Leveraging opportunities in Africa and domestic financing

Key Takeaways from the UNRSF Webinar held on August 7th 2024

I. Introduction

This document highlights the need for increased domestic financing to address road safety in a targeted and sustainable manner and summarizes the key insights from the UNRSF Webinar held on August 7th 2024.

The UN Road Safety Fund's (UNRSF) 2024 Calls for Proposal funding priority 2 focus on unlocking domestic financing. The objective is to assist governments in developing national schemes for sustainable road safety financing (and funding).

The UNRSF Webinar illustrated the potential of doing this in Africa, and specifically in the context of developing trade and transport corridors on the continent. Furthermore, for UNRSF PUNOS to explore co-funding opportunities that can be integrated into their project proposals, representatives from the EU and other potential funders explained their criteria for co-funding projects in specific countries of interest.

II. Gaps and Challenges

A. The need for road safety in Africa

Road safety in Africa is a critical issue, as road traffic injuries have become a significant public health concern across the continent. As per the 2023 Status Report on Road Safety in the WHO African Region, in 2021 alone, road traffic incidents resulted in an estimated 225,482 deaths. This alarming figure reflects a disproportionate burden, with Africa accounting for 19% of global road traffic deaths, despite representing only 15% of the global population and owning a mere 3% of the global vehicle fleet. Since 2010, fatalities in the region have increased by 17%, making it the only WHO region where such a surge has occurred. Although some countries have made progress, reducing fatalities by up to 49%, the region still has the highest fatality rate globally, at 19.4 deaths per 100,000 population. This stark reality underscores the urgent need to intensify road safety efforts across Africa to prevent further loss of life and enhance public health outcomes.

B. The need for domestic financing and Public-Private Partnership

Domestic financing through PPPs is vital for advancing road safety in Africa. With a USD 260 billion gap over the next decade to meet SDG targets, public finance alone is insufficient, as reported by The World Bank in the Saving Lives Through Private Investment in Road Safety 2022 Report. Unlocking private sector investment is essential to ensure sustainable and long-term road safety improvements. Governments can prioritize road safety by integrating it into national budgets and infrastructure projects, leveraging international loans and grants, and exploring innovative financing mechanisms like tolling, licensing, and ESG strategies. Public-private partnerships offer additional opportunities by allowing governments to interact with markets to generate funding through monetization of road-related transactions, such as licensing of garages and advertising on roads. Furthermore, PPPs can foster smart city planning and infrastructure development with road safety at its core. By involving national sovereign borrowers, financing institutions, and implementation bodies, these partnerships can create a sustainable and safe road transport system that aligns with global goals.

III. Project Ideas for PUNOs

A. Project ideas related to safer corridors in Africa:

The EU representative presented the "EU-Africa Global Gateway Investment Package": a multi-sectoral investment programming instrument in a limited number of Strategic Corridors in Africa.

Co-funding opportunities for UNRSF proposals can be sought through:

- Modality: Indirect management with partner countries
- Topics: for institutional support in road safety or for increase safety of the road infrastructure (blending operations)
- Entry points: lead EU Delegation for each corridor or regional ones (AUC, ECOWAS, SADC, etc.) and financial institutions (EIB, AfDB, World Bank, etc.) as per prior discussions with EU Delegations.
- PUNOS are encouraged to identify current government priorities and available funding from either the government or other development partners as a preparation for their discussion with the EU delegation.

Leveraging the EU-Africa Global Gateway Investment Package provides a significant opportunity to integrate road safety projects in Africa, for instance:

- Corridor Development and Infrastructure Upgrades: The development of major trade corridors such as the Praia-Dakar-Abidjan, Durban-Lusaka, and Dar es Salaam-Nairobi-Addis Ababa-Berbera-Djibouti corridors offers a strategic opportunity to improve road safety. These corridors connect key economic hubs, and enhancing their safety can significantly reduce road traffic injuries and fatalities.
- Road Assessment and Improvement: Implementing road safety audits, star rating of roads, and upgrading road infrastructure to meet international safety standards can lead to safer travel.
- For example, the UNRSF Ten step plan for safer road infrastructure in Tanzania project, has demonstrated success in enhancing road safety through institutional capacity building and infrastructure improvements.

To secure funding, PUNOs should first consult with their local EU office to gauge interest in road safety projects. After this consultation, PUNOs have two options:

1. They can opt for a co-funded project with UNRSF, in which case they follow the UNRSF Application Guidelines; or
2. They can pursue an EU-only funded project, which requires further direct discussions with the EU delegation to develop a project as per the EU guidelines and templates.

If the PUNO decides to proceed with the UNRSF CfP, they complete the 2024 Call for Project concept note template provided in the UNRSF application guidelines. In particular, they should indicate under the investment section, co-financing box, that the project is seeking co-financing from the EU-Africa Global Gateway Investment Package and inform on the discussions with the local EU delegation.

B. Project ideas related to Priority 2 - Domestic road safety financing as follows:

Funding priority 2 seeks to provide support, at country or city levels, to identify and unlock sources of general or targeted road safety financing. Proposals that satisfy (a) or (b) will be considered:

(a) Engages directly with governments to explore their existing public financing, budgeting and management arrangements concerning road, policing and emergency health providers, etc. in order to find ways of bringing related safety financing requirements more directly and more substantially into the government's general budgetary allocation and expenditure processes.

Countries cannot only rely on international aid to finance road safety interventions. Developing national financing schemes is essential to achieve sustainability, as well as establishing an ecosystem and legal framework that allows and encourages private financing for interventions that improve road safety.

These are some examples of income streams:

- National/regional budget allocation - earmarking
- Establishment of income mechanisms for road users
- Fines
- Fees for customized licenses/plates
- Mandatory insurance
- Establishment of income mechanisms for road "operators"
- Mandatory insurance
- Fee for cargo transportation
- Petrol stations
- PPPs
- Financial instruments: bonds, blend financing, corporate financing

There are multiple examples of road safety funding opportunity by the public sector, such as:

- Austria: In 1989, a National Road Safety Fund was established to mainly finance research and campaigns. The fund is financed through the charge for customizing the plates/registration plates.
- Colombia: FOSEVI, created in 2021, administered by the National Road Safety Agency of Colombia. The income is generated by 3% of national mandatory insurance SOAT.
- Chile: Automated inspection system by CATI. The proceeds are directed to general revenues (regulatory framework). PPPs for infrastructure projects.
- UK: In 1920 - through the Vehicle Law, the creation of the National Fund Road Safety Trust was implemented, which would be financed through the special tax on vehicles.

(b) Specifies strategies to strengthen the enabling environment for private investment, which may include engaging with national or municipal governments to adopt specific policy changes or supporting targeted mediating mechanisms like incubators and accelerators.

Eight road safety project archetypes, presented by the World Bank Saving Lives Through Private Investment in Road Safety 2022 Report, are identified as examples of approaches that could attract private sector engagement and have strong potential to save lives. They span three of the key pillars of road safety: safer vehicles, safer roads, and post-crash response. They provide measurable impact on reducing fatal and serious injuries (FSIs), and have potential to attract private sector participation.

	Intervention	Potential for road safety impact	Potential revenue streams
P1. Vehicle inspection and certification	Developing or upgrading a **vehicle inspection center network**	Unsafe vehicles which are not road worthy are a major cause of RTIs in LMICs. Modern vehicle inspection systems reduce vehicle failure rates, which can reduce road deaths up to 40%.	• User fees and infringement fines • Auto-companies (% of incremental sales) • Insurance companies (% of their premiums) • Infrastructure companies (toll revenue)
P2. Commercial vehicle fleet upgrade	**Upgrading commercial fleet** to vehicles that adhere with international roadworthy standards	Research in LMICs shows vehicle defects cause up to 5% of crashes. This is most concerning with regards to commercial vehicles, which often being heavier and traveling longer distances, can result in more serious and fatal collisions.	• Lease payments from fleet operators and end customer fees • Auto-companies (% of incremental sales) • Infrastructure companies (toll revenue contributions)
P3. New road concessions with road safety requirements	Designing new road projects adhering to **iRAP 3-star or better rating**	In LMICs 55% of roads are below an iRAP 3-star rating for vehicle occupants. Each incremental improvement in star rating can reduce the rate of car crash fatalities and serious injuries by between 43% and 75%.	• Direct or shadow tolls or availability payments • Infringement fines (if legally permitted) • Public healthcare budgets • Insurance companies (% of their premiums)
P4. Upgrade of highway protective infrastructure	Upgrading highway infrastructure for **protective infrastructure,** such as guard rails, crash cushions, and dividers	Well-designed infrastructure treatments can lead to a reduction of road crash fatalities by up to 90%, and investment into such treatments have an average benefit-cost ratio of more than 15:1 in LMICs countries .	• Increase in direct or shadow tolls, or availability payments • Infringement fines (if legally permitted) • Public healthcare budgets • Insurance companies (% of their premiums)
P5. Speed management & automated enforcement	Upgrading roads with **speed reducing infrastructure and installing automated speed enforcement devices** on high-speeding networks	Reducing road users' average speed by as little as 5% can reduce the number of fatal road traffic crashes by 30%.	• Infringement fines • Insurance companies (% of their premiums)
P6. Road safety upgrades for **protection of vulnerable road users**	**Upgrading roads for vulnerable users** to an **iRAP 3-star or better rating**	65% of traffic deaths are vulnerable road users, and in LMICs 84.8% of roads are below 3-star rating for pedestrians. Improving protective infrastructure on the 10% highest risk road could save 3.6 million deaths and 40 million serious injuries over 20 years.	• Public healthcare budgets • Insurance companies (% of their premiums) • Toll revenue contributions from concessionaires
P7. Emergency medical services	Develop or upgrade **emergency medical services** for road crash victims	Implementing well-designed pre-hospital care can reduce the risk of death in injured patients by 25%.	• Public healthcare budgets • Insurance companies (% of their premiums) • Toll revenue contributions (infrastructure companies/concessionaires) • Healthcare funders
P8. Regionalization of **specialist trauma centers**	Building a **network of trauma centers** for post-crash care	Even if crash rates stayed the same in LMICs, but fatality rates from severe injury were dropped to the level of high-income countries, up to 500,000 road traffic fatalities could be avoided each year.	• Public healthcare budgets • Toll revenue contributions (infrastructure companies/concessionaires Insurance companies (% of their premiums) • Healthcare funders

Resources

[Transport - European Commission (europa.eu)]

[EU-Africa strategic corridors - European Commission (europa.eu)]

[PIERS methodology | UNECE]

[Open Knowledge Repository (worldbank.org)]