construction of the first rail line in 1898 in the then Gold Coast (now Ghana) for the exploitation of minerals and other natural resources, both successive colonial and post-colonial governments have sought to develop and maintain the rail transport system to

include passenger services (Wilson, 2006). Although the rail service in Ghana is in an incessant decline, the government still retain responsibility.

The Nkrumah-led administration founded Ghana Airways in 1958 as a national airline of the Republic to cater for air travels. Following the February 1966 coup, which overthrew the Nkrumah regime, the National Liberation Council took steps to close down unprofitable routes from the Ghana Airways network which Nkrumah had kept open in order to show the Ghanaian flag (Guttery, 1998). However, the National Liberation Council pursued Nkrumah's policy of directing Ghana Airways to operate routes based upon politics, but forced the airline to stop operations to Cairo because of President Gamal Abdel Nasser's (the then Egyptian president) support for Nkrumah (*ibid.*). Unable to keep up with its operational cost, coupled with successive governments' disinclination to invest more funds into the airline, Ghana Airways was liquidated in June 2005 ( Amankwah-Amoah & Debrah, 2010).

On the other hand, the Volta Lake Transport Company Limited was set up on February 23, 1970 to operate as public carrier of all forms of water – borne transport, including hovercraft, for persons and or freight on the Volta Lake. This service links the northern and the southern sectors of Ghana for the socio-economic development of the country and facilitates both internal trade and sub-regional trade with landlocked neighbouring countries<sup>13</sup>.

## 2.5 Summary

The chapter provides the theoretical framework upon which the whole research is positioned, and how it helps in understanding and explaining the phenomenon which is being investigated. The chapter has so far looked at some debates of the role of the state in public

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<sup>13</sup><http://www.mot.gov.gh/page.php?subcat=23> (accessed January 2, 2013)

transportation, in both developed and developing countries. It again examined the rationale for state intervention in public transit provision.

The review also situated the transportation debate in the specific context of the Ghanaian experience of state-sponsored public transport, by examining the evolution of public transportation in Ghana.

The next chapter of this research will detail the Research Methods to be employed to capture the empirical data, including details on the research strategy to be adopted, data collection techniques, framework for data analysis and potential limitations of the study.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter – Research Methodology – outlines the details of the research strategy adopted to implement the empirical research. It also covers the means of collecting data, the sample selection and the framework for data analysis employed. In addition, the reader is exposed to the issue of potential limitations and problems associated with the chosen research strategy and its implementation (Biggam, 2008).

#### 3.2 Research Strategy

The research strategy adopted for the implementation of this study is the qualitative case study approach. A qualitative case study methodology is normally associated with an in-depth investigative study (Cohen & Manion, 1995; Yin, 2003). It allows researchers to study complex phenomena within their contexts using data from variety of sources (Baxter & Jack, 2008).

Case study is one of the three traditional research strategies for real word research, *inter alia*, survey and experiment (Robson, 1993). Other research approaches exist; Historical, Ethnography (Davies, 1999), Action Research (Reason & Bradbury, 2000; McNiff & Whitehead, 2005) and Ground Theory Research (Glaser & Strauss, 1967; Dey, 1999). However, case study is adopted as a methodological approach for this study because it allows the researcher to ‘probe deeply and to analyse intensely’ (Cohen & Manion, 1995, p. 106) the research phenomenon under observation – public transportation (using MMT Limited as an individual unit).

Critics of case study approach assert that generalisation is not always possible (Yin, 2003; Osuala, 2007). Bassey (1981, p. 85) however retorts that ‘reliability of a case study is more important than its generalisability’. For instance, investigating objective II: “... the factors responsible for the establishment of MMT”, though a single case, ‘situational aspects of the case study’ (Biggam, 2008, p. 225) and its potential research findings may ostensibly relate to the rationale behind governments’ decision in other jurisdictions to set up mass transit organisation.

This study is primarily qualitative in nature, using elite interviews to obtain primary data. Interview involves ‘a conversation between interviewer and respondent with the purpose of eliciting certain information from the respondent’ (Moser & Kalton, 1971, p. 271). The use of interviews was harmonious with the overriding research objective of attaining an in-depth and qualitative insight into public transportation issues in Ghana. This allowed the opportunity for exhaustive discussion with variety of germane transportation stakeholders. Osuala (2007, p. 171) in his *Introduction to Research Methodology*, notes:

*The task of the qualitative methodologist is to capture what people say and do as a product of how they interpret the complexity of their world, to understand events from the viewpoints of the participants. It is the life world of the participant that constitutes the investigative field. Truth within this context is bound to humanistic caprice.*

The qualitative researcher is therefore interested in ‘validity of multiple meaning’– through intense description and explanation of phenomenon – as opposed to ‘behavioural statistics’ associated with quantitative research (Shank, 2002; Osuala, 2007, p. 170). Denzin & Lincoln (2000, p. 3) amplified; ‘qualitative researchers study things in their natural settings, attempting to make sense of, or to interpret, phenomena in terms of the meanings people bring to them’.

Quantitative research, on the other hand, ‘refers to research that is concerned with quantities and measurements’ aimed at making scientific generalisation (Biggam, 2008, p. 86). However, this research work is interested in ‘context-bound conclusions that could potentially point the way to new policies’ on public transportation in Ghana, rather than mere scientific generalisation that may be of diminutive significance (Osuala, 2007, p. 172).

It must be noted that a key weakness of the qualitative method is that, as it is said to be time-consuming and subjective (Cohen & Manion, 1995; Theodoulou S. Z., 1999; Osuala, 2007). According to Osuala (2007, p. 173) when implementing qualitative research, ‘there is a critical need for the researcher to spend a considerable amount of time in the research setting in order to examine, holistically and aggregately...’ to make meaningful interpretation of research findings.

### **3.3 Data Collection**

This study was interested in capturing qualitative data. However, the study employed both primary and secondary techniques to gather data. The primary source was mainly field interviews.

Because the study is qualitative and seeks to discover *what* occurs, *how* and *why*, the most apposite sampling strategy was nonprobability; purposive (Dey I. , 1993). However, other non-probability sample techniques available include; quota sampling, snowball, and convenient sampling.

In the opinion of Merriam (1988, p. 48) ‘purposive sampling is based on the assumption that one wants to discover, understand, gain insight; therefore one needs to select a sample from which one can learn the most’. The purposive methodologist, therefore, pursues the sampling problem with a predetermined plan in mind.

Alternatively, probability sampling is that method of selecting a portion of a population so that each member of the population has an equal chance of being selected (Osuala, 2007). Examples of probability sampling methods include; simple random, stratified, cluster and systematic samplings. The basic distinction between non-probability and probability sample methods is that, the former does not involve *random* selection but probability sample does (Deming, 1950; Osuala, 2007).

Nevertheless, purposive sampling was most appropriate for this study due to the need to reach target research subjects promptly, and given the fact that randomness is not a primary concern of this research project. The researcher thus employed purposive sampling technique to collect qualitative data for the empirical study. The researcher therefore sacrificed representativeness for in-depth analysis.

The researcher purposively selected two (2) key respondents from the Ministry of Transport (MoT) and three (3) from the MMT to administer interviews. The MoT is the government's principal transport policy adviser with oversight responsibility of public transportation in Ghana, whereas the MMT which is a public transport operator represents the unit under investigation.

With the aid of semi-structured open-ended questions, the researcher interviewed the Chief Director and the Director of Research Statistics and Information Management of MoT. From the MMT, the Managing Director, Communication Manager and the Legal Manager; who also doubles as the secretary to the MMT Board, were interviewed respectively. Interviewing different staff, even from the same establishment, aided cross-examination of the responses to ensure reliable and accurate data, and also to minimise possible human errors and biases.

The MoT personnel were questioned primarily on the roles of government in public transportation, and specifically on the rationale behind government's decision to establish

MMT. The MMT personnel were, although, questioned on the creation of MMT but primarily answered questions on the operations of MMT, as well as government's involvement in MMT.

The use of semi-structured questions for qualitative interviews employed open-ended questions [see Appendix A for samples of interview guide] to stimulate expressive responses which are relevant to the stated research objectives (Dey I. , 1993). This presented the opportunity to discuss, with the various stakeholders, the subject of Ghana's public transportation comprehensively with flexibility.

The interviews were audio-recorded, where possible, to ensure that the analysis of data is based upon exact records. This enhanced reliability and validity of the research findings. The researcher therefore aimed at generating knowledge which is not only valid but reliable as well. According to Bigaam (2007; p. 100), validity relates to how the researcher collects and analyses empirical data, whereas reliability on the other hand 'focuses on the need for a record of evidence that you did indeed do the research (in a fair and objective way)'.

The selections of the five (5) key respondents from the above named institutions – MoT and MMT – were based on their professional expertise and roles in the Ghanaian transportation sector. The sample selection – purposive sample – allowed the researcher the discretion to tenaciously select key respondents who were of much use to this study (Merriam, 1988; Osuala, 2007).

Admittedly, the lack of randomisation associated with the chosen sample technique – purposive sampling – somewhat cast a slur on the representativeness of the study. However, in a study of this nature where expert view was required on the research objectives, the researcher controlled phenomena in order to obtain the desired relevant data. As stated above,

the researcher was more interested in attaining deeper understanding of the research problem and relates it to other cases than generalising the research findings.

To enrich further the empirical data of the study, the researcher purposively interviewed a former minister for transport; under whose tenure as a transport minister the MMT was established. In addition, two officials of GPRTU with relevant knowledge on the research objectives were interviewed. The GPRTU, which is a member of the Trade Union Congress, represents the stand of private transport operators in Ghana. The GPRTU has been in the business of providing public transport in Ghana for several decades.

The respondents from the GPRTU were questioned primarily on Ghana's public transportation issues in general, and the operations of MMT to ascertain if MMT serves any unspecified purpose. Since the GPRTU is a competitor to MMT in the public transport business, they were likely to expose any "flaw" of their rival – MMT. In this way, the researcher was able to capture pertinent, nonaligned, balanced and well-founded information to gain deeper understanding of the stated research objectives.

Again, a transportation safety expert from the National Road Safety Commission (NRSC) was interviewed on Ghana's public transport system in general; and government's role on transport safety in particular.

In all, nine (9) respondents participated in this study. The researcher holds the view that the sample techniques, frame and size employed for the purpose of primary data collection were adequate for a study of this nature. While the MMT Limited represents the viewpoint of the case study, the MoT represents the stand of the Government of Ghana. The GPRTU, which is the dominant transport union, constitutes the voice of the private transport providers in Ghana (IBIS, 2005).

As indicated above, secondary data were also collected to form part of the analysis. The secondary sources included books, journals article and working papers on transportation. Most of these works were found in the Balme library, Department of Economics library, and Department of Geography, all of University of Ghana. Electronic sources – Jstor, Sage, and Google Scholar – were also relied upon. The secondary data, coupled with the interview data, assisted in providing a rich picture of the politics of public transportation in Ghana.

### **3.4 Framework for Data Analysis**

A valuable aspect of this research project is the method by which the empirical data gathered was analysed and interpreted. Data analysis in the view of Hatch (2002, p. 148) is a ‘systematic search for meaning’ from a pad of information and data. This allows researchers to process raw data, in a scientific manner, ‘so that what has been learned can be communicated’ to readers (Hatch, 2002, p. 148).

The study employed qualitative content analysis to generate meaning from the raw data. Qualitative content analysis is a ‘sense-making effort’ (Patton, 2002, p. 453) aimed at interpreting volume of a text data by identifying important themes and patterns through the researcher’s careful examination and constant comparison. This technique was chosen as an analytical tool due to its ability to make faithful inferences (Zhang & Wildemuth, 2009).

The researcher implemented the qualitative content analysis technique through three intellectual approaches; *data description*, *data analysis*, and *data interpretation*. The first step was to develop thorough descriptions of the phenomenon under study. The description provides the ‘context of action, the intentions of the actor, and the process in which action is embedded’ (Dey I. , 1993, p. 32). However, the ultimate goal of analysis was not just to

describe the data but to interpret, explain, understand, and perhaps even to predict (Dey I. , 1993).

In the view of Patton (2002, p.503-504), a comprehensive and fascinating report ‘provides sufficient description to allow the reader to understand the basis for an interpretation, and sufficient interpretation to allow the reader to understand the description’. Data description, therefore, sets the basis for analysis, but analysis also lays the basis for further description (Dey I. , 1993).

The researcher further constantly compared and contrasted the responses (empirical data) with the findings from the Literature Review (chapter two). This process of iterative comparison constitutes the qualitative analysis of the described data (Zhang & Wildemuth, 2009). This was followed by an interpretation of the synthesised research findings – data interpretation. These three interrelated intellectual activities – *data description*, *data analysis*, and *data interpretation* – were employed to aid the researcher in attaining the overall research aim and objectives.

### **3.5 Limitations and Problems**

This research project, like any other study, is not without limitation and potential challenges. In the view of Osuala (2007, p. 37), limitation are those aspects of the research process that ‘may limit the researcher in making generalisations’.

A key limitation that impeded the smooth implementation of the empirical study was the difficulty of getting access to the research subjects (interviewee) to participate in the study. The issue was that the respondents were mostly top administrative officials, and were preoccupied with busy work schedules. However, the researcher instituted measures to establish a close rapport with the respondents to ensure their cooperation.

It must be acknowledged that, depending on interview as a main source of primary data relies on personal opinions which is susceptible to biases and inaccuracies (Biggam, 2008). This is due to human factors such as poor memory, interviewee prejudice, and amongst others. Nevertheless, this was dealt with by giving respondents ample time, ahead of the interview schedule, to prepare adequately for the questioning. Again, interview responses were audio-taped, where possible, and later transcribed to avoid distortion of memory on the part of the interviewer. It also aided the interviewer (researcher) to focus on the questioning to avoid any divided attention.

The researcher was also aware of the tendency of the interviewees withholding vital information or even withdrawing from the whole research process because of fear of exposure. To address this possible challenge, ethical practices – assurance of anonymity, informed consent – were duly observed to repose some confidence in the researcher. This was taken care of by the introductory section of the interview guide. Refer to the introductory section of the interview guide in Appendix A. Nevertheless, most of the interviewees did not mind to be identified with their responses.

Again, the use of a non-probability sampling technique – purposive sampling – to select respondents appears to cast a slur on the representativeness of the study. But the researcher upholds that the views of the respondents were strategic in capturing the relevant data for the research objectives. This is due to their professional and civic expertise in Ghana's public transportation matters.

The study was also limited by time constraints. The use of interviews, as a main tool, to collect primary data was time-consuming. It was also difficult to explain phenomenon by relying on individual subjective opinions (Theodoulou S. Z., 1999).

The adopted strategy – case study – usually makes it difficult and almost impossible to draw any scientific generalisation. However, the case study approach provides us with in-depth understanding of the research objectives rather than mere generalisation. The in-depth understanding of the research objectives thus compensates the inability to make any generalisation.

This chapter has provided the details of the research methods (and their justifications) employed in this study. It has also addressed the potential limitations of this research and clarified the steps used to minimise such potential limitations.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the results from the fieldwork undertaken for the purpose of investigating the politics of public transportation in Ghana. The chapter discusses the roles of Government of Ghana in road transport system. This is followed by the case study findings; a description of results and an analysis of the results against the Literature Review findings. An overview of MMT is presented, as well as the potential factors that might have influenced the state to establish MMT. It also deals with the extent of state involvement in MMT Limited.

#### **4.2 Functions of Government of Ghana in Road Transportation**

##### **4.2.1 Transport Infrastructural Development**

Presently, Ghana's road transportation system is administered by two different ministries; the MoT and the Ministry of Roads and Highways (MRH). The MoT is responsible for transport service provision and regulation, while the MRH is in charge of the development of transport infrastructure. Hitherto, these two separate but related ministries were organised under a single ministry – the Ministry of Roads and Transport.

The Government of Ghana, through MRH, exercises oversight responsibility over the construction and maintenance of all road transport infrastructure. Currently, as a way of policy, 90% of all available road works are executed by the private sector through contracting. The MRH however retains the remaining 10% using direct labour by the designated government agencies to execute road works. These agencies – Department of

Urban Roads, Department of Feeder Roads and the Ghana Highways Authority – are responsible for different categories of road construction, maintenance and designs.

In Ghana, the focus of public spending on transport infrastructure is on road construction, with limited pedestrian facilities – pavement, overpass, bikeways and others. However, the literature points out that in other jurisdiction such as Bogotá (Colombia) government gives investment priorities to pedestrians, followed by bicycle facilities and then public transit (Cervero, n.d.). The Ghanaian Government spends less on improving the pedestrian’s safety and other road users’ facilities, exposing pedestrians and cyclists to many traffic accidents and carnages compared to the case of Colombia and Brazil.

At the moment, the Government is co-operating closely with the Ghana Highways Authority to develop dedicated bus lanes (Right of Way) to ensure that the Bus Rapid Transit System pioneered by the MMT succeeds in the capitals of Ghana. A senior policy adviser at the MoT opined that; the infrastructural project is estimated to cost 340 million US dollars, with assistance from the World Bank. A Bus Rapid Transit System is the solution for the heavily congested urban areas of Ghana. Ghana could be one of the originators in Africa that combines bus infrastructure with a frequent bus service very effectively.

#### **4.2.2 Passenger Transport Service Delivery**

At the moment, the Government of Ghana provides road passenger transport services through the operations of the two state-owned transport organisations; STC and the MMT. The STC has a special mandate of intercity movement of people whereas the MMT is primarily in charge of urban services. Readers should refer to section 2.4.2: “State Transport Corporation” in Chapter Two of this particular study for more details on STC.

Although, it was noticed in the literature review that governments around the world are heavily involved in the provision and management of public transport services (ECMT, 2004; Washington State Legislature Joint Transportation Committee, 2011) but that is not the case of Ghana. In the case of Ghana, road passenger transport services are largely provided by private individuals or organisations – such as the GPRTU, Progressive Transport Owners Association (PROTOA), Imperial Transport, OA Transport, Jopee Transport, just to mention a few – with limited governmental support and control. Recognising the prominent role of the private sector in transit provision, Government of Ghana sometimes collaborates and or supports their efforts to deliver efficient services to commuting public.

By way of supporting the private transport operators to deliver satisfactory services, Government of Ghana under the Fleet Renewal Policy assists private transport operators to acquire new buses with favourable repayment terms. The policy aims to promote the use of high occupancy buses which are environmentally sustainable as opposed to smaller buses which easily spawn congestion on our roads. Rationalising the introduction of the Government's Fleet Renewal Policy, the Director of Research Statistics and Information Management, opined that;

*Government acknowledges the role of the GPRTU and all other private bus operators. However, most of the motor vehicles used for public transportation are often obsolete; some as old as over twenty years. Undoubtedly, these vehicles need renewal to improve upon service delivery... Given the high cost of acquiring new buses, fleet renewal is always difficult for the operators. Hence, the use of sub-standard vehicles for urban public transportation! So government intention was to support private operators to acquire new buses to improve services.*

The researcher could not obtain comprehensive data covering the quantum of fleets renewed under the Fleet Renewal Policy. However, at its inception in 2008, the Government of Ghana guaranteed the supply of two hundred and fifty (250) Yutong buses to the private sector operators to improve service delivery.

A senior policy adviser with the MoT, in an interview with the researcher, maintained; ‘but the problem we face is that after Government has guaranteed for these buses supplied to the operators, the repayment always becomes a problem’. This has affected the continuous implementation of this policy.

The Government assisting transport operators to acquire high occupancy buses for the purpose of public transportation help improve accessibility, transport safety, as well as reducing congestion. This is consistent with the provisions of the National Transport Policy which seeks to develop efficient inter-modal mass transport system across the country (Republic of Ghana, 2008).

The study also agrees with existing literature that, in attempt to improve accessibility to efficient public transport, governments around the world sometimes act as guarantors for the acquisition of new vehicles for transport operators (Trans-Africa Consortium, 2010). The findings of this study also suggest that repayment of the cost of fleet guaranteed by Government of Ghana to the transport operators is often defaulted. The researcher finds this revelation as inconsistent with Trans-Africa Consortium (2010, p. 19) case studies report of public transport in sub-Saharan Africa (Cote d’Ivoire and Senegal), when it averred that ‘loans granted to the operators for fleet renewal were 99% recovered’. Deductively, the Government of Ghana is not efficient in cost recovery. A private leasing company should be contracted to supply the fleet in order to ease public debt.

### 4.2.3 Optimising Road Transport Safety

The Government of Ghana regulates road transport safety through government agencies – particularly the Driver and Vehicles Licensing Authority (DVLA), National Road Safety Commission (NRSC) and, Motor Traffic and Transport Unit (MTTU) of the Ghana Police Service. These agencies, except the MTTU, fall under the jurisdiction of MoT with the Minister for Transport as the political head. The minister is also assisted by team of bureaucrats, with the Chief Director as the technical head.

The DVLA was established by the Government of Ghana, through DVLA Act, 1999 (Act 569), to promote good driving standards in the country and ensuring safety of motor vehicles on our roads. The Authority<sup>14</sup> before the enactment of the DVLA Act was known as Vehicle Examination and Licensing Division (VELD). The DVLA Act allowed the Authority to have a semi-autonomous status in the public sector organisation under the MoT with the mandate of licensing drivers and insisting on the registration of all vehicles in Ghana to ensure that all the vehicles on our roads are in roadworthy condition. The Authority, among other functions, also runs training programmes for would-be drivers, and drivers who want to renew and/ or upgrade their licenses.

In terms of road safety, the Government through NRSC Act, 1999 (Act 567) mandated the NRSC to plan, develop, promote and coordinate road safety policies in Ghana. The Commission<sup>15</sup> therefore acts as the principal transport safety promoter by providing public education on the safety use of road for all categories of road users; drivers, passengers and pedestrians. The Commission does that through campaigns, symposia, media adverts, among others.

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<sup>14</sup>the Driver and Vehicle Licensing Authority

<sup>15</sup>National Road Safety Commission

The MTTU of the Ghana Police Service is responsible for the enforcement of the Road Traffic Regulation in all aspects of transportation. The Road Traffic Regulation, which was passed in July, 2012, exists as working document guiding the operations of transportation in Ghana. This was developed as a result of the passage of the Road Traffic Act, 2004 (Act 683). The Unit<sup>16</sup>, among other functions, educates drivers and the general public on road safety issues; investigates into and collects data on accident cases reported while at the same time deals with the management and control of traffic situations especially in the urban areas in Ghana.

To sanitise the dysfunctions in the road transport system, the MTTU in collaboration with the NRSC are seeking to invoke Regulation 157 of LI 2180 which states; “A person who commits road traffic offence specified in the Seventh Schedule is liable to pay a spot fine”. The intention of the spot fine policy is to inculcate traffic discipline among drivers and avoid reckless driving attitudes (Daily Graphic, 2013).

With government support, the activities of these state institutions – DVLA, NRSC, and MTTU – have been tremendous in streamlining public transportation in Ghana. The researcher therefore upholds that without the state patronage, road transportation safety in Ghana would be a mirage.

In the opinion of Bliss & Breen (2012), road safety improvement requires political will, strong governmental ownership and leadership. In the light of this argument offered by Bliss & Breen (2012), Government of Ghana has created the MTTU, NRSC and elevated the DLVA from the hitherto a Division status to an Authority – with more powers, defined in legislation and fully supported by government to ensure safety on our roads. The functions of the DVLA, MMTU and the NRSC as discussed above concur with Lave (1968) and Bliss

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<sup>16</sup>Motor Traffic Transport Unit

&Breen (2012) that government functions as safety regulator and a promoter of transportation safety.

#### **4.2.4 Devolved Functions: Licensing and Management of Assets.**

Under the decentralised system of governance, certain transport regulatory functions are also devolved to the MMDAs in Ghana. For instance, the MMDAs under a World Bank sponsored project – Urban Transport Project – have established Urban Passenger Transport Units (UPTUs). The UPTUs are responsible for registering and licensing public transport operators operating within their respective administrative areas. The project deals with the transport unions rather than the individual commercial drivers. Operating permits are issued to the transport unions upon payment of appropriate fees determined by the respective MMDA.

The MMDAs therefore keep accurate records of all commercial vehicles operating within their jurisdiction. The objective of this project is to streamline the operations of urban passenger transport by ensuring reliable data base of all public transports for development planning, policy formulation and coordination. It also has the added advantage of addressing tax evasion in the transport industry.

This regulatory function of the MMDAs appears to overlay the official responsibilities of the DVLA; the national authority mandated to license drivers and vehicles. However, while the MMDAs are empowered by the Local Government Act, 462 of 1993 to license only commercial vehicles (excluding drivers) to operate specific routes within their jurisdiction, the DVLA is mandated to license all vehicle types (including drivers), either as private or commercial. It is, however, instructive also to note that there is no proper coordination between two these state authorities.

Similarly, the management of many bus terminals in Ghana, particularly in urban areas, are in the hands of the Metro and Municipal Assemblies. The Kumasi and Accra Metropolitan Assemblies, in particular, control the main bus terminals in the Central Business Districts. The Metro and Municipal Assemblies collect daily tolls from the users of the facility – mainly drivers and vendors. This generates revenue to the local state for further transport investments, both in terms of infrastructure and operations.

It is instructive to note that the GPRTU does not own or directly manage bus terminals in Ghana. Even with the *loading sites* (lorry stations) where the GPRTU appears to be controlling, it does not own the stations but it is usually rented from appropriate MMDAs upon payment of royalties to the local authority in question. Public terminals in Ghana are owned by the state, however managed by the MMDAs and sometimes under management contract.

Government is able to monitor and regulate effectively the operations of the informal transport operators, once the supervision is in the domain of MMDAs. The reason being that the MMDAs are limited to a fairly sizeable demarcated territory. This enhance proper regulation. In terms of asset management, the MMDAs manage such assets diligently due to that sense of “local ownership”.

These particular functions – registration, licensing and asset management – of the MMDAs in Ghana corroborate earlier studies by Oni (1996), Sundeen & Reed (2006) and AFD & MEEDDM (2009). These authors, in their separate works, demonstrate that in many jurisdictions local government units are empowered to plan and organise urban public transportation. Although these works focused on United States, South Africa, Nigeria, and few other countries, their findings are however consistent with this study.

Notwithstanding the regulatory mechanisms put in place by the Government of Ghana, entry into the public transport industry is still subject to minimal regulation. There is also no formalised means of regulating service quality and vehicular emission. For instance, when one owns a roadworthy vehicle she does not need any certification from the government before she can operate passenger transport service. You only have to join an existing transport union! This situation has led to freedom to enter and leave the industry at will, with the proliferation of unsatisfactory passenger services. The researcher, in this regard, upholds that the Government of Ghana has been ineffective as regulator of market entry.

In the other jurisdictions such as Bogotá (Columbia) and Curitiba (Brazil), though private sector participation in transit provision is substantial, the transit operators are properly subjected to official accreditation by the government to ensure that they have the capacity to deliver satisfactory services. It is therefore not surprising more people prefer using the public transport to driving their own cars, in those jurisdictions, as compared to Ghana where everyone wants to drive – thereby causing traffic congestion.

The foregoing discussion on the transport regulation perfectly confirms the existing literature, that an implementation of congestion pricing measures is essential to reducing vehicular traffic congestion – which is the single most prevalent urban transport challenge in Ghana (Deakin & Harvey, 1996). The absence of adequate regulatory effectiveness, coupled with insufficient state-owned mass transit has engendered the use of sub-standard vehicles by private operators for public transportation, leaving Ghanaian commuters no better choice than to depend on these uncoordinated, unreliable and dangerous paratransits.

The summary of this discussion also confirms Wilson's (2006, p. 1) depiction of Ghana's public transit industry, when he asserted that 'vehicle operators are subject to minimal regulation in terms of the authority to operate as commercial vehicles, area of coverage,

standards of operation, maintenance of vehicles and related emissions'. Wilson (2006) attributed these shortfalls of the industry to the absence of a comprehensive national transport policy. However, after years of enacting the National Transport Policy in 2008, the deficiencies of the industry still persist. What is lacking, therefore, is the detailed execution of recommendations of the said policy. The Ghanaian Government should therefore be an active provider or facilitator of public transport services rather than a mere transport policymaker.

#### **4.2.5 Determining Transport Fare**

Transport fare policy is an important aspect of Government's social and transport policy goals. The Government of Ghana has constantly been involved in setting public transport tariffs. Government of Ghana adopts several mechanisms *inter alia*; moral suasion, negotiation and fare ceilings to optimise public transport fares across the country. The objective is to make transport fare equitable across all income categories, particularly for low income passengers.

In an interview with transportation experts at MoT, it was disclosed that some years back Government of Ghana directly (and solely) fixed public transport fares. The Government deregulated the fixing of fares since the 1990's, following the liberalisation of the road transport system. Nevertheless, the Government of Ghana still exercises fares regulation under the current pricing regime, however, in a joint negotiation with the Ghana Road Transport Co-ordinating Council<sup>17</sup>.

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<sup>17</sup>It is the apex body of all the transport unions and associations in Ghana, representing operators' interest.

*Whenever there is a need to review existing public transport fares, a committee is set up with representatives from the Ministry of Transport, Ministry of Energy, National Petroleum Authority and the operator unions. Negotiations are based on a derived formula which takes into account the unit costs of transport inputs such as fuel, spare parts, vehicle maintenance and so forth. So the ministry does not fix it all alone. It is done in consultation with the bus operators before the fares come out. And after we have all come into agreement, a press statement is issued to announce the new fares (Field work, 2013).*

Beyond such verbal assertions by the transport experts regarding fares regulation in Ghana, IBIS (2005) confirms that though public transport fares were deregulated years ago, the Government still retains limited pricing control based on negotiations with the transport operators.

The subject of unofficial fare regulation by the state has been belligerent over the years. It is argued that the 'level of fares increase allowed through these negotiations is actually significantly less than that arising from a strict application of the formula' (IBIS, 2005, p. 28). The transport operators therefore contend that the fare levels allowed by the Government, through negotiation, are insufficient to make them break-even. This study therefore confirm earlier studies by Pucher *et al.*(2004) and AFD & MEEDDM (2009) that fares are considerably kept below by public authorities and do not necessarily reflect the operational cost in order to meet the needs of low-income earners.

Ideally, economic liberalisation should allow operators the freedom to increase their tariffs to compensate for their operational cost (IBIS, 2005). However, for good reasons, Government of Ghana appears unwilling to relinquish total control over public transport fares. With adequate representation on the Transport Fares Review Committee, the researcher believes,

Government has the capacity to significantly manipulate fares charged by private transport operators. In this sense, the Government of Ghana retains control over this politically sensitive aspect of public transportation – fare policy – even in the face of deregulation.

#### **4.2.6 Manpower Training and Development**

The Government of Ghana supports efforts to produce highly competent human resources for urban transport management and for successful operation of public transport services. The state-owned Government Technical Training Centre (GTTC) and the National Drivers Academy exist to train artisans and drivers respectively to man the operations of the public transport industry in Ghana. For instance, most employee mechanics of the MMT were trained by the GTTC which is just adjacent the headquarters premises of MMT at Kaneshie, Accra.

The establishment of these state institutions, to channel out skilled labour for the transport industry, corroborates Mbara (2002) assertion that; for efficient operation of transport system, qualified and competent staff is required. This is what Mbara called the ‘third vital component of transport system’ (Mbara, 2002, p. 3).

However, following the collapse of the OSA and CES, these state institutions which hitherto vigorously trained various categories of artisans – auto mechanics, auto electricians, auto body repairers, welding and fabrication engineers – to work in the public transport industry have suffered reduced government support and on the verge of collapsing. Should these state institutions fail to exist, the researcher believes, the Government’s goal of promoting efficient public transport systems would be met half-way.

### **4.3 The Empirical Case Study Findings**

#### **4.3.1 Metro Mass Transit: Background and Ownership**

The MMT Limited is a single dominant public transport company in Ghana. MMT is the brainchild of former President John Agyekum Kufuor who stressed the need to establish an efficient mass transport system in the cities of Ghana during his inaugural speech on January 7, 2001. In fulfilment of this policy statement, the then Ministry of Roads and Transport established a Mass Transit Service on pilot basis in Accra in October 2002 with seventeen (17) used Fiat-Iveco buses donated by the Government of Italy.

After a successful operation of the pilot project, the Ministry in collaboration with Social Security and National Insurance Trust (SSNIT), National Investment Bank (NIB), State Insurance Company (SIC) and Prudential Bank Limited (PBL) incorporated MMT in March 2003 as a limited liability company under the Ghana Companies Code, 1963 (Act 179) to operate mass transport services. Subsequently, the Agricultural Development Bank (ADB) and Ghana Oil Company Limited (GOIL) have taken up shares in the company after its incorporation.

MMT, as presently constituted, is a private commercial undertaking with the Government of Ghana holding 45% of the equity. The six (6) financial institutions, mentioned above, altogether own 55% equity shares in the company. Nevertheless, Government's 45% shares would be considered as a controlling interest in most jurisdictions. The Government's equity subscription was through the transfer of the physical assets of the defunct state-owned OSA Transport Limited (IBIS, 2005). Table 1 shows the respective shareholdings of MMT Limited.

Shareholder	Equity share (%)
Government	45.00
ADB	16.67
SSNIT	11.67
NIB	9.33
GOIL	7.50
SIC	5.83
PBL	1.67
<b>TOTAL</b>	<b>100</b>

**Table 1: List of Shareholdings of MMT. Source: MMT Limited**

The private shareholders, who are basically financial institutions, provided the working capital to finance the operations of the company by way of their equity contributions and commercial loans. Specifically, the equity contributions of the financial institutions have been used to pay for the cost of operations including bus clearing at the port and other initial expenditures.

With its vision to build a dominant, reliable, affordable and yet an economically sustainable mass transit bus company in Ghana, MMT also aims to introduce discipline in the Ghanaian road transport sector. At the moment, the MMT Limited operates one thousand six hundred and thirty-one (1,631) fleet of buses. This fleet comprises Yaxing, DAF, VDL Neoplan, VDL Jonckheere, Iveco, Ashok Leyland and TATA buses. It is expected that the fleet will reach over one thousand seven hundred by the end of the year 2013. See Table 2 for the detailed fleet of MMT Limited.

<b>Fleet</b>	<b>Current Fleet (as at April 2013)</b>	<b>Expected in 2013</b>	<b>End of 2013</b>
<b>Yaxing</b>	400	0	400
<b>TATA</b>	139	30	169
<b>DAF</b>	176	0	176
<b>VDL Neoplan</b>	452	40	492
<b>VDL Jonckheere</b>	356	40	396
<b>Fiat/Iveco</b>	8	0	8
<b>Ashok Leyland</b>	100	40	140
<b>TOTAL</b>	<b>1,631</b>	<b>150</b>	<b>1,781</b>

**Table 2: Fleet of MMT. Source: MMT Limited**

MMT employs a total of four thousand and seven (4,007) persons as drivers, conductors and other staffs throughout the country. Apart from direct employees of the MMT, other jobs such as janitorial, security, bus washing and cleaning services are outsourced to third parties providing employment for additional one thousand five hundred (1,500) persons. The employment statistics is expected to increase with a projected bus increase of one hundred and fifty (150) this year. The 150 new buses alone will help generate not less than seven hundred (700) jobs in support of the National Employment Generation Policy, which seeks to reduce unemployment in the country (source: MMT Limited; MESW, 2012).

#### **4.3.2 Metro Mass Transit: Mandate and Service Coverage**

The initial mandate of MMT was to provide intra-city (urban) services throughout the country. However, the management of MMT introduced intercity and other services to supplement the intra-city operations. Elaborating on the reasons which necessitated the shift

in mandate, the Managing Director cites congestion and stiff competition from private operators as the main impetus. According to him, due to the intensity of traffic congestion in the cities, the operation of MMT was becoming unviable. For instance, an intra-city route which would have ideally taken fifteen (15) minutes to complete was lasting beyond two (2) hours due to traffic congestion.

*In terms of mandate, I will say, it has shifted a bit from its original mandate. But that became necessary in order for MMT to sustain its operations... Our buses were wastefully burning a lot of expensive fuel due to congestion for little revenue. Indeed, this was a strain on the operational cost of the company. Management had to take hard but programmatic decision to keep MMT from collapsing. The result of this decision was the adjustment to intercity and other operations (Field work, 2013).*

Coupled with the above challenges, the MMT therefore reduced its intra-urban services to concentrate on “lucrative” services such as contract busing and inter-city services due to non-provision of operating subsidies. This partly defeats the goal of solving intra-urban mobility challenge.

Currently, MMT operates in all the ten (10) regions of Ghana on four hundred and twenty-three (423) routes with 16 depots at the following locations: The four Accra depots (Kaneshie, Tema, Adenta and Laterbiakorshie), Kumasi, Sekondi/Takoradi, Tamale, Sunyani, Cape Coast, Swedru, Ho, Wa, Koforidua, Akim Oda and Bolgatanga. The MMT’s management aims to operate in all the districts in Ghana now that all the ten regions are covered by the bus system.

MMT’s current operation is basically a multi-modal network where routes are built around the regional capitals with interlinking services to the regional capitals or centres. The transport company provides bus services in all its aspects, including busing on contract basis,

university campus shuttles and school busing services; nevertheless, three core services form the crux of MMT's operations. These core services are; intra-city, inter-urban or rural/urban services, and inter-city bus services.

The intra-city bus operation is an urban service which operates in any greater urban areas with high frequency and many bus stops. It connects the Central Business Districts with city outskirts on routes not exceeding 40km. This service is usually patronised by medium-distance commuters and market women who move in between their homes and the various business centres. This is the core of business of MMT and covers about 50% of operational activities.

The urban-rural bus operations basically link rural communities to urban areas (usually on rough roads) with low but constant frequency. It opens up villages and local districts for socio-economic activities. This covers about 35% of MMT's operations. The intercity route also links major cities extending over a distance of 140km. For instance, Kumasi –Takoradi, Accra – Ho, Cape Coast – Accra and Tamale – Kumasi.

#### **4.4 Why MMT was established?**

##### **4.4.1 The Urban Transport Sector Condition**

In an interview with transportation experts at the transport ministry, the researcher discovered that the urban transport sector condition hitherto the formation of MMT was one of the main motivators of Government's decision to establish a mass transit company – MMT. The urban public transport industry, per the descriptions of the respondents, was characterised by gross deficiencies across the country. Public transport services which were largely provided by the private sector fell short of public demand, both in terms of quantity and quality of services provided.

The Ghanaian public transport industry was dominated by the use of low service-capacity motor vehicles, particularly taxis and minibuses. The influx of these smaller vehicles for purposes of public transportation, in part, is attributed to the minimal entry regulation for operating public transport in the country. This mode of transport could carry only few passengers at a time. But in most cases, operators blatantly flouted traffic regulations by overloading vehicles with (desperate) passengers.

As a result of the general shortage in supply of transport services, access to public transport at terminals was fraught with struggles and brawls by the commuting public who sought to board transport, especially to the various Central Business Districts across the country. Some unscrupulous operators took advantage of the situation to charge exorbitant fares. In most cases, it resulted in intense arguments between desperate commuters and conductors (drivers' mates). These occurrences generated public debates in the media, compelling the transport unions and the transport ministry to issue press statements condemning such practices. It should be noted that very little was done to address the issue due to the pervasiveness of the transportation deficit. More passengers chased the far few existing public transports.

Again, due to the usage of obsolete motor vehicles for purposes of public transportation, coupled with lack of maintenance culture, the safety of commuters was compromised. Most of these motor vehicles were over-aged, which frequently broke down in the middle of journeys. The respondent from the NRSC confirms in an interview with the researcher that, this was undoubtedly a major cause of journey discomfort for commuters. In an earlier studies carried out by Trans-Africa Consortium (2010, p. 1), a think tank on public transportation, when this condition prevails 'citizens suffer with high levels of local associated pollution and low levels of security and safety'.

The Chairman and Industrial Relations Officer of the GPRTU, in separate interviews with the researcher, did not give any diverse account of the transport sector hitherto to the inception of MMT but only associated themselves with the above descriptions of the transport sector. The Industrial Relations Officer of the GPRTU, on his part, however opined that:

*It was clear the GPRTU alone could not cater for the rising needs of the commuting public. Given the long queues at various bus stops and terminals, particularly in the urban cities of Accra and Kumasi, a helping hand probably from the government was required.*

Nevertheless, he argued further by stressing that, the urban public transport situation has not improved any better even in the face of MMT's operation. This particular position of the GPRTU's Industrial Relations Officer, to a large extent, was debunked during a latter interviews with the Managing Director and the Communication Manager of MMT respectively.

To reinforce the researcher's abstraction of the potential influence of the urban passenger transport sector on the introduction of MMT, the Director of Research Statistics and Information Management at the MoT opined that:

*Before the coming into effect of MMT, the Government realised that there was a vacuum which needed to be filled. The existing bus operators were unable to meet the total demands of the commuting masses. So government decided to set up a company, which we call the Metro Mass Transit, in conjunction with some private investors to provide the support system. So what I am saying is that, the existing public transport operators were not able to satisfy the needs of the commuting public. Therefore, there was the need for government to come in and provide efficient and affordable services. It was also realised that the types of buses these operators were using were also*

*contributing to the congestion situation and air pollution in our cities. So the government decided that ... well, let's bring in bigger buses as way of helping to reduce congestion.*

The deprived condition of the then urban transport sector generally favoured an introduction of a mass transit agency. The decision of the Government to intervene in transit provision was therefore partly informed by its intense desire to remedy the market failures perpetuated by private operators of paratransits; following the collapse of the two state-owned urban transit companies – OSA and CES. This study therefore confirms Docherty *et al.* (2004) study of *State Intervention in Contemporary Transport* when they argued that government intervenes in transportation due to the failures of the market provision of transport services.

The argument this researcher seeks to advance is that; the then Ghanaian transport sector condition hitherto the creation of MMT supports Government's reengagement in the transit provision in general, and the establishment of MMT in particular. That is, among the justifications for state's sponsorship of MMT – as an efficient public transit company – is as a result of the observed nationwide deficiencies in the public transport industry, coupled with the ruling class' political will to reform the transport sector. Government's motivation to establish MMT is thus driven by its primary responsibility as the provider of public transport services, and the last resort of remediation in market failures (AFD & MEEDDM, 2009; Docherty *et al.*, 2004).

#### **4.4.2 Socio-Economic Objectives**

Social and economic dynamics were paramount in shaping Government's objective to sponsor the creation of a mass transit agency – MMT. Among the socio-economic factors

which potentially motivated the NPP administration to set up MMT was the general high rate of unemployment in the country at the time. Access to employment and job opportunities in the country was virtually absent. At this juncture, it is also instructive to note that unemployment, at the time, had ceased to be just an economic issue but preponderantly political.

The NPP, like all the other political parties who contested the 2000 election, during the electioneering campaign promised, *inter alia*, job creation for the teeming unemployed youth. The new administration, which assumed power in 2001, was therefore confronted with a lot of aspiration of the people to secure jobs.

The establishment of MMT was an attempt by the NPP administration to address the unemployment situation in the country. Not only was MMT to offer jobs to driving crews and workshop artisans, but also had an advantage of improving general access to employment opportunities and markets nationwide. On account of the construction of the buses in Kumasi (the second largest city in Ghana), several indirect jobs were expected to be created in the manufacturing sector.

This confirms a recent study by Smart Growth America (2011), which estimates a positive correlation between governments' transportation expenditure and job creation. The paper argued that the public transit industry employs some million American people (*ibid.*).

Again, just after the new administration came to power, the international market price of crude oil rose astronomically. This compelled the NPP administration, led by President John Agyekum Kufuor, to reluctantly increase the consumer prices of petroleum products by about 20%. It was uneasy for the administration because, in the run-up to the 2000 general election, then candidate John Agyekum Kufuor took a gallon of petrol to a rally ground in Accra, and

declared that the cost of a gallon of petrol, then pegged at ¢10,000 (now GH¢1), was too expensive<sup>18</sup>.

The price upsurge of petroleum products affected the prices of almost every commodity in the country, including transport fares. The rise in fares was highly unwelcomed by the Ghanaian commuting public and the then opposition NDC made a lot of political clamor of it.

The creation of an affordable mass transport agency – MMT – was therefore desirable to cushion the commuting public against the impact of the fuel price increase on family budget. Again, the creation of MMT to provide affordable services was regarded as an opportunity for the NPP to prove a positive image that the Government cares for the commuting public. Consequently, the public bus system became unofficially known throughout the country as ‘*Kufuor bus*’, apparently named after the then president.

The foregoing discussion, on the potential socio-economic factors, divulges that MMT was established as a means to alleviate the economic hardship that the lack of access to employment and high fuel price had brought on Ghanaians and commuting public in particular.

#### **4.4.3 Social Welfare Objectives**

The state has social obligation to enhance mobility of its citizenry to ensure access to economic vitality and basic social services. Among the most potential set of objectives for state sponsorship of MMT, as a reliable and affordable mass transport system, hinges on

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<sup>18</sup><http://thechronicle.com.gh/how-much-more-agony-can-the-ghanaian-endure/> (accessed April 4, 2013)

Government's welfare goals. Government of Ghana promoted the creation of MMT as part of its social welfare obligations. Considering the low income status of the nation<sup>19</sup>, establishing a state-backed public transit agency was essential to providing affordable services to the urban poor masses.

In an interview with the Director of Research Statistics and Information Management at MoT, it was observed that most distressed communities – even in the urban areas – were not adequately covered by the private sector provision of transit. The routes leading to peri-urban communities were designated as unprofitable; hence unattractive to transport operators. The Government's object to provide reliable and affordable services to link the rural-urban communities, where the private sector provisions were inadequate, culminated into the establishment of MMT.

*... what happens is that in some areas the private operators do not go if it is not profitable for them or if the road conditions are bad. However, in those areas the people there also need transport services. So it was the government who was to come in to assist.... So the creation of MMT was just to provide some relieve to the vulnerable areas in terms of transportation (Field work, 2013).*

This particular result of the study corroborates Bullard (2003) and Dombroski (2005) assertion that the right to mobility is a basic entitlement of every citizen and government everywhere has a moral and social responsibility to provide efficient public transport systems to its citizenry.

The researcher therefore upholds that Government's decision to support the establishment of MMT is based on the promotion of social welfare for all Ghanaians, especially the urban

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<sup>19</sup>Ghana joined the Highly Indebted Poor Countries (HIPC) forum, following the new administration which came to power in January, 2001.

poor. The MMT exist to provide reliable and affordable transport, particularly, for the urban poor who cannot afford to own their personal means of transport. These categories of people mainly live in distress communities or suburbs where the operations of private transport operators are lacking or expensive due to poor road conditions.

#### **4.4.4 Environmental and Energy Objectives**

The need to economise on Ghana's use of imported petroleum, coupled with the Ghanaian Government's desire to promote environmentally sustainable transportation, stimulated the introduction of an urban mass transit system – MMT – in the cities of Ghana (Trans-Africa Consortium, 2010).

In term of energy consumption, the dominant use of small capacity vehicles for public transport put enormous pressure on national consumption of petroleum. Fuel consumption for minibuses and taxis is relatively much higher per passenger/km as compared to the use of large buses (*ibid.*). The creation of MMT, using larger buses, was instigated as part of Government's goal to reduce nationwide consumption of imported fuel.

Similarly, owing to the oversupply of high-polluting minibuses and aged vehicles for public transportation purposes, unregulated emission of vehicular pollutants was a major concern for the Ghanaian Government. Obsolete motor vehicles, we are told, are responsible for the production of high levels of carbon monoxide emissions with its attendant effects on air quality (*ibid.*). The introduction of high occupancy buses such as MMT, which are ecologically friendly and energy efficient, was required to supplant the use of over-aged public transport vehicles as a means of reducing road transport emissions.

#### 4.4.5 Political Objectives

For most people, consulted for this study, while responding to the researcher's pursuit to establish "if government intervenes in transit provision for political gains", on *prima facie*, dissented. Giving reasons to substantiate their responses, five (5) out of nine (9) interviewees maintained that, given the importance of an efficient transport system to the growth of every economy, any government would be interested in providing transport services and not just for political gains. According to these respondents, it is fallacious that Government of Ghana intervened in transit provision for political gains. These respondents however maintained; government provides public transit out of responsibility and not of political expediency. According to them, it is the primary responsibility of government to ensure the provision of adequate public services, including transport, to the people.

Other respondents also opined that given the fact that about 90% of commuting public in Ghana is public transport dependent, it would be politically expedient for any government to support the establishment of a mass transit organisation. Three (3) interviewees were of the view that; if a government is able to establish mass transport to improve accessibility, which has the advantage of reducing the cost of doing business and making life easier for people, then it has a greater chance of making government popular. However, upon further interrogations, the researcher identified some political dynamics which potentially influenced the NPP Government of President John Agyekum Kufuor to set up MMT.

In the 2000 presidential run-off elections, John Agyekum Kufuor won massively in six (6) of the ten (10) regions in Ghana, except for the three (3) Northern Regions and the Volta Region which are traditionally considered as the strongholds of the NDC. Mr. John Agyekum Kufuor of the NPP won with 56.9% of total valid votes cast to beat the ruling NDC candidate,

Professor J.E.A Mills<sup>20</sup>, who managed to secure only 43.1% of the total valid votes cast. The NPP particularly won most of the urban constituencies, even in some perceived NDC strongholds, such as Bolgatanga and Yendi (in Upper East and Northern Regions respectively)(Source: Electoral Commission).

In the wake of the 2000 general elections, the then president elect – Mr. John Agyekum Kufuor – promised among other things, the establishment of an efficient mass transportation system in the urban areas to alleviate the plight of urban commuters. In fulfillment of this pledge, bearing in mind the importance of urban voters, President Kufuor directed the formation of a Mass Transit Service on pilot basis in metropolitan Accra. It is instructive also to note that President Kufuor won 17 out of a total of 22 constituencies in Greater Accra Region<sup>21</sup>, where MMT bus system set off. Refer to Appendix B for the constituencies' results for the 2000 run-off presidential election. The operations of MMT were later extended to other urban areas such as Kumasi and Sekondi/Takoradi.

Judging from the above analysis of this electoral politics preceding the creation of MMT, coupled with the famous campaign pledge of President Kufuor to reintroduce an affordable urban mass transport system, the researcher argues that; notwithstanding the gross deficiencies which characterised the Ghanaian public transport industry, the creation of MMT became politically desirable to the Kufuor's administration for the following reasons. First, it was seen as means of expressing gratitude to the urban voters for massively supporting John Agyekum Kufuor and his New Patriotic Party, in terms of vote count. These urban dwellers were mostly public service workers and market women who had to queue for long hours to board *trotro*<sup>22</sup> to and from workplace in the Central Business Districts. Second, it was to

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<sup>20</sup>Professor J.E.A Mills was however not the incumbent president but John Jerry Rawlings. Professor Mills was contesting the presidency for the first time as the flag bearer of the ruling NDC.

<sup>21</sup>[http://elections.myjoyonline.com/results\\_main.php?election=3](http://elections.myjoyonline.com/results_main.php?election=3) (accessed May 5, 2013)

<sup>22</sup>A popular local term for minibuses used for public transportation purpose.

solicit for the popular support of the urban voters in the next general election which was scheduled for December 7, 2004 which John Agyekum Kufuor would be seeking re-election for a second term in office.

Likewise, during the 2004 electioneering campaign, the NPP incessantly pointed to the creation of MMT as one of the major achievements of the Kufuor's first term, based on which voters were admonished to endorse President Kufuor's second term candidature. Though, an extensive survey could not be conducted by the researcher to examine the impact of MMT on voters' choice vis-à-vis the 2004 presidential election, interview data divulged that the creation of MMT and its ensuing benefits somehow, coupled with other factors, contributed to the victory of President Kufuor's second term bid in 2004<sup>23</sup>. The researcher therefore argues that the objective of the NPP Government to set up MMT in 2003, just a year to the next general elections was motivated by political advantage.

Beyond the influence of the electoral politics, it was also revealed that the GPRTU which was then controlling the supply of urban road passenger transport was stereotyped as sympathiser of the outgoing (NDC) Government and potentially antagonistic to the new (NPP) administration. The establishment of a potential counterweight to the power of the dominant industry player, GPRTU, was essential to break the natural monopoly it enjoyed. This was, politically necessary, to achieve transport security and avoid any potential sabotage which may have come from the GPRTU during the Kufuor administration. The NPP administration, therefore, came to power in 2001 on a platform that included a strong commitment to reform the transport sector in general and to create counterweight to the dominance of the GPRTU as part of measures to avert any undue pressure on Government through the threat of withdrawal of services (IBIS, 2005).

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<sup>23</sup>It should be noted that President Kufuor won resoundingly, at first round, during his second term bid with 52.45% to beat his closest rival J.E.A Mills who managed 44.64%.

## **4.5 State Involvement in MMT**

### **4.5.1 Appointments and Composition of MMT Board**

MMT has a Board of nine (9) Directors, only two of whom are nominated directly by Government to represent its interest. The other minority shareholders are represented by a director each. The composition of MMT Board is placed at Appendix C. The Board, in turn, recruits and selects its own management staff based on applicants' expertise and experience.

On the face of it, Government does not have control of the MMT's Board as currently constituted. In any case, the private investors' (PBL, GOIL, ADB, SIC, SSNIT and NIB) representation altogether; seven, is by far greater than Government's representation. The current composition, it is anticipated, will insulate the Board from governmental control and expose MMT to private sector management practices.

However, an interview with the MMT Board Secretary divulges that, there are power disparities among the shareholders who constitute the board. This disturbs the levelling playing field for the stakeholders. The private investors do not appear to have the same organisational capacity, status and resources to participate on an equal footing with the Government. The private investors are somewhat susceptible to the manipulation of the Government due to its 45% controlling shareholdings, and the recurrent bus supply to MMT.

The private shareholders, though, apathetic that MMT supports Government's poverty reduction strategies at the expense of profit maximisation, lack a strong voice to object due to three main reasons. First, since the private investors subscribed their respective shareholdings, none has ever made further contribution; nevertheless, Government of Ghana recurrently underwrites new buses in spite of its initial 45% equity subscription. Second, all the so-called private shareholders are not necessarily private firms. In actual fact, they are agglomeration of government agencies (parastatals). Except for PBL, which can truly be

regarded as a private sector organisation, the rest (SSNIT, SIC, NIB, ADB, and GOIL) are all 100 per cent state owned agencies; therefore, under governmental control. Third, the businesses of each shareholder, one way or the other, benefit from the operations of MMT. While the MMT purchases all its petroleum products from GOIL, the SIC provides insurance covers for all MMT buses. Similarly, PBL and ADB are the bankers of MMT, whereas SSNIT provides pension scheme for all permanent employees of MMT Limited. This situation is somewhat tantamount to conflict of interest, or better still cronyism.

From the foregoing discussion, it is evident that Government of Ghana, in terms of status and resource, has overriding capacity than any of the shareholders of MMT. This is due to its constant supply of fleet of buses to MMT which could have been translated into shares. In the same vein, apart from the negligible 1.67% shareholding of the only genuine private sector entity – Prudential Bank Limited – all other shares belong to Government of Ghana and its parastatals. Ostensibly, the aggregate of *public* shareholdings in MMT Limited amounts to 98.33%<sup>24</sup>. Clearly, the Government enjoys controlling interest in the MMT, and has become the most powerful shareholder.

Moreover, there is executive interference in appointment and/or dismissal of top administrative officials of MMT. For instance, Mr. Henk Visschers; the former Managing Director of MMT was seconded from the Netherlands at the instance of the Ghanaian Government. Again, the recent directive from the presidency to dismiss Mr. Maxwell Awuku (the Managing Director of MMT) and his deputy to be replaced by “government appointees” without recourse to MMT board is evidence of political interference in MMT (See appendix D). These decisions by the Government, however, contravene the provisions outlined in the partnership deed of the shareholders. There appears to be restrictions on MMT’s board

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<sup>24</sup> However, it must be noted that per the provisions of the MMT partnership deed, the shareholdings of the parastatals are not part of the Government shares but are regarded as private shares.

freedom to appoint management team. The Government, seemingly, wields the power to hire and fire at will in MMT. The MMT therefore serves as dumping ground for party faithfuls seeking employment. Staffing is somewhat tainted with political biases. The net effect of “job for the boys” syndrome is the problem of ineffectiveness which saddles public companies.

The result of this aspect of the study perfectly fit into the state capitalism model where the state undertakes commercial activity with the means of production plausibly owned and managed privately; nevertheless, the state controls the allocation of credit and investment (Bremmer, 2009; Bremmer, 2010). By law, the MMT is registered as a private commercial entity to deliver public transport services yet Government of Ghana is the main shareholder (45%) with control of appointments, investments and credits.

#### **4.5.2 Subvention and Grant**

Although the MMT does not receive any cash subsidy from the state, nonetheless, enjoys privileged access to other subventions or resources unavailable to private transport companies. The MMT is provided with considerable subventions such as import tax exemptions and buses grants.

The Government of Ghana has recurrently supplied buses to support the operations of MMT since its establishment. In addition to the initial 17 secondhand Fiat-Iveco buses donated by the Italian Government, successive Governments have procured several high occupancy buses to augment MMT’s fleet. In 2004 for instance, the Government made a deposit of GHC 18.77 billion for 250 buses, whiles GHC 62 billion was disbursed for the importation of additional 200 buses from China in 2005 (MoFEP, 2004; MoFEP, 2005). The MMT, per the 2006 national budget, also benefited from an allocation of GHC 112 billion for the

importation of buses to augment their fleet (MoFEP, 2006). Similarly, in furtherance of the Government's policy on mass transportation, the 2007 national budget catered for the acquisition of 63 Jonckheere VDL buses, 90 Tata buses and 150 VDL DAF bus chassis (for bus construction) to support MMT operations (MoFEP, 2007).

Except until recently (2012) when the management of MMT procured one hundred and fifty (150) new TATA and Ashok Leyland buses, all other buses of the MMT since its inception have been financed by the state. These 150 buses were purchased at a cost of 11 million US dollars, out of internally generated funds of MMT. Currently, MMT has an accumulated fleet of 1,631 high occupancy buses. Refer to Table 2 for the detailed characteristics of MMT's fleet. This means that some 1,481 buses of MMT's fleet were funded by the Ghanaian Government, mostly under concessionary financing agreements<sup>25</sup>.

A significant prerequisite under the concessionary fleet financing agreement (particularly with the Dutch Government) is to permit MMT to operate as though a private entity. MMT is required to implement best management practices from entrepreneurship and private sector into the public (transport) service delivery to maximise profit. There have been four (4) of such bilateral financing agreements with Government of Ghana (represented by the MoT) and the Dutch Government, to acquire buses to augment MMT's fleet. The first agreement was signed on March 5, 2002 while the last agreement was signed on July 16, 2005.

The Ghanaian Government is restrained by the concessionary financing agreements not to acquire absolute majority (50% plus) equity in MMT. The purpose of this is to expose MMT to private sector values to evade the usual pitfall of state ownership. This in part has restrained the Government to translate the fleet procured to support MMT's operations into shares. Should Government be allowed to convert new fleet acquisition into shares, its equity

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<sup>25</sup> Government of Ghana enjoys concessionary financing agreements only with the Dutch and Belgium Governments. The buses obtained from China and India were procured at commercial rates.

stake in MMT will eventually exceed the shareholdings of all the private sector stakeholders put together.

The MMT also enjoys import subvention in the form of “deferred payment”. The MMT is granted a concession (by the Ministry of Finance) to pay import duties on all buses, their spare parts and non-consumable equipment imported for use by the company at a later date. A transport expert at transport ministry, in an interview with the researcher, opined that this concession is a very significant subsidy for MMT; however the repayment has not been forthcoming. The total accumulated import taxes of MMT due the state stand at GHC 26,206,352.38 as at June 1, 2013. See Table 3 for the detailed accrued import taxes of MMT deferred over the years.

YEAR	IMPORT TAX GHC		ANNUAL IMPORT TAX GHC
	Buses	Spare Parts	
2005	1,183,943.57	NIL	1,183,943.57
2006	8,440,322.45	NIL	8,440,322.45
2007	3,017,466.86	63,338.61	3,080,805.47
2008	3,584,632.27	65,214.15	3,649,846.42
2009	5,803,422.18	381,392.91	6,184,815.09
2010	NIL	NIL	
2011	6,787,622.85	619,751.59	7,407,374.44
2012	2,762,908.48	775,179.75	3,538,088.23
2013	NIL	317,446.71	317,446.71
<b>TOTAL</b>	<b>23,984,028.66</b>	<b>2,222,323.72</b>	<b>26,206,352.38</b>

**Table 3: Accumulated Import Taxes of MMT. Source: MMT Limited**

The MMT has since the year 2005 defaulted in the payment of *deferred* import duties on its buses and spare parts. When the researcher interrogated why the government has failed to retrieve such taxes due the state, with all its available powers, a policy adviser at the MoT in a quick response maintained that ‘since MMT is a government company no one actually cares so much about that’. However, a senior management staff of MMT, when questioned on the subject of *deferred import taxes*, retorted that the MMT has officially applied for waiver of such taxes through the MoT and it is currently awaiting parliamentary approval<sup>26</sup>.

Altogether, these concessions (bus grants and import exemptions) are a very significant subvention for the MMT and, no private transport operator in Ghana is likely to enjoy such benefits. Clearly, MMT Limited as currently constituted and equipped, enjoys an unfair competitive advantage over the existing private sector transport operators. This serves as a strong obstacle to fair and competitive market entry. This study therefore agrees perfectly with IBIS (2005, p.12) report when it asserts that the MMT ‘appears to be operating as though entitled to the powers granted to the defunct OSA Transport Ltd’. The defunct OSA enjoyed a lot of operating subsidies including exemptions from import, sales and income taxes (*ibid.*). This is an element of path-dependency syndrome.

The study also corroborates earlier studies by Musacchio & Lazzarini (2012), and as well affirms Bremmer (2009; and 2010) studies when he discussed “national champion”. National champions, according to Bremmer (2009), are companies that remain in private ownership or management but rely heavily on government patronage in the form of subsidies, credits and enjoy considerable competitive advantage over other private sector competitors. A privileged situation MMT finds itself.

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<sup>26</sup>According to Article 174 of the 1992 Republic Constitution, It is only Parliament that gives approval or otherwise for the imposition of taxes and it is only Parliament that determines the waiver or variation of any taxes imposed on individuals and businesses.

### 4.5.3 Social Intervention Policies

The political desire to help certain population categories, such as school children and the urban poor, to access transport service often results in government interference in MMT. The Government (the executive arm) thus interferes in the operations of MMT by influencing management to support government's poverty reduction strategies (otherwise known as pro-poor policies).

The MMT through government directives is required to implement low fares policy, notwithstanding the rising operating costs. MMT charges only recovery fares, quite below market price, thus making fares affordable to the low income earners. MMT fares are moderately lower (averagely 20%) than the fares being charged by the GPRTU on all available routes. The cost of this pro-poor policy (measured as the difference between the MMT's subsidised fare and the minimum economic fares in the industry) for the year 2012 alone amounted to GHC 27,605,568.45, bringing the cumulative cost to GHC 125,436,510.19 since 2006. In other words, revenue loss due to subsidised fares, since 2006 to 2012 is estimated at GHC 125,436,510.19 (Source: MMT Limited).

The Government therefore uses MMT to influence and stabilise transport fares throughout the country. The fares of MMT serves as the benchmark for determining transport fares by most private sector operators in Ghana. Readers should refer to Appendix E for a comparison of fares between MMT and the GPRTU, and how MMT dictates transport fares.

The private transport operators, particularly the GPRTU, perceive this government-backed transit company – MMT – as a threat to their existence. This is because Government uses this competitor (MMT) to influence markets by dictating their pricing strategies, and operational routes. According to the Chairman of GPRTU;

*... in actual fact it does not reflect the real cost of transport service. But because of operating subsidies from government, they (MMT) are able to keep fares artificially low. Hey, with government patronage you can achieve a lot! The only problem is that it sometimes compels us to reduce our tariffs. But this is seriously affecting our business since the fares we charge don't compensate our operational cost.*

From the opinion of the GPRTU chairman, as expressed above, the Government of Ghana employs the MMT to regulate public transport fares in the country. The Government achieves that by discriminatorily supporting the operations of MMT to charge lower fares which in turn impels the other transport operators to reduce their fares. This policy however adversely affects the private transport operations, making it difficult for operators to break even. Under state-directed capitalism this problem is ubiquitous. The others suffer when government favours one lot of companies (Musacchio & Lazzarini, 2012).

Furthermore, the Ghanaian Government engineered the implementation of the Free Bus Ride for School Children (FBRSC) policy of the MMT. The policy, which is on-going, provides free bus services to school children in uniform up to Junior High School level. However, the pupils are not allowed to make fun rides with the buses. Also in the weekends, they are not allowed to board the MMT bus for free. Since the inauguration of the FBRSC on January 29, 2006, MMT has offered over thirty-two million school children free ride to and from schools on their respective corridors. See Table 4 for details of school children offered free ride per each year.

<b>Year</b>	<b>School Children Carried</b>
<b>2006</b>	6,174,227
<b>2007</b>	4,005,654
<b>2008</b>	5,661,955
<b>2009</b>	4,134,098
<b>2010</b>	3,985,640
<b>2011</b>	4,001,097
<b>2012</b>	4,983,098
<b>TOTAL</b>	<b>32,945,769</b>

**Table 4: School Children carried by MMT under the FBRSC. Source: MMT Limited**

It could be observed from the Table 4 above that the number of school children provided with free ride has been erratic over the years. On the aggregate, school children ridership under the FBRSC since 2006 keeps shrinking, at least on a relative basis. However, it appears that during election years; 2008 and 2012, patronage increases substantially. A senior management staff of MMT, in an interview with the researcher, intimated that ‘pressure from the transport ministry is always on us to increase free access to school children during these seasons’. Based on the timing of such directives from the ministry, there is a strong prima facie case for asserting that, the goal is just to garner popular support for the ruling elites.

The cost of providing free ride to uniformed school children constitutes a huge financial burden and revenue loss to the operations of MMT. The total revenue loss due to free ride for school children, since 2006, is estimated at GHC 1,120, 156.23 (Source: MMT Limited). This enormously distresses the operations of MMT Limited. Nevertheless, Government of Ghana for political reasons incessantly advocates for increase in free ridership for school children. The objective of the Government is to relieve parents of the cost of transportation on these

schoolchildren, and more importantly to encourage school attendance. This is to augment Ghana's Free Compulsory Universal Basic Education (FCUBE) policy which was launched in 1996.<sup>27</sup>



**Figure 1: Metro Mass Transit provides free rides to school children. Source: Metro Mass Weekly Issue 3 2007**

Although, the Government is supposed to reimburse the cost of the services provided to the school children under the FBRSC programme but has blatantly failed to honour its financial obligation towards the policy. A senior policy adviser at MoT opined; ‘per the original arrangement Government is required to foot FBRSC bills, however, it is highly unbearable to reimburse such cost given the numerous financial commitments of the State’. He, hilariously, averred further that in any case MMT is also indebted to Government in many instances. In his own words, the researcher recorded him as follows:

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<sup>27</sup>The Republican Constitution of Ghana provides in explicit terms under Article 25(1)(a) that “All persons shall have the right to equal educational opportunities and facilities and with a view to achieving the full realisation of that right-basic education shall be free, compulsory and available to all”. Government has worked towards the realisation of this policy by taking pragmatic steps, which includes; the capitation grant, the School Feeding Programme, the provision of free school uniforms, and more importantly, free bus ride for school children.

*‘...why should the Government recompense MMT upon all these free buses? In any case, government has given them free buses and they are supposed to assist the government achieve its social objectives. Beside, MMT has also not honoured most of their financial obligations due the state in terms of import duties’ (Field work, 2013).*

Based on the views expressed above, the Government has, among other factors, failed to finance the expenditure of FBRSC on the grounds that the buses of the MMT were provided by the state. The FBRSC programme, therefore, stands to suffer collapse should the current posture of Government on reimbursement persist.

An interview with the MMT board Secretary reveals that, ‘the FBRSC policy lacks popular managerial support’ owing to its undue financial burden, coupled with Government’s renege on reimbursement of the cost of FBRSC programme. Currently, many uniformed students are usually levied the appropriate fares as any other commuter. Apparently, the bus company is beginning to feel the impact of the financial cost of the FBRSC policy on its operations. It is therefore not astonishing that FBRSC has steadily diminished in patronage since its inception in 2006 (See Table 4).

Beside the free ride for school children, the MMT also ensures that special attention is given to People with Disability (PWD) as part of efforts in meeting Government’s poverty reduction programme which aims to make transportation accessible to all, including the physically challenged. In view of that, the new MMT buses are designed to be disability friendly, with low boarding platform. Whiles at the same time, the first two seats just behind the driver are always reserved for PWDs.

Again, the Government of Ghana supports the MMT operators to run routes generally considered unattractive and unprofitable by private transport operators. In an interview with

the Communication Manager of MMT, it was realised that the company sometimes extends services to distress communities, upon popular request of the Government.

The NPP administration in 2008 made such request upon the management of MMT to increase its presence in the three northern regions – the Northern, Upper East and Upper West – to alleviate the plight of northern commuters. To meet the government’s demand, additional forty (40) TATA buses and forty (40) VDL Jonckheere buses were procured for the MMT with public funding<sup>28</sup>. The MMT’s management then gave approval for eleven (11) new routes to be opened in those regions. Bolgatanga - Nalerigu; Wa- Techiman; Bolgatanga-Techiman; Cheriponi- Tamale; Bimbilla- Tamale, are among such routes developed in 2008.

Similarly, in 2011, the then Vice President John Mahama made a call on MMT Limited to extend services to some peripheral communities in Accra, when he inaugurated fifty (50) new VDL Jonckheere buses to augment the fleet of the MMT.

The MMT by its certificate of incorporation as a limited liability company is supposed to operate independently of government control and make profit for its owners. However, owing to government’s adequate involvement in MMT, the bus company has been providing wide range of transport services in support of government’s pro-poor policy such as: Charging lower fares thus making transport fares affordable to the poor; Influencing and stabilising transport fares throughout the country; Running on routes generally considered unattractive and unprofitable by private transport owners; Implementing the Free Bus Ride for School Children in uniform up to Junior High School level, and so on. The company’s commercial objectives therefore tend to be confused with the government’s social goals.

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<sup>28</sup>The buses were procured on February 1, 2008 under a concessionary loan agreement with the Dutch Government.

#### 4.5.4 Parliamentary Oversight on MMT

The MMT Limited is required by law to submit annual audited financial report to its shareholders, including the Government of Ghana through the Ministry of Transport. Due to Government's equity stake in MMT, coupled with public budgetary allocations to support MMT, the Public Account Committee of Parliament oversees the performance of MMT.

An analysis of the financial statements of MMT Limited disclosed that there was 31% growth in operating revenue from the 2010 figure of GHC 61,838,871.00 to GHC 81,600,124. This growth in revenue was 4% higher than 27% growth recorded in 2010 against the 2009 revenue of GHC 48,609.755.

Operating expense of GHC 61,298,803 showed an increase of 44.2% relative to the 2010 figure of GHC 42,496,845. The principal components of this cost are fuel (55.5%) and wages and salaries (22.3%). See Appendix F for audited profit and loss accounts and balance sheets of MMT Limited.

The above revenue and cost, after treating administrative expenses of GHC 11,811,443 and other income of GHC 3,226,110 resulted in a net profit before tax of GHC 11,455,256 against the previous year (2010) profit of GHC 14,565,832. Although, 2011 profit decreased marginally, the accumulated total assets of MMT increased from GHC 158,522,717 in 2010 to GHC 176,655,429 in 2011.

MMT's balance sheet demonstrates that the state giant (MMT Limited) is not just providing public services but also growing huge pool of capital. This is partly a manifestation of state capitalism, in that the state-led investment in the road passenger undertaking, which is closely tied with the private sector, maximises the state's profit (Morales & Sachs, 1990).

Likewise, through parliamentary questioning, the minister responsible for road transport is made to answer questions relating to MMT's operations. In 2005 for instance, the former Deputy Minister for Roads and Transport, Hon. Magnus Opare Asamoah answered a parliamentary question that stood in the name of the Member of Parliament (MP) for Ahanta West, Honourable Samuel Johnfia. The Ahanta West MP wanted to know from the then Minister of Road and Transport if Parliament could be furnished with an update on the regional distribution of the MMT buses. Other parliamentary questions which have been answered also revolve around the issue of MMT's ownership<sup>29</sup>.

This oversight role of parliament on the activities of the MMT put managers on their toe to exhibit high sense of professionalism in managing MMT. This goes a long way to enhance prudent financial management thereby maximising state's profit.

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<sup>29</sup><http://www.modernghana.com/news/81290/1/who-owns-metro-mass-transport-service-.html> (accessed June 12, 2013 )

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The objective of this research project was to examine state involvement in public transit provision and the justification for the creation of MMT as a state-backed transit company. This chapter summarises the research findings derived from the implementation of this study. The chapter will revisit the specified research objectives, summarise the research findings and submit conclusions founded on the findings. Recommendations are made and discussed for the future progression of this research.

#### 5.2 Summary and Conclusion

##### 5.2.1 Research Objective 1: The role of the state in Ghana's public transport system

The literature identified some of the main functions of government around the world regarding public transportation delivery. The role of government in public transportation is seen in such different ways: as a policymaker, provider of transport infrastructure and services, economic regulator, safety regulator, and so on.

The empirical findings in Ghana revealed that while in other jurisdictions the state is heavily involved in transport service delivery using high occupancy buses, Ghana's public transit industry is dominated by private sector provision of paratransit. However, the Ghanaian Government supports the private operators to renew their fleet to improve service delivery. The Government Fleet Renewal Policy is intended to promote the use of high capacity buses which are both environmentally and economically sustainable. Nonetheless, the Fleet

Renewal Policy has piled huge public debt due to high rates of non-repayment of the cost of vehicles supplied to the operators.

The Ghanaian Government is also thriving in the areas of; developing transport infrastructure, licensing vehicles, optimising transport safety and others. Notwithstanding transport fare deregulation in Ghana, the Government exercises limited fare regulation in negotiations with operator unions. Owing to Government's adequate involvement in setting transport fares, fares are considerably kept low, however not cheap. The issue of unofficial fare control by the state has always been a source of contention between the Government and bus operators. The latter argue that the fare levels allowed by government are inadequate to compensate their operational cost.

Government's efforts to produce competent and skilled transport labour to handle the Ghanaian transport industry are diminishing. This is due to the limited state sponsorship for the Government Technical Training Centre, the National Drivers Academy and other analogous institutions which are responsible for training skilled transport labour.

Although the Government is involved in regulating the public transport industry yet there is limited regulatory effectiveness in terms of market entry, service quality, area of coverage and vehicular emissions. This situation has partly led to the proliferation of unsatisfactory public transport services delivery in Ghana. Ghanaian commuters therefore suffer high levels of journey discomfort, unreliable services, and pollutant emissions.

The literature review together with the empirical research findings show the extent to which the Ghanaian Government is involved in public transportation. The main conclusion and lessons drawn from this research on this particular issue – *role of government in public transportation* – is that Government should invest more resources into funding various urban mass transport modes which would be efficiently regulated to boost public transportation in

the country. The creation of mass transport agencies would motivate many individual car owners to park their cars and resort to the use of public transport as it is the case in other countries. Through government's undertaking, quality public transportation would be enhanced thereby reducing drastically traffic congestion, unsafe travels, journey delays, and among others.

### **5.2.2 Research Objective 2: Why MMT was established as a state-backed enterprise?**

The literature identified the main reasons why governments have adopted interventionist stances in public transport provision. Often, state intervention in transit provision has always been seen as one of addressing various types of market failures perpetuated by the poorly supervised private sector provisions (Docherty *et al.*, 2004). Social equity goals and environmental objectives, among others, were also identified in the literature as factors which influence governments to support transit systems that are energy saving, low in greenhouse emission while widely accessible and affordable (Bullard, 2003; Dombroski, 2005; AFD & MEEDDM, 2009; Diana & Daraio, 2010; Cervero, 2011).

The empirical research, though confirmed those viewpoints of the scholars (Bullard, 2003; Docherty, 2004; Dombroski, 2005; AFD & MEEDDM, 2009; Diana & Daraio, 2010; Cervero, 2011), also suggests that Government's decision to establish MMT as a state-backed public transport company was motivated by, *inter alia*, the need to reform the urban passenger transport sector; political desire to alleviate economic hardship the rise in fuel price brought on Ghanaian households; the need to economise on Ghana's use of imported fuel; and a host of political dynamics.

Public transport services which were largely provided by the private sector, using minibuses, mismatched transport supply to passenger demand. Public transport services were unsatisfactory, in terms of quantity and quality. Besides, the dominant use of over age vehicles as public transport, coupled with lack of maintenance culture often resulted in unsafe voyage and journey discomfort. To a large extent, public transport services were unreliable, inefficient and uncoordinated. The need to improve the urban transport sector coupled with the Government's strong commitment to use the right types of bus – high occupancy bus – motivated the then NPP Government of Mr J. A. Kufuor to introduce MMT as a leading formal transport company in Ghana.

Furthermore, government objective to mitigate unemployment and economic hardship on Ghanaian commuters were among the potential socio-economic factors which necessitated the creation of MMT to provide access to job opportunities. Consequently, MMT provides direct and indirect job opportunities for several Ghanaians in support of the National Employment Generation Policy. As at the end of April 2013, MMT employed over 4,007 persons as direct employees. Human capital of MMT covers recruitment of drivers, workshop mechanics and administrative staff. As a result of MMT's operational activities, janitorial services, security, bus washing and cleaning services are outsourced to third parties providing employment for additional 1,500 persons. Undoubtedly, the Ghanaian Government's strong commitment to create transport related jobs stimulated the creation of MMT.

Moreover, the establishment of MMT was influenced by the Government's social welfare obligation to enhance the mobility of its citizenry – especially the vulnerable to affordable transport services. As such, MMT runs route generally considered unattractive and unprofitable by the private transport operators. MMT incidentally charges only recovery fares

for its transport services, thereby mitigating the mobility and accessibility challenges of the poor urban masses.

In addition, the establishment of MMT as the operator of larger buses was instigated as part of Government's goal to cut down nationwide consumption of imported fuel. Admittedly, fuel consumption for large buses is quite efficient in terms of passenger per kilometre travel as compared to minibus. Similarly, the Government's resolve to promote environmentally sustainable transport systems, by cutting carbon monoxide emission, stimulated the introduction of MMT in the cities of Ghana.

More importantly, the study revealed that the Ghanaian Government's decision to establish MMT was highly influenced by the ruling class' desire to preserve a foothold in the governance of public transportation in Ghana. The GPRTU which was/is the dominant private transporter was perceived to be a sympathiser of the then outgoing NDC administration and conceivably hostile to the NPP administration. The creation of MMT was politically desirable to break the monopoly enjoyed by the GPRTU in order to forestall any threat of service withdrawal which could exert undue stress on the Government (IBIS, 2005).

The creation of MMT was also in fulfilment of a campaign pledge by the NPP Government, which was first elected in 2000, to reintroduce an accessible and affordable mass transit system in the urban areas in particular, and indeed the whole nation to ease the plight of the commuters. Similarly, the creation of MMT was regarded as means of expressing gratitude to the urban voters for voting massively for John Agyekum Kufuor and his New Patriotic Party in the 2000 election; and also to solicit their popular support in the next general election which was slated December 7, 2004 which President John Agyekum Kufuor would be seeking re-election for a second term in office.

In conclusion, the case study results support the views of scholars like Bullard (2003), Docherty *et al.* (2004), Dombroski (2005), Diana & Daraio (2010) and Cervero (2011) on state intervention in public transit provision as were identified in the literature review. It also supports the State Capitalist model which argues that government investment undertakings do not only respond to economic rationality but sometimes to non-commercial factors, aimed at political gains (Morales & Sachs, 1990; Musacchio & Lazzarini, 2012). The creation of MMT as a state-backed private commercial entity significantly corresponded to the political objectives of the then NPP administration that included the use of the public transit enterprise; to break the dominance of the GPRTU (to maximise the state's power), promote job creation, economise on fuel use, and run unprofitable routes (welfare objectives) and above all, to fulfil campaign promise (to enhance the political leadership's chances of survival).

### **5.2.3 Research Objective 3: Shift of MMT's mandate.**

In terms of mandate, MMT has shifted a bit from its original mandate of intra-city bus undertaking. But that became necessary in order for MMT to sustain its operations. MMT buses were wastefully burning a lot of expensive fuel due to congestion, for little revenue.

Besides, through government directives MMT was required to implement low fare policy, notwithstanding the rising operating costs and non-delivery of operating subsidies. As a result, MMT reduced the size of its intra-city services to concentrate on "lucrative" inter-city services, thus partly defeating the objective of solving intra-urban mobility challenge. Altogether, the shift in terms of mandate was necessitated by the need to safeguard MMT's operation from collapsing.

#### **5.2.4 Research Objective 4: The extent of state involvement in MMT**

Major important findings of this research also relate to the degree of government intervention in the MMT. The researcher argues that government overtly does not control MMT Board in terms of representation; however, there are significant power disparities in the composition of the MMT Board. The purported private-sector partners in MMT are in fact closely tied to Government and subject to its pressures. The Government, through its share ownership and its dominance over the parastatal partners, controls and directs investment in MMT.

MMT enjoys privileged access to considerable government subventions which are unavailable to other private transport operators. These subventions include deferred payment on import taxes and regular fleet supply. The government is committed to renewing MMT's fleet at the expense of the state. These concessions are significant subsidies for the MMT and constitute unfair competitive advantage over the private transport operators.

The study also alluded that the government has compromised on MMT's repayment terms of import taxes due the state, resulting in tax evasion. This was possible due to the state patronage that MMT enjoys. MMT has been constituted as a national champion to enjoy substantial state patronage in the transit industry.

As a result of the deeper state intervention in MMT, in terms of patronage, indirect pressure is exerted on MMT management to support Government's poverty reduction strategies. This is seen in the domain of fare to be charged, area of coverage, the FBRSC policy and so on. Nevertheless, the state has refused to reimburse the cost of school children free ride. Thanks to government's subventions, the MMT serves vulnerable communities; dictates pricing strategy and stabilises fares in the country by charging recovery fares.

Excessive and unwarranted political interference in MMT's operation could collapse the public transit company since it would be responding to non-economic rationality (political objectives, welfare goal, and so on.) rather than commercial/economic rationality. The state's heavy hand in MMT is signalling that inefficiency is more likely to hold back growth.

The extent of state interference in MMT is enormous. This has both positive and negative repercussions on MMT in particular and the public transport sector in general. Government's continuous support for MMT with operating subsidies would bolster MMT to provide affordable services and even extend services to more vulnerable communities in Ghana. Conversely, continuous state patronage for MMT, to the neglect of the private sector operations, is likely to act as a strong barrier to market entry. It would also adversely affect the operations of the private sector operators who depend on no operating subsidies, making it difficult for them to break-even once MMT continues to dictate the pricing strategy. If this happens, many private transport operators will be thrown out of business thereby creating unemployment; paradoxically, a situation MMT was touted to address. Moreover, huge transport deficit would be created once the private sector provision dwindles, owing to the fact that MMT alone cannot carry the role of public transportation in Ghana.

### **5.3 Recommendations**

Based on the findings generated from this study, the researcher proceeds to offer some policy recommendations with the hope that it will be given the necessary consideration. The recommendations are directed at Government/policymakers, the MMT and the academia.

## A. Recommendation for Government

The Government's Fleet Renewal Policy which aims to assist private transport operators to acquire new fleet with government warranty is a positive one. However, due to the burden of recovering such loans which increases public debt, the researcher recommends that government should partner a private leasing company to ensure unabated supply of fleet to transport operators. The private leasing company, it is believed, with private sector values will be able to adequately recover the cost of the fleet, thereby curtailing public debt.

As a result of limited institutional and regulatory effectiveness governing the public transport industry in Ghana, the researcher proposes the establishment of an autonomous regulatory body – National Transport Authority – with more powers and resources defined in legislation. The new Transport Authority will integrate the functions of the NRSC, DVLA, Ghana Road Transport Co-ordinating Council and other urban transport related bodies. The body will *inter alia* set transport operation standards, area of coverage (route), regulate vehicular emission, and determine transport fares. It will also help provide consistent transportation planning and efficient implementation of the National Transport Policy of 2008.

The Ghanaian Government is also encouraged to invest in human resources development for effective urban transport management and successful operation of public transport services. Hence, the researcher advocates for the restructuring of the Ghana Technical Training Centre and National Drivers Academy to run programmes which benefit 21<sup>st</sup> century transportation challenges. These institutions can be upgraded to diploma awarding institution with adequate resources. Similarly, the establishment of transport research institutes or centres in existing Universities to enhance transport related research is not far-fetched.

The establishment of MMT as an operator of high occupancy buses has significantly enhanced access to affordable transport and general accessibility to job opportunities in the

country. Successive governments and governments elsewhere should consider taking keen interest in urban mass transit undertakings, under the state capitalism model, where the means of production is owned privately but with the state as the main shareholder, providing subsidised credit and/or other privileges to the transit company. Such private-public collaboration would help raise the needed capital to revamp many collapsed state-owned public transit companies while at the same time the company is exposed to private sector values to avoid the usual pitfall of absolute state ownership.

Furthermore, where there is the political will for certain population category, such as students, to enjoy free transport services in line with poverty reduction policy, explicit public subsidies should be made available to the service provider – MMT – to support that particular operation. Similarly, the MMT should be publicly assisted with unabated subventions to focus on its core mandate of providing intra-city bus services even as MMT appears to have shifted into other services.

The establishment of MMT was motivated by *inter alia*; economic, welfare environmental/energy, and several political objectives. But undeniably, MMT was created to fulfil a campaign pledge of former President John Kufuor. The researcher argued the creation of MMT somewhat contributed to the re-election of President John Kufuor in the 2004 general election. It is therefore recommended that politicians who wish to maximise their chances of survival should live to their campaign promise. Most especially, to preserve a foothold in public transportation since significant majority of people depends on public transit for their daily transport needs.

## **B. Recommendation for MMT**

The political desire to help school children not to bear the cost of transit, under the FBRSC, is a good social protection policy. However, if this policy is not reformed, unbearable stress will be exerted on MMT's operations. In as much as the FBRSC policy should be sustained, the sustainability of MMT itself is paramount. The researcher recommends that in order to sustain both the MMT and the FBRSC, special concessionary fares should be developed for the students. Under the concessionary ticketing, students would be required to purchase a highly subsidised and non-transferable voucher which is valid for a stipulated period. The voucher permits a student to access any available MMT bus provided she is in uniform. This will help generate some little revenue to compensate operational cost.

Moreover, MMT should also work assiduously to wean itself from continuous government subventions while it also thrives to settle its debt due the state in terms of import taxes. This will enable government to raise and channel resources into other transport investments and if possible establish another urban mass transport system to complement the efforts of MMT.

## **C. Recommendation for the Academia**

Few transport researchers have their origin in politics (Lyons, 2003). Students of politics are therefore encouraged to get into transport studies using political theories to test hypothesis. Although thorough research has been conducted for this case study, there are other related areas of the study that were touched on only briefly in this thesis. Further research could focus on these areas which include, *inter alia*, public transit funding obstacles in Ghana; and the voting behaviour of MMT users. Other researchers are also encouraged to replicate this research using different case study or analytical tool/framework to validate the findings of this current study.

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## APPENDICES

### Appendix A: Samples of Interview Guide

#### INTERVIEW GUIDE (for transport experts at MoT)

##### **Introduction**

This interview guide is designed to solicit views on state involvement in public transportation in Ghana. The researcher is a Master of Philosophy (MPhil) student of the University of Ghana. This research is being implemented in partial fulfilment of the requirement for the award of MPhil Political Science Degree.

I would be very grateful if you could help by volunteering information for this study. This is purely for academic purpose and your response will be treated with the strictest confidentiality and anonymity. Thank you for your anticipated cooperation.

Researcher: Eric Yobo

Tel: 0243020325      Email: [ericcyobo85@yahoo.com](mailto:ericcyobo85@yahoo.com)

##### Interview Questions.

1. What is government's policy on public transportation in Ghana, particularly the road subsector?
2. How does government regulate the public transport industry in Ghana?
3. What are the implications of the government's role, both as a regulator and competitor in the provision of transportation services in Ghana?
4. Can you please describe to me the prevailing public transportation sector condition before the creation of the MM. in 2003?

5. What, in your own opinion, is the rationale behind government decision to establish MMT?
6. Are you aware of any statute establishing MMT?
7. Is Government of Ghana a signatory to any environmental pact which impress upon the state to develop mass transit?
8. What will you consider as some advantages of developing mass transit, like MMT?
9. It is argued that governments intervene in public transit provision for political gains? What is your view on this assertion?
10. Would you say that MMT is still serving its mandate for almost a decade of existence?
11. What form of assistance/subvention does MMT receive from government of Ghana?
12. How is government collaborating with private transport operators to enhance public transportation in Ghana?

### **INTERVIEW GUIDE (For MMT Management)**

#### **Introduction**

This interview guide is designed to solicit views of the management of MMT on state intervention in public transportation in Ghana. The researcher is a Master of Philosophy (MPhil) student of the University of Ghana. This research is being implemented in partial fulfillment of the requirement for the award of MPhil Political Science Degree.

I would be very grateful if you could help by volunteering information for this study. This is purely for academic purpose and your response will be treated with the strictest confidentiality and anonymity. Thank you for your anticipated cooperation.

Researcher: Eric Yobo

Tel: 0243020325

Email: [ericcyobo85@yahoo.com](mailto:ericcyobo85@yahoo.com)

Interview Questions.

1. Could you please describe to me the organizational structure of MMT?
2. What is the fleet size of MMT?
3. How many people are engaged as employees of the company?
4. What, in your own opinion, informed government decision to establish MM Ltd.?
5. What is the mandate of MMT Ltd?
6. How does MMT fix transport fares?
7. By what criteria are new route determined?
8. What form of assistance/subvention does MMT Ltd receive from government of Ghana?
9. Apart from Free Bus Ride for School Children (FBRSC), what other social intervention policy is been implemented by MMT Ltd?
10. Could you please estimate the cost of such intervention policies?
11. How is such cost recovered?
12. Can you identify some challenges regarding the implementation of the interventions?
13. What is the reaction of the private shareholders of MMT towards the above social intervention policies implemented by MMT?
14. What are some of achievements of MMT after a decade of operation?

## **INTERVIEW GUIDE (for former minister for transport)**

### **Introduction**

This interview guide is designed to solicit views on state involvement in public transportation in Ghana. The researcher is a Master of Philosophy (MPhil) student of the University of Ghana. This research is being implemented in partial fulfilment of the requirement for the award of MPhil Political Science Degree.

I would be very grateful if you could help by volunteering information for this study. This is purely for academic purpose and your response will be treated with the strictest confidentiality and anonymity. Thank you for your anticipated cooperation.

**Researcher: Eric Yobo**

**Tel: 0243020325**

**Email: [ericcyobo85@yahoo.com](mailto:ericcyobo85@yahoo.com)**

### **INTERVIEW QUESTIONS.**

1. What is NPP's policy on public transportation, particularly the road subsector?
2. Why was MMT created by the Kufuor government?
3. It is argued that governments intervene in public transit provision for political gains?  
What is your view on this assertion?
4. Would you say that the successful introduction of MMT contributed, in any, to the reelection of President John Kufuor in 2004?
5. Would you say that MMT is still serving its mandate for almost a decade of existence?

## **INTERVIEW GUIDE (for the GPRTU)**

### **Introduction**

This interview guide is designed to solicit views on public transportation issues in Ghana. The researcher is a Master of Philosophy (MPhil) student of the University of Ghana. This research is being implemented in partial fulfilment of the requirement for the award of MPhil Political Science Degree.

I would be very grateful if you could help by volunteering information for this study. This is purely for academic purpose and your response will be treated with the strictest confidentiality and anonymity. By emphasis, it must be stated unequivocally that, this study is not conducted for or on behalf of any political party, institution or company neither is it to discredit any institution. It is purely for academic purposes. Thank you for your anticipated cooperation.

**Researcher: Eric Yobo**

**Tel: 0243020325**

Email: [eric-yobo85@yahoo.com](mailto:eric-yobo85@yahoo.com)

### **Interview Questions.**

1. Does the GPRTU receive some subvention from the government?
2. What do you think government can do to support GPRTU to deliver efficient service?
3. Can you identify some challenges MMT operators pose to the GPRTU?
4. Does the MMT enjoy any benefit from the government that GPRTU does not?
5. Would you say that MMT is serving purposes outside its mandate?
6. Could you please describe the relation between the GPRTU and MMT operators?
7. What, in your own opinion, is the rationale behind government decision to establish Metro Mass Transit Ltd.?

## Appendix B: 2000 Presidential Elections Run-off Regional Results

## Greater Accra Region Constituencies

CONSTITUENCY	PARTY	CANDIDATE	VOTES	PERCENTAGE
Ablekuma Central	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>38,922</b>	<b>60.50%</b>
	NDC	John Atta Mills	25,088	39.00%
Ablekuma North	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>36,572</b>	<b>74.10%</b>
	NDC	John Atta Mills	12,608	25.50%
Ablekuma South	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>53,755</b>	<b>63.90%</b>
	NDC	John Atta Mills	30,091	35.80%
Ada	NPP	John Agyekum Kufuor	0	0.00%
	NDC	John Atta Mills	0	0.00%
Ashaiman	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>31,226</b>	<b>54.90%</b>
	NDC	John Atta Mills	25,667	45.10%
Ayawaso Central	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>32,606</b>	<b>63.60%</b>
	NDC	John Atta Mills	18,656	36.40%
Ayawaso East	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>32,248</b>	<b>51.20%</b>
	NDC	John Atta Mills	30,716	48.80%
Ayawaso West Wuogon	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>18,995</b>	<b>64.90%</b>
	NDC	John Atta Mills	10,255	35.10%
Dade Kotopon	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>35,289</b>	<b>60.10%</b>
	NDC	John Atta Mills	23,449	39.90%
Ga North	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>43,662</b>	<b>65.90%</b>
	NDC	John Atta Mills	22,563	34.10%
Ga South	<b>NDC</b>	<b>John Atta Mills</b>	<b>39,116</b>	<b>54.20%</b>
	NPP	John Agyekum Kufuor	33,042	45.80%
Klottey Korle	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>34,420</b>	<b>63.20%</b>
	NDC	John Atta Mills	19,847	36.50%
Kpone Katamanso	<b>NDC</b>	<b>John Atta Mills</b>	<b>5266</b>	<b>54.80%</b>
	NPP	John Agyekum Kufuor	4338	42.20%
Krowor	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>18155</b>	<b>60.90%</b>
	NDC	John Atta Mills	11652	39.10%
Ledzokuku	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>26046</b>	<b>61.70%</b>
	NDC	John Atta Mills	10183	38.30%
Ningo/Prampram	<b>NDC</b>	<b>John Atta Mills</b>	<b>11744</b>	<b>80.20%</b>
	NPP	John Agyekum Kufuor	2903	19.80%
Odododiodio	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>29318</b>	<b>57.50%</b>
	NDC	John Atta Mills	21375	42.00%
Okaikwei North	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>31219</b>	<b>56.60%</b>
	NDC	John Atta Mills	23962	43.40%
Okaikwei South	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>37669</b>	<b>72.30%</b>
	NDC	John Atta Mills	14398	27.70%
Shai Osudoku	<b>NDC</b>	<b>John Atta Mills</b>	<b>12406</b>	<b>70.50%</b>
	NPP	John Agyekum Kufuor	5184	29.50%
Tema East	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>49973</b>	<b>70.80%</b>
	NDC	John Atta Mills	17720	29.20%
Tema West	<b>NPP</b>	<b>John Agyekum Kufuor</b>	<b>28187</b>	<b>72.00%</b>
	NDC	John Atta Mills	10957	28.00%

Source: [http://elections.myjoyonline.com/results\\_region.php?election=3&region=](http://elections.myjoyonline.com/results_region.php?election=3&region=)

**KEYS:** NPP won 

NDC won 

### **Appendix C: The MMT Board of Directors**

The nine-member Board of Directors representing the various the stakeholders of MMT are as follows:

Mr. Antwi Gyamfi (Chairman)	-	Government of Ghana
Mr. Siisi Essuman-Ocran	-	Ministry of Transport
Mr. Yaw Agyeman-Duah	-	Ghana Oil Company
Ms. Lydia Lariba Bawa	-	State Insurance Company
Mr. Kojo Owusu-Tweneboah	-	National Investment Bank
Mr. Robert Karikari- Darko	-	Agricultural Development Bank
Hon. Masoud Baba Abdul Rahman	-	Social Security and National Insurance Trust
Mr. Stephen Sekyere Abankwa	-	Prudential Bank
Mr. Maxwell Awuku	-	Managing Director, MMT

**Source: MMT Limited**

## Appendix D: Political Interference in MMT Appointments.



•Maxwell Awuku

# Metro Mass Boss Sacked

## A business desk report

**MAXWELL AWUKU, Managing Director (MD) of Metro Mass Transit Limited, has been relieved of his duties.**

A directive from the Presidency, which made this known recently, noted that Mr Awuku's tenure of office ends effective 17th June, this year.

A former Chief Executive Officer (CEO) of the Ghana Roads Safety Commission, Noble Appiah has been asked to step into Mr Awuku's shoes and manage the transport company.

No reasons were immediately cited for the sacking of the Metro Mass Transit boss.

Martin Afram, who was deputy MD for the company, has been directed to report to the Transport Ministry for re-assignment.

A statement from the Transport Ministry mentioned John Dzuazah as the newly-appointed deputy MD. His appointment takes effect from June 17, this year.

MMT was incorporated in March 2003 as a limited liability company under the (Companies Code 1963 Act 179) to provide safe, affordable, efficient and reliable movement of commuters within metropolitan and municipal areas.

MMT operates commuter buses in the main corridors of the cities and to the outskirts.

The company is owned by SIC Insurance, National Investment Bank, GOIL Ghana, Agriculture Development Bank, Prudential Bank and SSNIT, which jointly have 55 percent shares while Government of Ghana holds the remaining 45 percent shares.

Commuter buses were formerly used mostly for public transport services in Ghana but the trend has changed since the emergence of private players in the industry, which were assisted by some financial institutions to acquire fleet of buses.

Source: Daily Guide Thursday June 6, 2013 page 8

**Appendix E: MMT fares vis-à-vis GPRTU fares.**

Metro Mass Weekly issue 5

4

**BEST AT LATERBIOKORSHIE**



Best driver at Laterbiokorshie doing what he enjoys

Forty-six year old Mr. Samuel Kpakpo Coffie is the best driver at Laterbiokorshie depot whilst Mr. Samuel Kofi Odei is the best conductor according to the Depot Manageress Miss Felicia Owusu.

Miss Felicia Owusu said "Mr. Samuel K. Coffie is hardworking, decent, devoted and respectful"

She said he is always punctual at work and responds to calls even when he is not on duty for the benefit of the company. He has also not got any accident report and has no disciplinary case."

She said the conductor, Mr. Odei was chosen because he has never made shortage and achieves his revenue target and sometimes makes over the target. "He is also calm and respectful."

I say they are best because " am there with them and the dispatch clerks agree with me." Miss Owusu said

Mr. Coffie has been working with MMT for the past three and half years and has plied all the routes in his depot and currently runs Akim Bomso and Akim Tumfa routes.

In an interview with Mr. Coffie, he said "I always put in my best because of the love I have for MMT." "I know MMT has a bright future and I want to be part of that future when the time comes" he added.

Mr. Coffie said " The money we are being paid is not enough but I know the Metro Mass Transit division of the General Transport, Petroleum and Chemical Workers' Union Ghana, Trades Union Congress (T.U.C) is still negotiating with

management to do something about it"

He said "Our night allowance is GH¢2 which is not enough and it takes a long time before that allowance is given to us."

"In the night we have to sleep in the buses on the small seats and we are only given GH¢ 2 for that sacrifice." he added.

Mr. coffie pleaded with management to give drivers and conductors incentives since it will motivate them to put in their best. Our pay cannot help my colleagues who have three or four children and would have to pay school fees and rent" he said.

Mr. Coffie is happily married to Mrs. Judith Coffie and the couple has been blessed with a boy, their only child.

Mr. Samuel Kofi Odei is

44 years and has been working with MMT for the past three years.

Speaking to the Mr. Samuel Kofi Odei, he said " MMT is here to help the nation and I want to be part of that team."

I also want to look after my family which MMT is helping me do"

He pleaded with inspectors to be calm when talking to them and stop threatening them since they all have one objective which is to help the company grow.

Mr. Odei said he loves the job but the night allowance was not enough so pleaded with management to do something about it.

Mr. Odei is happily married to Mrs. Joyce Odei and they have been blessed with one boy.



Best Conductor at Laterbiokorshie ready to conduct

**MMT AT ITS BEST IN KWAHU**

The Operations of Metro Mass Transit Limited was of immense help to the inhabitants of Kwahu and its environs during the just ended Easter festivities. Passengers who board buses from Accra to Kwahu paid a lower fare compared to the fares charged by GPRTU and the other transport operators.

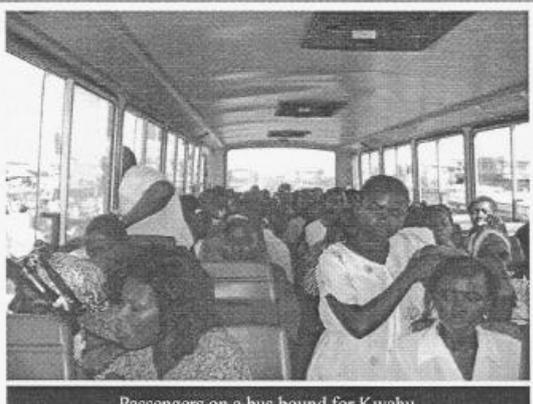
As soon as they realized MMT's patronage had increase, the taxi drivers quickly reduced their fares from GH¢ 2.5 to GH¢1.5 and the trotro

fares were also reduced from GH¢1.5 to GH¢1.00.

The Kwahu project team comprised of the Operations Unit, The Planning Unit, Auditors, Accounts Personnel, MMT drivers and conductors.

With a total of 15 buses out of the targeted 17 buses, the team was able to make an overwhelming excess of about 25% in revenue.

Despite a few set backs, Kwahu was a success. Congrats to all who in their small way made this happen.



Passengers on a bus bound for Kwahu

Source: Metro Mass Weekly Vol. 2 Edition: 006 Friday, Feb 08 - Thursday, March 07, 2008.

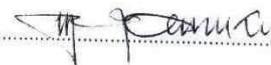
**Appendix F: Audited Profit and Loss Accounts and Balance Sheets of MMT Limited**

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2011

		2011 GH¢	2010 GH¢
Operating Income	4	81,600,124	61,838,871
Operating Expense	5	<u>(61,298,803)</u>	<u>(42,496,845)</u>
<b>Gross Operating Profit</b>		20,301,321	19,342,026
General and Administrative Expenses	6	<u>(11,811,443)</u>	<u>(9,798,916)</u>
Operating Profit		8,489,878	9,543,110
Other Income	7	<u>3,226,110</u>	<u>5,131,029</u>
<b>Profit Before Interest &amp; Taxation</b>		11,715,988	14,674,139
Bank Charges & Interest		<u>(260,732)</u>	<u>(108,307)</u>
<b>Profit Before Taxation</b>		11,455,256	14,565,832
Taxation	8a	<u>-</u>	<u>-</u>
<b>Profit After Taxation</b> (Transferred to Income Surplus Account)		<u><u>11,455,256</u></u>	<u><u>14,565,832</u></u>

STATEMENT OF FINANCIAL POSITION  
AS AT 31ST DECEMBER, 2011

	Note	2011 GH¢	2010 GH¢
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	9	130,086,658	121,905,906
Intangible Asset	10	71,249	-
<b>CURRENT ASSETS</b>			
Inventories	11	9,422,805	6,456,055
Receivables	12	16,301,536	873,639
Fixed Deposits		18,517,525	26,548,554
Taxation	8a	221,602	102,167
Cash & Bank Balances	13	2,034,054	2,636,396
		<u>46,497,522</u>	<u>36,616,811</u>
<b>TOTAL ASSETS</b>		<b><u>176,655,429</u></b>	<b><u>158,522,717</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated Capital	16	5,298,415	1,000
Income Surplus		37,854,649	26,399,393
Capital Surplus	17	7,663,164	7,663,164
Shareholders Contributions	18	132,198	5,429,613
		<u>50,948,426</u>	<u>39,493,170</u>
<b>LONG TERM LIABILITIES</b>			
Deferred Income (Grant)	15	121,770,343	116,887,359
<b>CURRENT LIABILITIES</b>			
Payables	14	3,151,612	1,843,961
Overdraft		767,048	258,427
Deferred Income (Rent & Advert)	15	18,000	39,800
		<u>3,936,660</u>	<u>2,142,188</u>
		<b><u>176,655,429</u></b>	<b><u>158,522,717</u></b>

  
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**METRO MASS TRANSIT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2009**

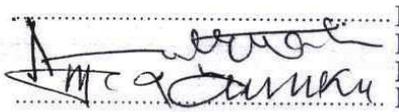
		2009 GH¢	2008 GH¢
Operating Income	Note 3	48,609,755	39,094,370
Operating Expense	4	<u>(32,134,463)</u>	<u>(26,620,147)</u>
Gross Operating Profit/(Loss)		16,475,292	12,474,223
General and Administrative Expenses	5	<u>(6,631,735)</u>	<u>(4,410,815)</u>
Operating Profit/(Loss)		9,843,557	8,063,408
Other Income	6	<u>3,966,555</u>	<u>880,167</u>
<b>Profit/(Loss) Before Interest &amp; Taxation</b>		<b>13,810,112</b>	<b>8,943,575</b>
Bank Charges & Interest		<u>(77,082)</u>	<u>(1,490)</u>
<b>Profit Before Taxation</b>		<b>13,733,030</b>	<b>8,888,085</b>
Taxation	7	<u>-</u>	<u>-</u>
<b>Profit After Taxation</b> (Transferred to Income Surplus Account)		<b><u>13,733,030</u></b>	<b><u>8,888,085</u></b>

**INCOME SURPLUS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2009**

		2009 GH¢	2008 GH¢
Balance at 1st January		(1,630,690)	(10,518,775)
Profit for the Year (Transferred from Profit and Loss Account)		<u>13,733,030</u>	<u>8,888,085</u>
Balance at 31st December		<b><u>12,102,340</u></b>	<b><u>(1,630,690)</u></b>

**METRO MASS TRANSIT LIMITED**  
BALANCE SHEET AT 31ST DECEMBER, 2009

	Note	2009 GH¢	2008 GH¢
<b>FIXED ASSETS</b>	8	111,295,295	95,311,446
<b>CURRENT ASSETS</b>			
Stock	9	5,110,507	4,433,568
Debtors	10	195,006	138,848
Fixed Deposits		16,902,647	2,037,722
Taxation	7	24,199	11,203
Cash & Bank Balances	11	<u>1,552,964</u>	<u>8,140,749</u>
		<u>23,785,323</u>	<u>14,762,090</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft		254,770	40,046
Creditors	12	<u>731,411</u>	<u>3,684,555</u>
		<u>986,181</u>	<u>3,724,601</u>
<b>NET CURRENT ASSETS</b>		22,799,142	11,037,489
Deferred Income	13	<u>(108,898,320)</u>	<u>(94,885,849)</u>
<b>NET ASSETS</b>		<u>25,196,117</u>	<u>11,463,086</u>
<b>FINANCED BY:</b>			
Stated Capital	14	1,000	1,000
Income Surplus		12,102,340	(1,630,690)
Capital Surplus	15	7,663,164	7,663,164
Shareholders Contribution	16	<u>5,429,613</u>	<u>5,429,613</u>
		<u>25,196,117</u>	<u>11,463,086</u>

  
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