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## Working Paper

# The economic impact of climate change on road infrastructure in sub-Saharan Africa countries: Evidence from Ghana

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WIDER Working Paper 2014/032

# **The economic impact of climate change on road infrastructure in sub-Saharan Africa countries**

Evidence from Ghana

Daniel Kwabena Twerefou,<sup>1</sup> Kwame Adjei-Mantey,<sup>1</sup> and Niko Lazar Strzepek<sup>2</sup>

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**Abstract:** Climate change scenarios for many Sub-Saharan African countries including Ghana indicate that temperatures will increase while rainfall will either increase or decrease. The potential impact of climate change on economic systems is well-known. However, little has been done to assess its economic impact on road infrastructure. This work assesses the economic impact of climate change on road infrastructure using the stressor-response methodology. Our analysis indicates that it will cumulatively (2020-2100) cost Ghana US\$473 million to maintain and repair damages caused to existing roads as a result of climate change (no adapt scenario). However, if the country adapts the designing and construction of new road infrastructure expected to occur over the asset's lifespan (adapt scenario), the total cumulative cost will increase to US\$678.47 million. The paper also provides decadal and average annual costs up to the year 2100 for the ten regions through the potential impacts of 54 distinct potential climate scenarios.

**Keywords:** climate change, impacts assessment, road infrastructure, stressor response

**JEL classification:** Q51, Q55

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## 1 Introduction

According to the United Nations Framework Convention on Climate Change (UNFCCC 2007), climate change is a change in climate attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which in addition to natural climate variability is observed over comparable time periods. Climate has always been changing throughout the history of the earth. Between 2500 BC and 2300 BC for example, the climate in the present Sahara changed rapidly from a situation in which cereals could be cultivated into a situation in which only livestock could be kept (Curtin et al. 1978). Many natural factors influence climate and have the potential to change it. However, the most important factor is the 'greenhouse effect'. The implications of climate change include higher temperatures, changes in precipitation patterns, rising sea levels, and more frequent weather-related disasters.

Ghana has been experiencing long periods of drought and erratic rainfall, particularly in the arid north (savannah) and along the coast. Irregular climatic conditions like untimely onset and cessation of rainfall during the crop-growing season have also been observed. Furthermore, erratic rainfall has also been observed during the minor crop season (September and November) in the forest-savannah transition zone. In general, the work of Environmental Protection Agency (EPA) (EPA 2000) indicates that over the thirty-year period covering 1961-1990, annual total rainfall declined by 20 percent, stream flow or runoff in all the river basin systems declined by 30 percent, while temperature increased by 1°C.

Several climate change scenarios have been made for Ghana all indicating that temperature will increase while the intensity of rainfall will either increase or decrease. Scenarios reported by EPA, United Nations Development Programme (UNDP) and United Nations Environmental Programme (UNEP) (EPA/UNDP/UNEP 2010) using data from 1961 to 2000 indicate that there will be a progressive rise in both maximum and minimum temperatures for all regions of Ghana and a decreasing trend in rainfall patterns. Specifically, average annual temperature is estimated to increase by 0.8°C in 2020 and 5.4°C in 2080. With regards to rainfall, average annual rainfall is estimated to decline by 1.1 percent in 2020 and 20.5 percent in 2080. A recent study indicates that mean annual temperature is projected to increase by 1.0 to 3.0°C by the 2060s and the projected rate of warming is more rapid in the northern inland regions than the coastal regions. Also, although the projected mean temperature will increase most rapidly in the interior regions than near the coast, the projected changes in daily temperature extremes are the largest in the coastal areas. With regards to rainfall, projections of mean annual rainfall averaged over the country from different models projected a wide range of changes in rainfall with around half the models projecting increases and half projecting decreases.

Several researchers have documented the impact of climate change on economic systems which is envisaged to be high. A study by the World Bank (1996) indicates that average global temperatures will increase by 1.4 to 5.8 °C over the next 100 years if no action is taken globally to control it. The increase in the earth's temperature could have a more drastic consequence than all other natural climatic changes that have been documented over the last 100,000 years due to the intensity of human activities (Lean and Mahlman 1999). It has also been widely documented that key sectors of an economy to be affected by climate change include health, water supply and sanitation, energy, transport, industry, mining, construction, trade, tourism, agriculture, forestry, fisheries, environmental protection and disaster management. In Ghana, Agyemang-Bonsu et al. (2008) have undertaken studies which have assessed the impact of climate change on key sectors of the Ghanaian economy to be high and out of these studies a National Climate Change

Adaptation Strategy had been drafted. One important component of the strategy is to undertake research to support its implementation.

Climate change will directly affect road infrastructure in several ways. High temperatures will cause roads to easily develop cracks within a short period after their construction. Also, high precipitation will allow new roads to easily develop potholes while existing potholes will deepen fast. Rising sea levels can also flood gravelled and unpaved roads adjacent to the sea shore. Furthermore, higher temperatures combined with increased solar radiation may reduce the life of asphalt road surfaces (Taylor and Philip 2011). The Intergovernmental Panel on Climate Change (IPCC 2001) reports that the impact of climate change on people's livelihood will be greatest in the tropics and subtropics, particularly in Africa. That is why climate change in Ghana and in Africa as a whole, albeit being an age-old phenomenon, has to be taken seriously.

The direct impact of climate change on roads and its indirect impact on other economic systems are equally enormous. Poor roads resulting from huge potholes can lead to road accidents and delay the transport of foodstuffs and other goods across the country while vehicular traffic jams can lead to more fuel consumption which is imported with scarce foreign exchange in addition to huge time loss. Already, Ghana is suffering from the impacts of climate change in the transport sector. Information from the EPA (2010) indicates that, 13 bridges collapsed, 1016 km of feeder roads were destroyed and 442 culverts damaged in the northern region in 2007 through climate-related events. Also, the Accra floods in 2009 practically rolled off the asphalt on the Kaneshie Highway while flooding in Swedru completely washed away parts of the main road in the town. In the Keta municipality, rising sea level is already eroding coastal roads.

Currently, there is no work on Sub-Saharan Africa, more specifically Ghana, which attempts to economically assess the impact of climate change on road infrastructure that can inform policy makers on the need to adapt to the impact of climate change on road as well as assessing the costs and benefits of various adaptation options. In this regard, research questions that arise are: What has been the nature of climate change in Ghana? What is the nexus between climate change and road infrastructure? What is the economic cost of climate change on road infrastructure? What win-win policy will serve the dual purpose of reducing climate change and help adapt to climate change in the road sector?

In line with these research questions, this study aims at quantifying the economic cost of the impact of climate change on road infrastructure in Ghana with the view to helping policy makers in Sub-Saharan Africa make informed decisions about the need to adapt to climate change or otherwise. This work is very relevant in that studies on the economic impact of climate change on road infrastructure in Sub-Saharan Africa countries are largely unavailable. Studies that have been undertaken in this area (for example Worldbank 2010) are largely qualitative, making it difficult for policy makers to know the monetary value of the impact which can inform the need to adapt.

## **2 Literature review**

Many studies have examined the cost of policies to mitigate climate change using for example, carbon taxes and cap-and-trade systems, but few address the costs of climate change adaptation (Stern 2007; Claussen et al. 2001; Nordhaus 2008). Those that attempt to address the impact of climate change have focused mainly on using predictions in weather conditions to hypothesize the potential impacts on road infrastructure and consequently qualitative in nature. Tighe (2008) as cited in Serrao-Neumann et al. (2010) in their work on climate change impacts on road infrastructure systems and services in south east Queensland noted that changes in average

rainfall, temperature, and evaporation patterns can alter the moisture balance in the pavement foundation of roads and recommended a re-think on how roads are designed, constructed, and maintained while the increase in the water table due to rising sea level can lead to a reduction of the structural strength of pavements (Doré et al. 1997).

The Natural Resources Department of Canada has asserted that an increase in the frequency and severity of hot days could cause traffic-related rutting as well as the migration of liquid asphalt (flushing and bleeding) to pavement surfaces from older or poorly constructed pavements while Jackson and Puccinelli (2006) report that increased freeze-thaw cycles in the northern climatic zones have the potential to increase degradation of infrastructure.

Research conducted by the Transportation Research Board (TRB 2008) in the United States, Galbraith et al. (2005) and AUSTRROADS (2004) focus on disasters related to weather and emphasize on the severity of their potential impacts on transport operations. The work of Climate Change Science Programme (2006) emphasizes on studies that will identify the specific impacts of temperature, rain, snow and ice, wind, fog, and coastal flooding on roads. A more comprehensive work on the impact of climate change on transportation provided a framework for making an assessment of the impact of climate change on the transport sector and concluded that weather-related hazards have the potential to affect transport infrastructure and operation. In general, the National Research Council of the National Academies of the United States (2008) documents the potential impacts of climate change on road infrastructure and its downstream impact on road transport services.

Chinowsky et al. (2010) enumerate the limitation of these studies to include their narrow discussion of the potential impact of climate change and failure of the studies to provide specific quantitative estimates of cost of the potential impacts. Based on these limitations, Chinowsky et al. (2011) estimated the potential costs of climate change adaptation in ten countries that are geographically and economically diverse. In line with Chinowsky et al. (2011) approach, Stratus (2010) determines the potential impacts of climate change on bridges and Industrial Economics (2010) on roads in northern climatic zones.

### **3 Methodology**

This study uses the Infrastructure Planning Support System (IPSS) software developed by the Institute for Climate and Civil Systems, USA, to calculate the cost of climate change on roads. It is a dynamic infrastructure simulation model which uses a design-based stressor-response methodology. Details of the methodological framework are provided by Chinowsky et al. (2010). In the next sections we provide a summary of the framework.

#### **3.1 Impact functions**

The stressor-response framework is made up of two steps – use of foresight to determine the potential impact of climate change on a specific road in a specific location and using that information to determine the cost of the impact based on a set of stressor-response functions. The framework is based on the idea that exogenous factors (stressors) – such as precipitation, temperature, and flooding (extreme events) affect focal elements – roads which subsequently respond to the effects caused by the stressors. The impacts of climate change on roads are different depending on the type of road (paved and unpaved) and the functional classification (economic importance) of the road (tertiary, secondary, and primary). Thus, each stressor is examined for the different types of roads to illustrate its impact on the road based on the intensity of the stressor.

The stressor-response framework, using climate change projections from the global circulation models (GCMs), determines the infrastructure elements within specific climatic zones and finally determines the climate impacts on the infrastructure. The GCMs provide climatological data for future climate change scenarios through 2100. Data used in this analysis include the available A2, A1B, and B1 scenarios, based on the accepted definitions of the Intergovernmental Panel's Fourth Assessment Report (IPCC 2007). In total, 54 GCMs were used for the analysis.

Scientific studies and case studies have been used to develop response functions for the different road categories. To develop stressor-response values specific to individual countries, the USA-based cost estimates are scaled using an inter-country construction cost index published by Compass International Consultants Inc. (2009). The stressor-response factors have been divided into two general categories: impacts on new construction costs and impacts on maintenance costs.

### **3.2 Stressor-response values for new construction costs**

*New construction cost* factors are focused on the additional cost required to adapt the design and construction of a new infrastructure asset or rehabilitating the asset to changes in climate expected to occur over the asset's lifespan (adapt). Two approaches – change in material used and change in infrastructure are used to determine the stressor-response values for new construction costs. Each approach retains the focus of building a new infrastructure component to a standard that enables it to withstand projected climate change impacts over its design lifespan.

The material methodology used to generate stressor-response values for paved gravel roads assumes that climatic conditions will change in future which will consequently affect roads. Thus, material used in construction now should also be changed to accommodate future change in roads brought about by climate change. In other words, if throughout the lifespan of the road it is anticipated that a significant climate change stressor will occur, then roads such as paved roads should be constructed with better materials that can withstand the change. Using data from several sources including AASHTO (2001), *National Oceanic and Atmospheric Administration* (NOAA) (2009) and Lea International (1995) it was assumed that for every 10 centimeter increase in maximum monthly precipitation for both paved and gravel roads or 6°C maximum pavement temperature increase for paved roads, there will be a material change. The reason is that for paved roads, increased precipitation results in increased potholes, erosion of the sub-base, drainage capacity, etc., and thus reduced amount of time until resurfacing is required. For temperature, based on pavement binder requirements, for every 6 degree centigrade or 6°C projected pavement temperature increase, a new asphalt binder must be used. This is due to the fact that increased temperature and traffic loads lead to rutting. These changes result in cost increases over base construction costs to the overall project.

The benefit of the material methodology is that basic and climate-related maintenance is eliminated during the life span of the road. This benefit is evaluated at the decision point. If it is positive, the paved road alternative is recommended. Otherwise, the emphasis is placed on anticipated increase maintenance costs.

With regards to change in infrastructure that is used mainly for unpaved roads, the idea is to change the type of infrastructure being constructed to adapt to the anticipated climate change. Thus, in order to adapt unpaved roads to climate change, there will be the need to increase maintenance or gravel the road which comes at a cost.

### 3.3 Stressor-response values for maintenance costs

*Maintenance cost* are costs which are anticipated to be incurred due to climate to achieve the designed lifespan (no adapt). This strategy is realized individually for the various road categories and in each road category; the underlying concept is to retain the designed life span for the structure.

The approach for paved roads is based on the cost of maintaining the road to achieve its lifespan or the cost of preventing a reduction in lifespan. Two basic steps are involved – estimating the lifespan decrease that would result from a unit change in climate stress and estimating the costs of avoiding this reduction in a lifespan. In estimating the reduction in lifespan it is assumed that such a reduction is equal to the percentage change in climate stress, scaled for the stressor's effect on maintenance costs. This indicates that the potential change in lifespan is dependent on the change in climate stress.

The change in maintenance costs is calculated as the product of the potential percentage reduction in lifespan and the base construction costs of the asset. To estimate the reduction in lifespan that could result from an incremental change in climate stress, it is assumed that such a reduction is equal to the percent change in climate stress, scaled for the stressor's effect on maintenance costs. For gravel and dirt roads, maintenance impacts are induced by changes in maximum monthly precipitation rates. The result of increased precipitation is increased erosion, creating a need to increase maintenance to retain the original design life.

The amount of erosion is used as a basis for determining the percentage of maintenance increase required which is used to estimate the changes in road maintenance costs. Three factors affect the calculation of erosion rates for roads – precipitation amount, traffic levels, and slope of the road. In terms of precipitation, studies indicate that a 1 percent increase results in an approximate 1 percent impact on the design life in a minimal slope condition with low traffic levels (Dubé et al. 2004). This is used as the base condition for maintenance calculations. However, this base case is augmented as traffic rates and slope percentages increase resulting in significantly greater erosion rates. Once the appropriate modifiers are taken into account, the total cost can be calculated for a specific climate scenario.

The software analyses all costs and climate impacts from two policy perspectives: a 'No adapt' (business as usual) scenario which assumes that there is no adaptation, roads are rebuilt according to existing standards, and the costs incurred are from increased maintenance necessary to retain the design life of the original road as degradation of the road infrastructure occurs from climate change stressors and an 'Adapt' policy which assumes perfect foresight with respect to climate change. These forward-looking climate projections are applied to upgrade new roads as they are re-built and maintained. Thus, it incurs up-front costs to adapt a road to mitigate future damages that are projected from increases in precipitation or temperature.

### 3.4 Determination of opportunity cost

In order to establish a common evaluation metric, the opportunity cost metric was used. In quantitative terms, the opportunity cost is defined as:

$$OC = \frac{CC/SRC}{PR} \quad (1)$$



where OC is opportunity cost in percentage, CC is total estimated climate change cost for a country including both maintenance and new costs through 2100, SRC is cost of constructing a kilometer of new, secondary paved road, and PR is current paved road inventory within a country in kilometers. The equation indicates that the opportunity cost for a country is equal to the total percentage increase in the paved road network that could have been achieved if the money was not being diverted to climate change adaptation.

### **3.5 Data source**

The basic input data for the IPSS software is road stock inventory classified by road class: primary, secondary, and tertiary; road type: paved and unpaved; and by administrative area: regions and districts. Other data that are used and incorporated in the IPSS include climate data from internationally approved climate scenarios, engineering design standards for infrastructure (precipitation impacts, temperature impacts and extreme events impacts) and documented research for traffic, geographical and other impacts.

In Ghana the Ministry of Roads and Highways is the principal institution in charge of formulating policies, monitoring and evaluating programs and projects on roads. Four Departments and Agencies – Ghana Highway Authority (GHA), Department of Urban Roads (DUR), Department of Feeder Roads (DFR), and the Ghana Road Fund Secretariat come under the Ministry. With the exception of the Ghana Road Fund Secretariat, which basically provides funding to Ghana's road fund, the other three departments are responsible for the physical road infrastructure at various levels.

The GHA is in charge of trunk roads: major roads linking major cities and other places in the country. The DUR is responsible for the provision and management of urban road networks in support of quality transport systems in Metropolitan, Municipal and District Assemblies while the DFR is the agency responsible for the provision of safe all weather accessible feeder roads at optimum cost to promote socio-economic development in rural areas. These departments are in charge of compiling information on roads statistics.

Roads in Ghana are classified based on the cover of the surface – surface classification (paved and unpaved) and on the function that the road provides – functional classification. There are other sub-classifications under the paved and unpaved roads but for the purpose of this study, roads were classified only into paved and unpaved. Functional classification of roads is based on the functions that the road provides in the road network system of each department (GHA, DUR, and DFR) and therefore the different department has different functional classification of their road network. The GHA has three main functional classifications of roads namely national roads, inter-regional roads, and regional roads. National roads are roads that link the national capital with the various regional capitals and neighboring countries which are of strategic importance. Inter-regional roads are roads of inter-regional importance and link the various regions. Regional roads on the other hand link district capitals to their respective regional capitals. Regional roads also link district capitals to the nearest district capital as well as major industrial, trade, or tourist centers.

The DUR functionally classifies its roads into three main functional categories – arterials, collectors/distributors and local/access roads. Arterial roads are high-capacity urban roads whose main function is to deliver traffic from collector roads. The collectors are moderate capacity roads which move traffic from local roads to the arterial roads. Collectors, also known as distributors are mainly designed to provide access to residential areas. The DFR functionally classifies its roads into inter-district roads, connectors/travel mobility feeder roads and access

feeder roads. Inter-district roads connect one district capital to the other and carry relatively high volumes of traffic compared to travel mobility feeder roads (connectors) which are feeder roads with their ends connected to two other roads. Access feeder roads connect only one road i.e., the road moves to a dead end and a motorist will have to travel back on that same road once he takes that road. They are relatively short in length and carry relatively low volumes of motorized traffic.

To conform to the IPSS format, the functional classifications of roads by the three departments – GHA, DFR and the DUR – were re-aligned to the IPSS classification as depicted in Table 1.

Table 1: Functional classification of roads by road agencies

| Classification | GHA            | DUR                     | DFR                                       |
|----------------|----------------|-------------------------|---|
| Primary        | National       | Major arterials         | Inter district                            |
| Secondary      | Inter-regional | Collectors/distributors | Travel mobility feeder roads (connectors) |
| Tertiary       | Regional       | Local/access            | Access                                    |

Source: Compiled by the authors with data from DUR, DFR, and GHA.

Using the surface and functional classification discussed, six main categories of roads were established – paved primary roads, paved secondary roads, paved tertiary roads, unpaved primary roads, unpaved secondary roads and unpaved tertiary roads for which data was collected by districts. To obtain these categories of data from the departments, different methods were used due to the different formats in which the departments keep the data. The GHA uses the Pavement Maintenance Management Programme (PMMP) as part of its pavement management system tool. In the PMMP software is the sectional listing notebook consisting of the entire road network under its jurisdiction and their lengths. The roads are grouped based on their functional classification and the surface type but not organized into districts. To obtain the data by districts, the spatial database of the network was opened and superimposed on the spatial digital map of metropolitan, municipal, and districts boundaries. The various lengths of roads within each metropolitan, municipal, and district were calculated. The DFR roads database is organized according to metropolitan, municipal, and districts and also by surface type and functional classification. It was therefore easy to obtain the requisite data. The DUR is found in about 15 municipal and metropolitan assemblies in Ghana and has an excel database with their roads organized according to surface type and functional classification. Table 2 provides information on the classifications adopted for the IPSS and the corresponding road in the various departments.

Table 2: Classifications adopted in the IPSS and corresponding road in various departments

| IPSS classification | GHA                    | DFR                         | DUR  |
|---------------------|------------------------|-----------------------------|--|
| Paved primary       | Paved national         | Bitumen inter-district      | Asphalt/surface dressing major/minor arterial  |
| Paved secondary     | Paved inter-regional   | Bitumen access              | Asphalt/surface dressing distributor/collector |
| Paved tertiary      | Paved regional         | Bitumen connector           | Asphalt/surface dressing local/access          |
| Unpaved primary     | Unpaved national       | Gravel/earth inter-district | Gravel major/minor arterial                    |
| Unpaved secondary   | Unpaved inter-regional | Gravel/earth connector      | Gravel distributor/collector                   |
| Unpaved tertiary    | Unpaved regional       | Gravel/ earth access        | Gravel local/access                            |

Source: Compiled by the authors with data from DUR, DFR and GHA.

## *Limitations*

There are limitations that introduce some uncertainty in the results. First, the study uses 54 different GCMs not only with acknowledged variability and uncertainty but also, the projections are performed at a global scale, which necessitates down-scaling for application to country and region-specific analysis. Second, quantitative cost estimates are based on existing material studies that use specific localized pavement types, local conditions, construction, and maintenance techniques which may be different from what is found in Ghana. Data limitations in terms of localized data specific to Ghana made it difficult to include some components in the cost analysis. For example, flooding is an important factor in understanding damages in climate change, but is not considered in this analysis because of the specificity of data required in terms of micro-scale hydrologic modeling and detailed road infrastructure placement data.

## **4 Analysis of results**

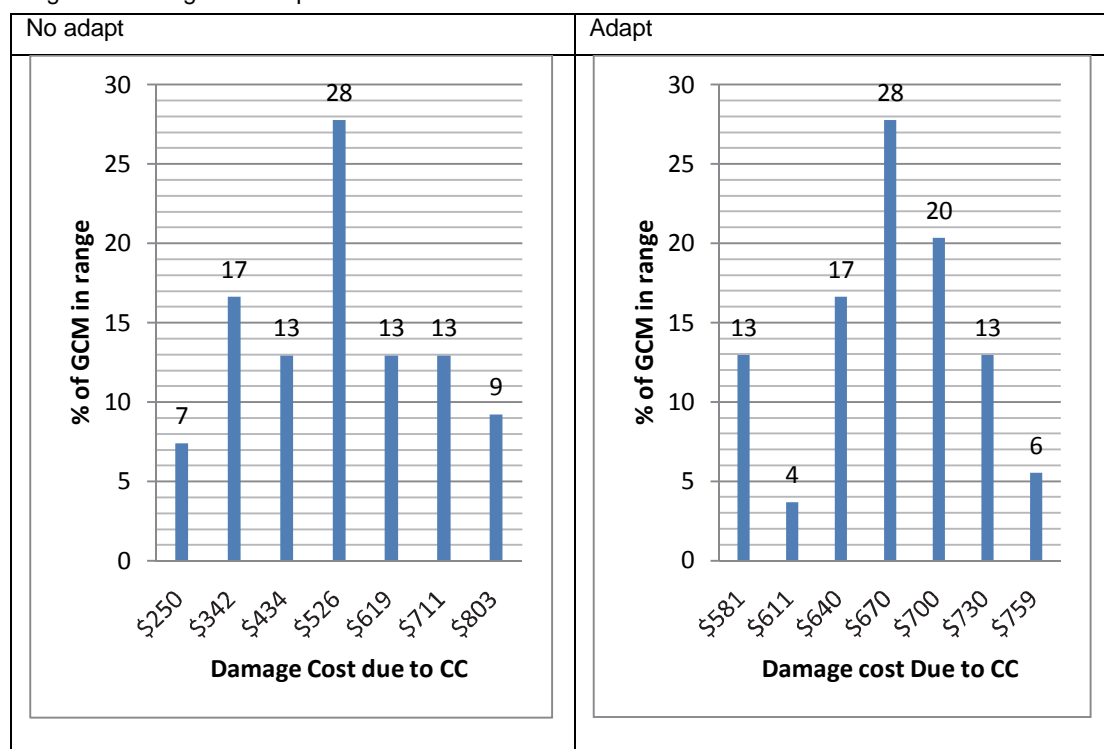
We first examine the variance in terms of the distribution of the potential impacts based on the climate scenarios and later the variance in both the ‘adapt’ and ‘no adapt’ policies. As indicated in Figure 1, there are some distinct distributions of potential impacts based on the 54 GCMs considered.

As illustrated, the adapt scenarios produced the greatest balance of potential impacts compared to the ‘no adapt’ scenario. About 28 percent of the scenarios can be found in the main grouping in both the ‘adapt’ and ‘no adapt’ scenarios with about 20 percent and 13 percent falling in the second group in the ‘adapt’ and ‘no adapt’ scenarios, respectively. A particular observation in both the ‘adapt’ and ‘no adapt’ scenarios is the high number of scenarios that occur in the highest two groupings. Specifically, about 22 percent and 19 percent of the scenarios in both the ‘no adapt’ and ‘adapt’ are found in the highest two groupings indicating that the probability of their occurrence is high compared to the lowest two groupings which are 24 and 17, respectively.

### **4.1 National level analysis**

Results of the variance in both the ‘adapt’ and ‘no adapt’ policies as shown in Table 3 indicate that it is going to cost Ghana cumulatively about US\$473 million in maintaining and repairing damages caused to existing roads directly as a result of climate change (changes in precipitation, temperature, and flooding) from the year 2020 through 2100 based on median climate scenarios. The cost will go directly to the maintenance of the current road inventory. However, if Ghana focuses on a reactive response to climate change by adapting the designing and construction of a new infrastructure asset or rehabilitating the asset to changes in climate expected to occur over the asset’s lifespan, the total cumulative median cost will increase to about US\$678.47 million in 2100.

Figure 1: Histogram of impacts of various GCM



Source: Authors' computation using IPSS.

Table 3: Total cumulative costs (in million US\$) and road lost (in km)

| No adapt      |                 | Adapt         |                 |
|---------------|-----------------|---------------|-----------------|
| Costs in US\$ | Road lost in km | Costs in US\$ | Road lost in km |
| 473.72        | 3158.17         | 678.47        | 4523.2          |

Source: Authors' computation using IPSS.

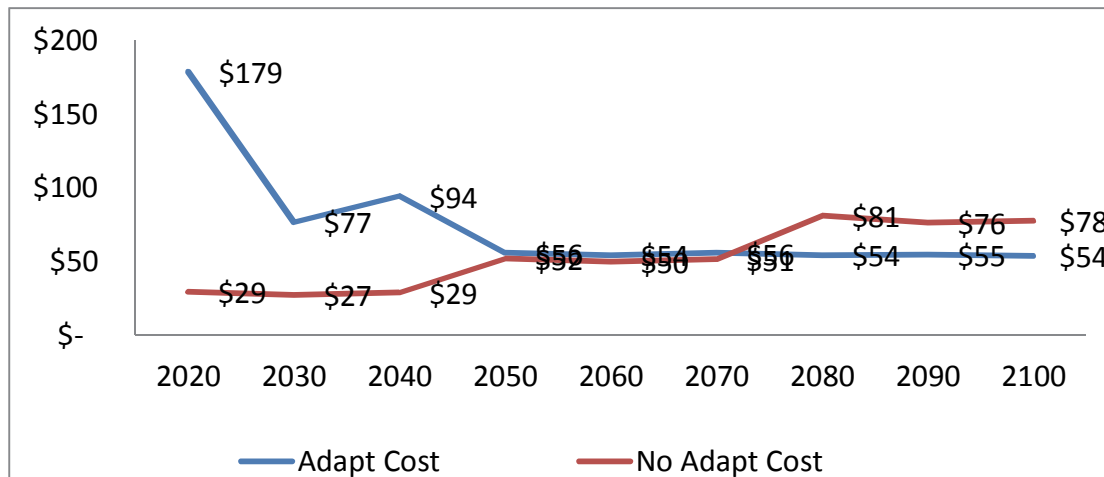
The opportunity cost of spending that amount (US\$473.72 million) in maintaining and repairing the roads is 3,158 km of paved roads which could have otherwise been constructed or in the case of unpaved roads which could have been upgraded. On the other hand, if adaptation is employed in which case unpaved roads are upgraded and other adaptive measures are implemented, the costs increase to US\$678.47 million through year 2100 which translates into opportunity costs of lost roads totaling 4,523.2 km.

Evidently, the cost of an 'adapt' policy is higher than a 'no adapt' policy. What could be the possible cause of the 'adapt' policy being more than the 'no adapt' policy? One reason for this occurrence is that policies on adaptation come at a higher cost due to the requirement of changing methods of construction and rehabilitation of roads whose impacts may not be felt initially until the impact of climate change has set in. Specifically, there is no immediate benefit from adaptation until the impact of climate change has set in even though costs will be incurred. Also, Chinowsky et al. (2011) argue that, the level of upgrade required in an 'adapt' policy may be higher than the extent of the impact of climate change leading to excess costs above the benefit. Furthermore, the large number of unpaved roads also explains the high adaptation cost since the adaption policy for unpaved road involves the paving of the road and it costs more to adapt an unpaved road to better withstand the impacts of climate change than to adapt a paved road. Specifically, the total kilometers of roads which are unpaved in Ghana are a little less than four

times the total number of paved roads. Total unpaved roads in Ghana as used in this study stands at 54,604.59 km as against total paved roads which stand at 14,232.97 km. These among others could explain why an ‘adapt’ policy costs higher than a ‘no adapt’ policy.

Figure 1 details the costs of employing an ‘adapt’ and ‘no adapt’ policy from the year 2020 through 2100 on a decadal scale.

Figure 1: Median average annual cost by decade (US\$ million), 2020-2100



Source: Authors' computation using IPSS.

From Figure 1, it could be seen that the decadal cost of the ‘adapt’ policy decreases over time while that of the ‘no adapt’ policy increases over time. Specifically, while the decadal cost of the ‘adapt’ policy decreased from about US\$178.80 million in 2020 to about US\$53.74 million in 2100, that of the ‘no adapt’ policy increase from about US\$29.45 million to US\$77.77 million over the same period. A very high cost is incurred at the decade ending in 2020 largely as a result of upfront costs incurred in adapting roads. However, the cost reduces with time due to savings from adaptation. A notable observation is that costs for ‘adapt’ and ‘no adapt’ policies stabilized in the 2050-2070 decades but that of ‘no adapt’ overruns the ‘adapt’ policy thereafter.

The reason is that the benefits of an adaptive policy are felt in later years than in the early years since the impacts of climate change may be felt after many years while the earlier years of the adaptive policy will be more costly. On the other hand, the impact of climate change will be felt more in the later years than the earlier years. Consequently the cost of adaptation will be higher in the later years than the earlier if nothing is done on roads about climate change.

#### 4.2 Regional level analysis

Table 3 shows the costs and opportunity costs on a regional basis for both climate change response options. As evidenced from the table, the highest cost of US\$113.16 million will be incurred in the northern region if the country decides to opt for the adapt policy. The opportunity cost is 754.47 km of roads lost. The lowest cost of US\$44.2 million is incurred in the greater Accra region which translates into 294.62 km of road lost.

Table 3: Total cumulative costs (in million US\$) and road lost (in km) by regions

| Region        | Adapt         |                 | No adapt      |                 |
|---------------|---------------|-----------------|---------------|-----------------|
|               | Costs in US\$ | Road lost in km | Costs in US\$ | Road lost in km |
| Ashanti       | 83.49         | 556.56          | 64.78         | 431.85          |
| Brong Ahafo   | 81.66         | 544.29          | 58.82         | 392.17          |
| Central       | 46.56         | 310.41          | 43.28         | 288.48          |
| Eastern       | 68.51         | 456.58          | 49.19         | 327.92          |
| Greater Accra | 44.2          | 294.62          | 35.31         | 235.39          |
| Northern      | 113.16        | 754.47          | 69.21         | 461.55          |
| Upper East    | 48.09         | 320.57          | 31.12         | 207.45          |
| Upper West    | 54.7          | 364.66          | 33.05         | 220.34          |
| Volta         | 70.95         | 472.97          | 50.42         | 336.17          |
| Western       | 67.2          | 448.07          | 38.54         | 256.85          |

Source: Authors' computation using IPSS.

This may be explained by the fact that greater Accra region has more paved roads and less unpaved roads while the reverse may be the case in the northern region. Specifically, the greater Accra region has about 2897 km and 4854 km of paved and unpaved roads, respectively while the northern region has 1,150 km and 9139 km of paved and unpaved roads, respectively. Adapting more kilometers of unpaved roads in the northern region will cost more than what it will cost to adapt the fewer unpaved roads and more paved roads in the greater Accra region. Additionally, the northern region is the largest region in Ghana in terms of land size while the greater Accra region is among the smallest regions. Thus, the northern region generally has more kilometers of roads than there will be in the greater Accra region. Furthermore, changes in temperature and precipitation may be more intense in the north than in the south.

These same reasons account for the fact that under a 'no adapt' policy, the northern region's cost of US\$69.21 million is the highest while the upper east's cost of US\$35.31 million is the lowest. In terms of opportunity costs, these costs translate into 461.55 km and 207.45 km of roads that will not be constructed in the northern and upper east regions, respectively.

### 4.3 Average annual cost by road type

Table 4 shows the average annual costs in US\$ million to be incurred on each road type for both the 'adapt' and 'no adapt' policies. From the table it could be seen that the average annual cost of adapting unpaved roads is higher than that of the paved road in the 'adapt' policy while the reverse is the case in the 'no adapt' policy.

Table 4: Total cumulative costs (in million US\$) by road type

| Year | Adapt policy    |           |          |       |         |           |          |       |
|------|-----------------|-----------|----------|-------|---------|-----------|----------|-------|
|      | Paved           |           |          |       | Unpaved |           |          |       |
|      | Primary         | Secondary | Tertiary | Total | Primary | Secondary | Tertiary | Total |
| 2030 | 17.40           | 3.26      | 4.53     | 25.19 | 13.62   | 23.60     | 16.72    | 53.94 |
| 2050 | 9.31            | 2.47      | 4.34     | 16.12 | 9.39    | 18.20     | 11.63    | 39.22 |
| 2090 | 8.03            | 2.17      | 4.03     | 14.23 | 9.51    | 18.12     | 11.73    | 39.36 |
| Year | No adapt policy |           |          |       |         |           |          |       |
|      | Paved           |           |          |       | Unpaved |           |          |       |
|      | Primary         | Secondary | Tertiary | Total | Primary | Secondary | Tertiary | Total |
| 2030 | 12.11           | 1.74      | 1.86     | 15.71 | 1.15    | 1.75      | 1.47     | 4.37  |
| 2050 | 35.98           | 5.20      | 5.68     | 46.86 | 0.02    | 0.04      | 0.03     | 0.09  |
| 2090 | 43.99           | 6.38      | 6.84     | 57.21 | 2.16    | 4.76      | 3.60     | 10.52 |

Source: Authors' computation using IPSS.

This confirms the earlier assertion that under an adaptation policy, initial costs are high but reduce over time since the benefits of adaptation will be experienced many years after implementing the policy.

## 5 Conclusion

In this work we estimate quantitatively the cost of climate change impacts on roads using the stressor-impact methodology which has been developed into the IPSS and requires comprehensive data on road infrastructure classified by road type and road function.

Analysis of the data reveals that the 'adapt' scenario produces the greatest balance of potential impacts compared to the 'no adapt' scenario. A particular observation in both the 'adapt' and 'no adapt' scenarios is the high number of scenarios that occur in the highest two ranges indicating that the probability of their occurrence is high.

The results also indicate that it is going to cost Ghana cumulatively from 2020-2100 about US\$473 Million in maintaining and repairing damages caused to existing roads directly as a result of climate change, based on median climate scenarios. However, if Ghana focuses on a reactive response to climate change, by adapting the designing and construction of a new infrastructure asset or rehabilitating the asset to changes in climate expected to occur over the asset's lifespan the total cumulative median cost will increase to about US\$678.47 million in 2100. This implies that it is economically beneficial for Ghana to use the 'no adapt' scenario.

The decadal cost of the 'adapt' policy decreases over time while that of the 'no adapt' policy increases over time largely as a result of the benefits of an adaptive policy being felt in later years than earlier, while the cost of adaption will be higher in the later years than the earlier years if nothing is done. Regional analysis of the results indicate that the highest cost will be incurred in the northern region if the country decides to opt for the adapt policy while the lowest cost will be incurred in the greater Accra region largely as a results of the large number of unpaved roads in the northern region that needs to be adapted to changes in climate. Furthermore, the cost of adapting unpaved roads is higher than that of the paved road in the 'adapt' policy while the reverse is the case in the 'no adapt' policy.

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