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Research Article

State Intervention In Public Transportation In Ghana

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ABSTRACT

This paper examines state involvement in Ghana's public transport delivery. It mainly explores the rationale for the creation of the Metro Mass Transit (MMT) system as a state-backed transit organization despite the Ghanaian Government's chequered history in the transit industry. The empirical basis of this paper is both primary and secondary data with inclination toward qualitative methodologies. Findings indicate that state intervention in Ghana's mass transit provision have been one of addressing various types of market failures. The paper also demonstrates how the Government was, inter alia, politically motivated to set up the MMT as a single dominant public transit company in Ghana to enjoy state patronage. Though the paper reveals political interference in MMT's operations, the public transit continues to register significant strides in alleviating transit problems encountered by both urban and rural commuters. The paper concludes that state-led transit investment which is closely-tied with private capital promotes efficient transit systems that are socially equitable, ecologically friendly and economically sustainable..

Toplu Taşımada Kamu Müdahalesi: Gana Örneği

Anahtar Sözcükler :

Ulaştırma

Kamu Müdahalesi

Gana

ÖZ

Bu çalışmada, Gana'nın toplu taşıma sisteminde kamu katılımı incelenmektedir. Gana Hükümeti'nin taşıma sektöründeki inişli çıkışlı geçmişine rağmen, devlet destekli bir kuruluş olan Metro Toplu Taşıma (MMT) sisteminin oluşturulmasının gerekçesi araştırılmıştır. Bu makalenin ampirik temeli, kalitatif metodolojilerden hem birincil hem de ikincil verilere dayanmaktadır. Bulgular, Gana'nın toplu taşıma imkânlarına dönük kamu müdahalesinin çeşitli başarısızlıklar yaşadığını göstermiştir. Ayrıca Gana Hükümeti'nin, kamu himayesini sürdürebilmek için tekel bir toplu taşıma şirketi olarak MMT'yi kurmak için politik olarak nasıl hareket ettikleri de açıklanmıştır. Makalede, MMT'nin operasyonlarındaki politik etkileşim açıklanmaya çalışılmış ve kentsel ve kırsal yolcuların karşılaştıkları transit sorunları hafifletmek için toplu taşımanın önemli adımlar kaydettiği de belirtilmiştir. Çalışmada, özel sermaye ile sıkı sıkıya bağlı olan kamu kaynaklı transit yatırımın, sosyal olarak eşit, ekolojik ve ekonomik açıdan sürdürülebilir verimli geçiş sistemlerini desteklediği sonucuna varılmıştır.

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1. Introduction

Public transportation is indispensable to socio-economic development of countries. It serves as a key component in addressing mass poverty while ensuring adequate access to public services (Mbara, 2002; Gbadamosi, 2010). Mbara (2002) noted 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. A well-organized transit system is a prerequisite for industrialists, manufacturers and consumers to effectively participate in the economic process. Thus, governments across the globe continue to develop and maintain state mass transit systems in spite of evidence of states' chequered history in transit provision, the world over (ECMT, 2004).

In Ghana, successive governments have intervened in the transport market through ventures such as the State Transport Corporation (STC), the Omnibus Service Authority (OSA), and the City Express Services (CES), among others, to address public transport needs in the country. Nevertheless, the objective of the Government to maintain these state-owned bus transits ruined owing to the usual pitfalls of state ownership. This compelled the Provisional National Defence Council junta to privatize STC and CES and to liquidate OSA in the 1990's. Thus, almost all publicly owned and managed public transit in Ghana had ceased to exist during the late 1990's (Trans-Africa, 2010; Yobo et al., 2015). By default, due to the state's disinclination towards transit provision, the public transport industry in Ghana was deregulated. Behind Government's decision was the abysmal performance of the state transit agencies, coupled with the Government's pursuit of structural adjustment program around the 1990s. Public transport services were mainly replaced by private sector provision of paratransit, serving almost 95% of all public transport needs in Ghana, often using shared taxis and minibuses. Nevertheless, the dominance of these services retards economic growth and reduces the quality of life for commuters as the large number of vehicles required to meet demand causes congestion and parking issues and, ultimately, citizens suffer high levels of pollution and low levels of transit safety (Trans-Africa, 2010; IBIS, 2005).

In view of the above backdrop, the Government of Ghana (GoG) in 2003 sponsored the establishment of yet another version of state bus transit, conditioned on large government subsidies to assist the urban poor and working class to access efficient transit. The new bus transit system – Metro Mass Transit (MMT) Limited – is organized as a quasi-government operator of larger buses (Yobo et al., 2015). The MMT provides urban mass bus services, which is 'usually unscheduled and often, on demand-responsive routes, filling gaps in informal transit provision' (Poku-Boansi and Adarkwa, 2011: 29). Considering the pitiful history of state bus transit agencies in Ghana, the contemporary formation of the MMT, as a state-backed transit, remains cynical. Hence, this paper investigates the state's incessant interest in mass transit provision despite prior evidence of state's poor performance in the Ghanaian transit industry.

In doing this study, the empirical basis is both primary and secondary data. Primary data was obtained from key informants drawn from Ghana's Ministry of Transport, the MMT Limited, Private Transport Unions, and the National Road Safety

Commission. Altogether, twenty-five (25) key informants were purposively sampled and interviewed with the aid of an interview guide. The choice of the key informants were based on their professional expertise and civic roles in Ghana's public transport industry. The interview responses were analysed qualitatively based on themes. In the subsequent section, this paper discusses the theoretical framework, literature review and the history of state involvement in mass transportation in Ghana. This is followed by the justifications for state's sponsorship of MMT's formation, the extent of state intervention in the MMT, and a concluding remark interspersed with policy recommendations.

2. Theoretical framework: State Capitalism

This study uses State Capitalism as a theoretical framework. State capitalism broadly refers to an economic and political system in which the state undertakes commercial economic activity, with management and organization of the means of production in a capitalist manner. Alternatively, state capitalism refers to a partnership of government and big companies in which the state intervenes on behalf of large capitalists against the interests of consumers (Grinder and Hagel, 1977; Morales and Sachs, 1990, Bremmer, 2010; Musacchio and Lazzarini, 2012). 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: 3). 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: 4-5) labels the state capitalism model 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 view of Bremmer (2010), the state invests in strategic sectors like transportation, inter alia, to create more accessibility to job opportunities and also to maximize profit for the state. Nonetheless, the ultimate aim of such state's investment decisions is politically motivated rather than sheer economic objectives. China and Russia are described as the leading adherents of the state-directed capitalism in the 21st century. The Chinese Government, for instance, controls shares in almost all major companies in China. The AVIC Empire (aircraft), Huawei (telecommunication), Lenovo, and China's Ocean Shipping Company (transportation) are among such state-favored firms (Bremmer, 2009; Musacchio and Lazzarini, 2012). In Russia, the state retains golden shares in over thousand firms. Bremmer (2009: 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 Brazil and India, for instance, are openly acquiring participatory shares in many large-scale companies and creating national champions (Musacchio and Lazzarini, 2012). The state capitalist economy is thus characterized by the dominance of state-owned business enterprises, as well as privately owned but government-favored national champions. Despite the strong postive impact of state capitalism model on public sector worldwide, particularly in China and Russia, it has not escaped its fair share of scholarly criticisms. Critics argue that state capitalism-inspired reforms engender excessive state intervention in an economy as result of 'injection of politics' (Bremmer, 2009: 2) into pure economic decision-making. This often results in high levels of inefficiency, cronyism and corruption – which are more likely to impede socio-economic growth.

Notwithstanding the criticisms levelled against the state capitalism model, there is no much doubt that the model is apposite for this study. The model stresses on the basic role of the state; provision of public services, whilst synchronously conceding the merits associated with private sector management of means of production. Ideally, 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 upholds the formation of MMT Limited as a joint state-private enterprise to enjoy state patronage and 'substantial competitive advantages over their private-sector rivals' in the Ghanaian public transit industry (Bremmer, 2009: 6).

3. Literature Review

According to Docherty et al. (2004), the management of mobility has always been pivotal to transport policies and any understanding of how and why the state intervenes in transport markets must begin from this perspective. Ubbels and Nijkamp (2002) and Sundeen and Reed (2006) uphold public finance as a main source of funding various modes of transportation. Governments function as transport policymaker by formulating policies, backing such policies with appropriate legislations and voting money to fund such public policies. Regarding the role of the state as economic regulator of public transportation, studies have focused on government as regulator of market power (Ogus, 1994; Kverndokk & Rosendahl, 2010) and; regulator of prices (Cervero, 1990; Deakin and Harvey, 1996, Purcher et al. 2004). Pucher et al. (2004) opined that fares are often kept low by public authorities, and do not essentially reflect the real costs, in order to meet the needs of low-income earners. Pucher et al. (2004) further note that, with significant portion of India's urban population living in poverty, government is compelled to keep its transit fares extremely low. Deakin and Harvey (1996) discussed state's role as regulator of prices by focusing on the effectiveness of transportation pricing measures. Their study concludes that properly designed and implemented transport pricing measures could effectively reduce congestion, pollutant emission, energy consumption, while increasing public revenue (Deakin & Harvey, 1996).

Docherty et al. (2004), in their State Intervention in Contemporary Transport, argued that state intervention in transportation has always been one of addressing market failures. AFD and MEEDDM (2009) report corroborates Docherty et al. (2004) that unregulated market provision of transport services usually falls short of society's demand. It is also not uncommon for transport operators, whether publicly or privately owned, to find their operations in fiscal crisis and resort to government for bail out. Docherty et al. (2004) argued further while dissenting with Winston (2000) that, state intervention in mass transportation is justifiable by the high cost of developing transport infrastructures which constitute significant capital investments that are relatively unattractive to the private sector. The state typically accepts such responsibility as part of its solemn obligation to deliver satisfactory public services to citizenry. Such state interventionism in transportation avoids wasteful competition and needless duplication of assets such as 'separately owned parallel railway lines' (Docherty et al., 2004: 259).

Other argument in favor of state intervention in mass transportation is firmly rooted in social equity theories (Litman, 2002; Lucas, 2006; Cervero, 2011). Social equity often requires subventions for disadvantaged people such as low income earners, elderly and the infirm (Litman, 2002). In the view of Cervero (2011), mass transit is a form of social investment. It serves as instrument of social policy to guarantee decent living for citizenry. Cervero (2011), hence, 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 mass transportation to ensure adequate access to jobs, healthcare, education, and other public services for the vulnerable and mobility deprived, who are usually mass transit dependent (Cervero, 2011).

Akin to the social justification for state's involvement in mass transportation is a position coherently advocated by Bullard (2003), Dombroski (2005) and Cervero (2011). In his study, Dombroski (2005) made a strong case for a 'de facto right' to transportation. He vehemently argued that the right to mobility and freedom of movement is a basic entitlement and must be guaranteed. Dombroski (2005) thus argued for greater public support for the development of mass transportation systems as a means of alleviating the severe immobility the urban masses endure on daily basis. To Cervero (2011), such arguments are deep-seated in the notion that mobility is a basic human need – not unlike healthcare, potable water or sanitation. Transportation equity is therefore consistent with the objectives of the broader civil rights movement (Bullard, 2003).

The works of Marsden and Rye (2010), Lucas (2006), IEA (2005) highlight 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 is reflected in the words of Cervero (2011: 4); mass transit 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 and MEEDDM (2009) also advocate for public support for transit systems which are 'both energy-saving and low in greenhouse gas emissions, while being widely accessible and occupying little space'. In their study on transport policy effectiveness, Diana and Daraio (2010) succinctly conclude that promotion of social equality, reduction of environmental impacts and, land use planning often constitute the primary motives for state intervention in mass transportation.

4. History of State Involvement in Transport Development in Ghana

Modern public transportation system in Ghana dates back to 1898 when the first rail line was built for the exploitation of natural resources by the colonialist. In an attempt to expand and improve public transportation, the nation pursued socialist-oriented policies and this path for development saw the formation of various state-owned transport enterprises including the STC, OSA, CES and lately MMT (Yobo, 2014). The STC was the first formal transit agency created by the colonialist in 1909 to cater for the transport needs of the colonial administration. Through a Legislative Instrument, the STC was corporatized to run commercial passenger services in March 1965; and by January 1968, a haulage division was created to operate alongside the passenger division. The STC was mandated to profitably provide safe and reliable inter-city bus transit and allied services, principally between regional capitals, but also served other major cities in neighbouring Economic Community of West African States (Fouracre et al., 1994). The STC was later incorporated, in June 1995, as a limited liability company; yet due to operational inefficiencies, the company was put on a divestiture program in 1996, as part of Ghana's overall Economic Recovery Program. But until four years later, the state was unable to find any suitable buyer resulting in further decline of STC's assets. The company's asset was effectively divested to Vanef Consortium in June 2000 by the National Democratic Congress (NDC) government; and thus reorganized under a new name – Vanef STC. During this era, GoG retained shares in Vanef STC, whereas the Vanef Consortium owned majority stake (IBIS, 2005). Subsequent to the change of government in 2001 which ushered the New Patriotic Party (NPP) in power, the legal ownership of the transit company was reverted to the state and became known as Intercity STC 'as the divestiture process was found to be fraudulent' (Afful, 2011: 3).

Prior to 1969, almost all municipal councils in Ghana operated urban bus services. The OSA was formally constituted in 1969 under the then Ministry of Local Government to deliver services formerly provided by the municipal councils and regulate the public transit industry (Fouracre et al. 1994). In 1972, the National Redemption Council which ousted the National Liberation Council junta 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. A separate licensing authority was created to be responsible for the licensing of all vehicles intended for use under the omnibus sector. The licensing authority determined, inter alia, transport fares, the types of bus to operate on particular routes as well as parking places of buses (IBIS, 2005). The OSA was however retained with the sole objective of bus service delivery in its specified areas. This body was later transformed into OSA Transport Limited under legislation covering commercialization of parastatals. OSA operated mainly nationwide urban services and contributed a lot to the Ghanaian society in terms of public transportation. It enjoyed a lot of unfair competitive advantage, tax incentives and other operating subsidies; nevertheless OSA was unable to survive the harsh environmental and fiscal realities in the industry. The asset of OSA was finally liquidated in the 1990s after a long period of neglect (Fouracre et al., 1994; IBIS, 2005). Likewise, Ghana's CES which was formed in 1981 as a special urban transport department within the then Ministry of Transport and Communications suffered similar fate like the OSA. Fouracre et al. (1994), however, maintained that unlike the OSA, the CES made inconsequential contribution to urban transportation in Ghana and was successively privatized in 2000 due to operational inefficiency. Fouracre et al. (1994) put the urban mileage for CES in January 1992 at less than 10% of total. Following the privatization of the CES, all state-managed bus transit undertakings in Ghana ceased to exist until 2002 when the NPP government initiated the new Metro Mass Transit model.

5. The Metro Mass Transit (MMT) System

The MMT is a brainchild of former President John Kufuor who stressed the need to reintroduce an efficient mass transit in the cities of Ghana during his inaugural speech on 7 January 2001. In fulfilment of this policy statement, the then Ministry of Roads and Transport created a Mass Transit Service on pilot basis in Accra in October 2002 with 17 second-hand Fiat-Iveco buses donated by the Italian Government. After a successful operation of the pilot project, the Ministry in collaboration with the Social Security and National Insurance Trust (SSNIT), the National Investment Bank (NIB), the State Insurance Company (SIC) and the Prudential Bank Limited (PBL) incorporated MMT in March 2003 as a limited liability company under the Companies Code, Act 179 of 1963 to operate mass transit services. The Agricultural Development Bank (ADB) and the Ghana Oil Company Limited (GOIL) have subsequently taken up shares in the company after its incorporation. The MMT, as presently constituted, is a joint state-private commercial undertaking with the GoG holding 45% of the equity. The six private investors, altogether, own 55% equity stake of MMT. The Government's 45% equity subscription was through the transfer of the physical assets of the defunct state-owned OSA Transport Limited (IBIS, 2005). Figure 1 and Table 1 respectively illustrate the shareholdings in MMT Limited.

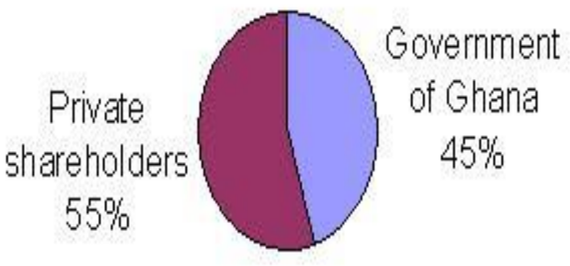

Figure 1. MMT Shares [MMT Limited, 2016]

Table 1. List of Shareholdings [MMT Limited, 2016]

Shareholders	**Equity share (%)**
Government of Ghana	45.00
Agriculture Development Bank	16.67
SSNIT	11.50
National Investment Bank	9.33
GOIL	7.50
State Insurance Company	5.83
Prudential Bank Limited	1.67
In treasury	2.50
TOTAL	100

The MMT operates on 423 routes nationwide with a fleet size of 1,781. Though MMT was originally mandated to provide nationwide intra-city services, the management of MMT introduced other services to complement the intra-city operations. This became imperative as an attempt to salvage the MMT from operational ineffectiveness. Stiff competition mainly from private operators, traffic congestion and non-provision of operating subsidies has been identified as the main impetus for the mandate shift. Owing to the challenges noted supra, the MMT reduced its intra-city services to focus on 'lucrative' services such as contract bussing and intercity services. Nevertheless, three main services form the crux of MMT's operations; intra-city, urban-rural and intercity bus services. In the subsequent section, this paper proffers the justifications for state's sponsorship of MMT's formation as a single dominant public transit company in Ghana.

6. Justifications for the Formation of the MMT

6.1. The Urban Transport Sector Conditions

Hitherto MMT's formation, the private sector provision of paratransit distressingly fell short of public demand, both in terms of quantity and quality. The Ghanaian public transit industry was oversupplied by the use of over-aged low service-capacity vehicles, mainly taxis and minibuses. The influx of these smaller vehicles for purposes of public transportation is partly attributed to the minimal entry regulation for operating public transport in the country. This mode of transport carried but few passengers at a time. Nevertheless, in most cases, operators blatantly flouted traffic regulations by overloading vehicles with (desperate) commuters. As a result of the general deficiencies 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 (CBDs) across the country. More passengers chased the far few existing public transports, with some unscrupulous bus operators exploiting the situation to charge exorbitant fares.

Moreover, owing to the usage of obsolete vehicles for purposes of public transportation, coupled with lack of maintenance culture, the safety of commuters was compromised. Most of these vehicles frequently broke down in the middle of journeys. This was undoubtedly a major cause of journey discomfort for commuters. Similarly, the long queues at various passenger terminals, mostly in the cities of Accra and Kumasi, signalled that the private sector provision of paratransit could not utterly satisfy the rising needs of the commuting public. A boost, perhaps, from the government was requisite to meet public transit needs. To reinforce the researcher's abstraction of the potential influence of the deficiencies of the then urban passenger transport sector on the introduction of MMT, a transport expert at the Ministry of Transport opined:

> The existing bus operators were unable to meet the total demands of the commuting masses. Therefore, Government decided to set up a company known as the Metro Mass Transit in conjunction with some private investors to provide the support system. It was also realized that the kind of buses these private operators mainly used also contributed to the congestion situation and pollution in the cities. The government therefore decided to bring in larger buses as way of curbing congestion and journey delays (Interview data, 2016).

The NPP Government's decision to intervene in transit provision was therefore informed by its intense desire to remedy the market failures perpetuated by private sector provision of paratransits, following the collapse of the two main state mass transits – OSA and CES. The gross deficiencies which typified the Ghanaian urban transit industry provoked the political will of the ruling elites to reform the transit sector by creating the MMT as a reliable and efficient transit system.

6.2. Socio-economic Objectives

As Cervero (2011) argued, the state has as a social obligation to enhance mobility of its citizens to ensure access to economic vitality and basic social services. On this premise, the NPP government which assumed power in 2001 promoted the creation of MMT. The formation of MMT significantly corresponded to the NPP's 2000 campaign platform of job and wealth creation. Not only was MMT designed to offer jobs to jobless drivers and workshop artisans, but also had an overarching merit of improving general access to job opportunities and markets nationwide. On account of the construction of the buses in Kumasi (Ghana's second largest city), several indirect jobs were projected in the manufacturing sector. As of November 2016, the MMT engaged over 4,780 persons as direct staff and additional 500 persons as indirect employees via outsourcing. Certainly, the Ghanaian Government's strong commitment to alleviate unemployment by creating transport related jobs inspired the formation of the MMT. This finding validates the tenet of state capitalism model as Bremmer (2010: 4) argued that the goal of state intervention is often 'to create and maintain large numbers of jobs'. It further supports the Smart Growth America (2011) report, which estimates a positive correlation between governments' transportation expenditure and job creation.

Also, the NPP Government's assumption of power in 2001 coincided with frequent increases in world market price of crude. This phenomenon compelled the Kufuor led-administration to reluctantly raise the consumer prices of fuel by 20% contrary to campaign pledge of downward review. This was quite uneasy for the new administration because, in the run-up to the 2000 elections, then candidate John 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, in the re-dominated cedi) was too expensive. The fuel price upsurge 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 countless political clamour of it. The creation of an affordable mass transit provider, like MMT, was hence desirable to cushion commuters against the impact of the fuel price increase on family budget. The MMT was 'designed to provide affordable transit to epitomize the Kufuor-led NPP administration's empathy for commuters amidst the frequent fuel price escalations and its resultant transit fare hikes ...and it's popularly tagged "Kufuor bus" even till date' (Interview, a director at the Ministry of Transport, 2016).

6.3. Conservationism

The need to economize on Ghana's consumption of imported fuel, coupled with the Ghanaian Government's desire to promote environmentally sustainable transportation, stimulated the introduction of MMT in the cities of Ghana. In term of energy consumption, the dominant use of small capacity vehicles for public transport put enormous strain 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. The formation of MMT, as operator of 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 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 (IEA, 2005). The introduction of high occupancy buses such as MMT model, which are ecologically friendly and energy efficient, was required to supplant the use of over-aged vehicles as a means of reducing road transport emissions.

6.4. Political Objectives

Strikingly, the conception of the MMT system by President John Kufuor and getting it pushed onto the agenda setting was politically driven. Deducing from the electoral politics preceding the formation of MMT, coupled with the famous campaign pledge of John Kufuor to reintroduce an affordable mass transit system to alleviate the plight of urban commuters; it is argued that 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 Kufuor and his NPP, in terms of vote count. These urban dwellers were mostly public servants and market women who had to queue for long hours to access paratransit to and from CBDs. Second, it was directed to garner popular urban voters' support in the ensuing election scheduled 7 December 2004, which John Kufuor was seeking re-election. Unsurprisingly, the MMT was formed in the heat of the electioneering season.

Beyond the influence of the electoral politics, the Ghana Private Road Transport Union (GPRTU) which was then controlling the supply of urban transport was stereotyped as crony of the outgoing NDC Government and potentially antagonistic to the new (NPP) administration. The creation of a potential counterbalance to the power of the GPRTU thus became politically expedient to guarantee transport security under the circumstance. 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 a counterbalance 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).

7. State Intervention in MMT Limited

7.1. Corporate Governance of the MMT

Though the MMT has a board of nine directors, only two are nominated directly by the GoG to represent its interest. The other shareholders are represented by a director each. The composition is expected to insulate the Board from undue governmental control and expose MMT to private sector disciplines. Though government wields no absolute control over MMT's Board as presently constituted, the private investors do not appear to have the same organizational capacity, status and resources to participate on an equal footing with the government. The purported private-sector partners are in fact closely tied to the Government and thus susceptible to its pressures. Except Prudential bank which is thoroughly private sector organization, the rest are all parastatals. Though apathetic that MMT supports Government's poverty reduction strategies at the expense of profit maximization, the private shareholders lack a strong voice to object due to three main reasons. First, the Government by means of share ownership and dominance over the 'parastatal partners' controls and directs investment in MMT. Second, since the private investors subscribed their respective shareholdings, none has ever made further contribution yet GoG recurrently underwrites new buses despite its initial 45% equity subscription. Third, the businesses of each shareholder, one way or the other, benefit from MMT's operations. While the MMT purchases all its petroleum products from GOIL, the SIC is the only insurer for MMT's fleet. Similarly, PBL and ADB are the bankers of MMT, whereas SSNIT provides pension scheme for all employees of MMT Limited. This situation is somewhat tantamount to cronyism.

Moreover, political leadership indirectly interferes in the personnel administration of MMT, in terms of hiring and firing top administrative officials. For instance, the first Managing Director of MMT, Henk Visschers, was seconded from the Netherlands at the instance of the GoG. Again, the directive from the presidency to dismiss Maxwell Awuku (a former Managing Director) and his deputy to be replaced by 'government appointees' without recourse to MMT board are clear cases of political interference. These unilateral actions by the Government fairly contravene the provisions outlined in the partnership deed of the shareholders. Thus, there appears to be restrictions on the freedom of MMT's Board to appoint management team. The Government seemingly wields the power to hire and fire at will in the MMT.

7.2. State Patronage

The MMT enjoys privileged access to considerable state subventions which are unavailable to private transport operators. These subventions include deferred payment on import taxes and regular fleet supply by the GoG. Successive Governments have recurrently procured several high occupancy buses to augment MMT's fleet since its inception in 2003. In 2004 for instance, the Government made a deposit of GH₵ 18.77 billion for 250 buses, while GH₵ 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, again benefited from an allocation of GH₵

112 billion for the importation of buses to augment its fleet (MoFEP, 2006). Similarly, in furtherance of 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 to support MMT's operations (MoFEP, 2007). Except 2012 when MMT's management, out of internally generated fund, procured 150 TATA and Ashok Leyland buses at cost of US$ 11 million, all other buses of MMT since its inception have been financed by the state. With MMT's accumulated fleet of 1,781 buses; this indicates that some 1,481 buses of MMT's fleet have been financed by GoG, mostly under concessionary financing agreements. As a necessary prerequisite for the concessionary fleet financing agreement, MMT is required to implement best management practices from entrepreneurship and private sector in public service delivery to maximize profit; and ultimately to avoid the danger of absolute state ownership.

The MMT is also granted special dispensation (by the Ministry of Finance) to pay import taxes on all buses, spare parts and non-consumable equipment imported for use by the company at a later date. This concession is a significant subsidy for the MMT yet its repayment plan has routinely been defaulted since 2005. State authorities have also compromised on MMT's repayment terms of such taxes, resulting in a seemingly tax evasion. Howbeit, the MMT's management has formally applied for waiver of such taxes through the Ministry of Transport, which is pending parliamentary approval. The total accumulated import taxes of MMT due the state as at 2013 amounted to GH₵ 26,206,352.38 as evident in Table 2.

Table 2. MMT's Accumulated Import Taxes [MMT Limited, 2016]

YEAR	IMPORT TAX GH₵		ANNUAL IMPORT TAX GH₵
	Buses	Spare Parts	
2005	1,183, 943.57	-	1,183, 943.57
2006	844,032.45	-	844,032.45
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
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	-	317,446.71	317,446.71
TOTAL	23,984,028.66	2,222,323.72	26,206,352.38

Altogether, these concessions (bus grants and tax exemptions) constitute substantial subsidies for the MMT as no private transit operator in Ghana enjoy such patronage. The MMT has thus been constituted as a favored national transit to enjoy considerable state support in the transport industry in conformity with the ideals of state capitalism model (Musacchio and Lazzarini 2012). This study corroborates IBIS (2005: 12) report when it asserts that the MMT 'appears to be operating as though entitled to the powers granted to the defunct OSA Transport'; an element of path-dependency. The defunct OSA enjoyed a lot of operating subsidies including exemptions from import, sales and income taxes. This study also corroborates earlier studies by Bremmer (2010) when he discussed 'national champion'. National champions, according to Bremmer (2010), are companies that remain in private ownership or management but rely heavily on state patronage to enjoy competitive advantage over other private sector competitors; a privileged situation MMT finds itself.

7.3. Social Interventions

The political desire to aid certain population categories, such as pupils and the urban poor, to access transport service often results in political interference in the MMT. As part of government's poverty reduction strategies, MMT is required to implement low fares policy notwithstanding rising operating costs. The MMT thus charges recovery fares; moderately lower (averagely 20%) than the market price, on all available routes. The cost of this pro-poor policy (measured as the difference between the MMT's subsidized fare and the minimum economic fares in the industry) for the year 2012 alone amounted to GH₵ 27,605,568.45, bringing the cumulative cost to GH₵ 125,436,510.19 since 2006. Congruently, revenue loss due to subsidised fares between 2006 and 2012 is estimated at GH₵ 125,436,510.19 (Source: MMT Limited). This subsidised service is borne by the state in order to stabilize transport fares in the country. Consequently, the private operators, particularly the GPRTU, perceive MMT as a threat to their existence as it influences the market by dictating their pricing strategies and operational routes.

> … fares charged by Metro Mass Transit does not reflect the real cost of transport service. But because of government subsidies, they (MMT) are able to keep fares artificially low. Hey, with government patronage you can achieve a lot! Our challenge is that it compels us to reduce our tariffs. But this is seriously affecting our business since the fares we charge don't compensate our operational cost (Field interview with GPRTU Chairman, 2016).

From the foregoing discussion, the state subtly employs MMT in the regulation public transport fares in the country. The state achieves that by discriminatorily supporting the operations of MMT to charge lower fares which in turn impels the private transport operators to reduce their fares. Though this adversely affects the profit margin of the private operators, Bremmer (2010) notes that under state-directed capitalism such challenge is ubiquitous; others suffer when government favors one lot of companies.

Also, the Ghanaian Government engineered the implementation of the Free Bus Ride for School Children (FBRSC) policy of MMT with aim to relieve parents of the cost of transportation on pupils, and more importantly to promote school attendance. This is to augment Ghana's Free Compulsory Universal Basic Education policy which was launched in 1996. Since the inauguration of the FBRSC on 29 January 2006, the MMT has offered over 20 million schoolchildren free services to and from schools on their respective corridors. The cost of providing free ride to schoolchildren constitutes a huge financial burden and revenue loss to the MMT. The MMT estimates the total revenue loss due to FBRSC since 2006 at GH₵ 1,120,156.23. The FBRSC policy thus lacks popular managerial support owing to its undue fiscal burden, coupled with Government's renege on reimbursement of the cost of the program. Nevertheless, for political reasons, the Government incessantly advocates increase in free ridership for pupils. Per its certificate of incorporation as a limited liability company, the MMT is expected to operate independently of governmental control and make profit for its owners. However, owing to ample state involvement, the MMT every so often extends services to distress communities at the instances of the Government. The NPP administration in 2008 made such request upon MMT's management to increase its presence in the three northern regions of Ghana to alleviate the plight of northern commuters. To meet the Government's demand, on 1 February 2008, 40 TATA buses and 40 VDL Jonckheere buses were procured for the MMT with public funding under a concessionary loan agreement with the Dutch Government. Consequently, eleven new routes were opened in those regions. Likewise, in 2011, the then Vice President, John Mahama, made a call on MMT Limited to extend services to some peri-urban Accra, when he inaugurated 50 new VDL Jonckheere buses to augment MMT's fleet.

7.4. Parliamentary Oversights

Through parliamentary questioning, the minister responsible for road transport is made to answer queries relating to MMT's operations. In 2005 for instance, a former Deputy Minister for Transport, Magnus Opare Asamoah, answered a parliamentary question that stood in the name of the Member of Parliament (MP) for Ahanta West, Samuel Johnfia. The Ahanta West MP sought to know from the Minister if Parliament could be furnished with data on the regional distribution of MMT buses. Other parliamentary questions which have been answered revolve around the issue of MMT's ownership. Legislative oversights on the activities of MMT check managers to exhibit high sense of professionalism in managing the public transit. This transcends mere public accountability to ensure maximising state's profit. The MMT is required by law to submit annual audited financial report to its shareholders which include the GoG. Owing to Government's equity stake in MMT, coupled with public budgetary allocations for MMT, the Public Account Committee of Parliament oversees MMT's performance. Analysis of financial statements of MMT Limited shows that there was 31% growth in operating revenue from the 2010 figure of GH₵ 61,838,871.00 to GH₵ 81,600,124. This growth in revenue was 4% higher than 27% growth recorded in 2010 against the 2009 revenue of GH₵ 48,609.755. Operating expense of GH₵ 61,298,803 showed an increase of 44.2% relative to the 2010 figure of GH₵ 42,496,845. The above revenue and cost, after treating administrative expenses of GH₵ 11,811,443 and other income of GH₵ 3,226,110 resulted in a net profit before tax of GH₵ 11,455,256 against the previous year (2010) profit of GH₵ 14,565,832. Though 2011 profit declined marginally, the accumulated total assets of MMT increased from GH₵ 158,522,717 in 2010 to GH₵ 176,655,429 in 2011. MMT's balance sheet reveals that the state giant is not just providing public services but also growing huge pool of capital for the state.

8. Conclusion

State intervention in Ghana's public transportation has been seen as one of addressing various types of market failures. The creation of Ghana's MMT as a state-backed transit was partly influenced by the ruling class' commitment to reform the urban transit sector. Strikingly, besides fulfilling a campaign pledge, MMT's creation was politically expedient to sever the unpopular monopoly of the GPRTU as part of efforts to forestall any threat of service withdrawal which could exert undue stress on the Government. The formation of MMT also significantly corresponded to the objectives of the then NPP administration that included the use of the public transport enterprise to promote job creation and ecologically friendly transit system. Thanks to government's patronage, the MMT serves vulnerable communities, dictates pricing strategy and stabilizes transit fares in the country by charging recovery fares. The MMT per its certificate of incorporation as a limited liability company is required to operate independently of government control yet owing to state patronage, the MMT provides varied transit services in support of government's pro-poor policies. The company's commercial objective thus tends to be muddled with government's social goals. It is therefore suggested that where there is a political will for certain population category to enjoy free transit services coherent with government's poverty reduction strategy, explicit public subsidies should be allocated to the service provider to avoid possible collapse. The paper maintains that state-led investment in transit undertaking which is closely tied with the private sector maximizes state's profit and ensures efficient transit system that is socially equitable, ecologically friendly and sustainable. Successive Ghanaian governments and governments elsewhere should foster interest in public transit undertakings, under the state capitalism model, where the means of production is owned privately but with the state as a key shareholder. Such private-public collaboration would help raise the needed capital to revamp many collapsed public enterprises while at the same time been exposed to private sector values to avoid the pitfall of absolute state ownership.

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