FINANCING FOR DEVELOPMENT

CATALYTIC FUNDING FOR GLOBAL ROAD SAFETY IN THE SDGS
The FIA Foundation is an independent UK registered charity which supports an international programme of activities promoting road safety, the environment and sustainable mobility, as well as funding motor sport safety research. Our aim is to ensure ‘Safe, Clean, Fair and Green’ mobility for all, playing our part to ensure a sustainable future.

The FIA Foundation Research Paper series seeks to provide interesting insights into current issues, using rigorous data analysis to generate conclusions which are highly relevant to current global and local policy debates.

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INTRODUCTION

2015 is an important year for road safety, with the launch of the new Sustainable Development Goals in September and the first steps to implementing SDG road safety targets at the forthcoming 2nd Global High Level Conference on Road Safety, hosted by the Brazilian Government in November. Funding the implementation of the SDGs is the subject of the Third International Conference on Financing for Development taking place in July 2015. As a contribution to this discussion of SDG implementation, the FIA Foundation is publishing a series of research and discussion papers, and facilitating meetings and events, on the theme of international catalytic financing for road safety in the context of the SDGs. The first papers, commissioned from experts in the field and published alongside this introductory paper, will consider the potential of Social Impact Investing and corporate micro-donations respectively.

It is hoped that our ‘Financing for Development: Road Safety & the SDGs’ policy series can assist the global road safety community in developing appropriate advocacy messages, fundraising strategies and financing mechanisms to meet the immense challenge of road traffic death and injury. The FIA Foundation’s role as a road safety philanthropy; as a partner in establishing both the Global Road Safety Facility with the World Bank and the corporate-focused Road Safety Fund with the World Health Organization; and our membership of the Global Road Safety Partnership, means we have been involved to some extent with every significant fundraising effort in the global road safety community over the past decade. While these initiatives have all made important contributions, none is yet succeeding at a scale commensurate to the problem they were established to address. New thinking is needed.

INTRODUCTION COUNTING THE COST OF ROAD TRAFFIC INJURIES

Worldwide more than 1.2 million people die every year from road traffic injuries. Road traffic collisions are the number-one global killer of young people aged 15-24 and the leading cause of death for boys and young men aged from 5 to 29 years old. Many millions more people are disabled and injured — someone is killed or seriously injured every 6 seconds. The economic cost to countries of road traffic death and injury is estimated at between 1-5% of GDP. Globally, the cost of fatal and serious injuries is estimated to be US$1.8 trillion a year.

Almost 90% of road traffic casualties occur in middle- and low-income countries. While most high-income nations have seen sustained success in reducing their road fatalities by between 50-70% from 1970 levels over several decades in many emerging economies the opposite trend is evident. Rapid motorisation combined with inadequate infrastructure, high levels of risk exposure (particularly to pedestrians) and weak road safety institutions and traffic enforcement regimes has resulted in dramatic increases in road traffic deaths and injuries. According to the most recent Global Status Report on Road Safety from the World Health Organization, more than 80, predominantly developing, countries are experiencing rising road traffic fatalities. This is a serious public health issue requiring a coordinated international response.

The international community, slow to recognize the scale of the road traffic injury epidemic, is now responding. In 2011 the first United Nations Decade of Action for Road Safety” was launched, with the goal of ‘stabilising and reducing’ road traffic deaths to around 1 million a year by 2020. An advisory Global Plan based on the ‘Safe System’ approach to road safety is guiding many national efforts and regional initiatives. As a result of the Decade of Action a number of countries have introduced new strategic plans and legislation; multilateral development banks, influential lenders to road construction and transportation projects, have made efforts to increase the quantity and quality of road safety components; and regional initiatives including data observatories and independent vehicle crash test programmes are being established. A strong platform for action is being created.

This year the UN will agree new Sustainable Development Goals (SDGs) to replace the Millennium Development Goals (MDGs). Road safety is expected to be included for the first time, with a specific target in the Health Goal to reduce road fatalities by half from 2010 levels by 2020. Road safety is also integral to Goal 11, on urban development. These SDG targets, recognition that road safety belongs within the mainstream of global development and public health policy, can provide new momentum for international and national action to reduce road traffic injuries.
MAKING THE CASE FOR SUSTAINABLE FINANCING

As with all SDG targets, means of implementation (and financing) will be key to effective delivery, and moving from words on a communique to measurable action on the ground. In the context of the Third International Conference on Financing for Development, in Addis Ababa in July 2015, governments and other public and private sector stakeholders are exploring potential sources of financing that can support delivery of the SDGs. For the road safety sector there are three key challenges:

1. To secure sufficient international catalytic financing to assist governments of middle- and low-income countries to take the initial steps – building the institutional capacity, political will and evidence base - necessary to unlock sustainable sources of domestic funding to deliver long-term road safety strategies;
2. To persuade finance ministers and private investors of the strong case for investment in safe and sustainable transport modes; that this isn’t an optional extra, but should be mainstreamed into every transportation and land-planning decision; and
3. To integrate road safety and sustainable transport into the new financing mechanisms intended to support delivery of the Sustainable Development Goals.

Road safety is primarily an area of national competency, and ultimately has to be delivered by national and local government. In the countries where road traffic injuries are on a sustained downward path this has been achieved by long-term political commitment, delivered through funded strategies driven by lead agencies or government departments with clearly delineated responsibilities working cooperatively on infrastructure, vehicle standards and maintenance; driver training and licensing, public awareness and police enforcement, and through wider public health strategies. Funding is typically provided through a combination of general taxation, road user charges and taxes, insurance levies, penalty charges (for example from speed cameras) and through public/private finance initiatives.

However, in the context of developing countries with limited road safety capacity, there is a vital need for international catalytic financing to support the development of national road safety capacity reviews, political and technical institutional development, initial steps towards effective data management, strategy development and demonstration projects that can translate proven interventions to local circumstances. Taking these steps can create an enabling environment in which sustainable political support for long-term action to improve road safety, with the revenue streams to back it, becomes possible.

In 2006 the Commission for Global Road Safety, building on the recommendations of the WHO/World Bank Report on Road Traffic Injury Prevention, estimated that around US$ 30 million of annual funding was the minimum required to effectively resource a strategic catalytic action plan. Over the past decade, the Commission, led by Lord Robertson of Port Ellen, has advocated for a higher profile for road safety within the UN system; for closer cooperation between the multilateral development banks and greater effort to ensure road safety is integral to all MDB-funded road infrastructure projects; and for inclusion of road traffic injury prevention within the international sustainable development agenda. It has achieved a large measure of success in seeing each of these recommendations implemented. But in the major area of international catalytic financing, much remains to do.

Currently the only multi-donor global fund working to deliver the kind of strategic catalytic investment recommended by the Commission for Global Road Safety is the Global Road Safety Facility, launched in 2006, and hosted at the World Bank. The Facility, initially established with funding from the World Bank, the FIA Foundation, the Governments of Sweden and the Netherlands, and latterly from Australia, the UK and Bloomberg Philanthropies, deploys c. US$ 3 million a year and has a strong focus on ‘Safe System’ delivery. Funding is principally used to support capacity building, provide technical assistance and improve road infrastructure safety. In the first six years of operation funding was channeled to more than 30 countries, often integrated into Bank projects, and the Facility estimates that this catalytic support leveraged over US$ 500 million specifically committed to road safety investments.

Other main sources of globally coordinated funding for road safety, supporting international, regional and national capacity building include:

- Philanthropic public health donors led by Bloomberg Philanthropies, and also including the FIA Foundation and the MAPFRE Foundation. Overall funding is estimated to exceed US$20 million a year and finances a range of interventions, including national advocacy focused on legislative change, safety testing initiatives like the International Road Assessment Programme and the Global New Car Assessment Programme, designed to generate demand for technical improvements and to advise on solutions; and pump-priming to support international road safety processes;
- The Road Safety Fund, a collaboration between the FIA Foundation and the World Health Organization, raises c. US$1 million a year from private sector donations to support demonstration projects and advocacy by NGOs in developing countries;
- The Global Road Safety Initiative, a consortium of several private sector companies hosted by the Global Road Safety Partnership (GRSP), providing c. US$1 million a year for demonstration projects and technical assistance. GRSP also manages an advocacy grant programme on behalf of Bloomberg Philanthropies.

It is difficult to estimate the aggregated value of other road safety investments by donors within countries. Many OECD DAC governments provide support for road safety, either as part of broader development aid programmes or through discretionary grants by embassies. Some major corporate donors, for example FedEx, Johnson & Johnson and UPS Foundation, contribute significant grants supporting NGO activities. Most major car manufacturers have corporate social responsibility programmes and/or foundations working in their major market territories, although these typically focus on driver training and related areas, or child road safety education, rather than on capacity building.

It is generally accepted within the international road safety community that catalytic financing is needed if developing countries are to make real progress. The FIA Foundation’s perspective as a donor is that there is significant un-met demand from LMIC governments and NGOs, and that some of the international agencies tasked with leading the fight against road traffic injuries – particularly the World Health Organization, but also the UN Economic Commission for Europe and other UN regional commissions – are also under-funded and generally under-resourced to work on road safety. Generating additional international funding for road safety should be a priority.
HEALTH FUNDING FOR A HEALTH TARGET?

With the inclusion of a road safety target within the Health Goal of the new SDGs will we see an accompanying paradigm shift in thinking within the global donor community about road traffic injury prevention as a public health objective? The larger spread of health targets included in the SDGs, compared with the relatively narrow focus of the MDGs, should in theory result in a more proportionate share of available global funding to different health issues. As new research by the Institute of Health Metrics and Evaluation (IHME) shows, the MDGs were accompanied by an unprecedented increase in both development assistance for health (DAH) and overall global health funding23. In 2013, DAH spending amounted to US $311 billion, five times more than in 1990. The IHME ‘Financing Global Health’ report finds that this development of assistance has been overwhelmingly focused on meeting the MDG targets: “Rapid growth was largely driven by massive investments aimed at advancing these goals, including the fight against HIV/AIDS, malaria, tuberculosis, and child and maternal mortality, realized in the establishment of public-private partnerships”, IHME concludes. By comparison non-communicable diseases received just $377 million (although the share is rising) while funding for injury prevention is so low that it doesn’t even merit its own line item.

Health financing can play an important role in catalysing global road safety, as the contribution made by Bloomberg Philanthropies since 2010 demonstrates24. By including a road safety target within the health objectives of the SDGs, governments are recognising the scale of the health burden – which ranks alongside HIV/AIDS, Malaria and Tuberculosis. Few road safety activists would argue that road safety needs the multi-billions of dollars of international aid that these other global killers receive. But there is certainly a compelling case for significantly increasing DAH for this neglected epidemic of road traffic injury. However, in order to secure health funding, the road safety community needs to do a better job of explaining the impact of road traffic injuries and the costs of trauma care on the health sector in developing countries, and needs to be more imaginative about connecting road traffic injury prevention solutions to other health agendas.

For example, there should be a strong communality of interest between action to reduce non-communicable diseases and tackle the obesity epidemic, and action to improve road safety and provide safe, accessible infrastructure for pedestrians and cyclists25. The same is true of health-related strategies to improve urban air quality and respond to climate change26. Efforts to improve global surgical care have moved up the policy agenda as a result of the research of the Lancet Commission on Global Surgery27 and the advocacy of the G4 Alliance28, resulting in a resolution at the 68th World Health Assembly in May 2015 urging new resourcing efforts for surgical, obstetric, trauma and anaesthesia care29. The Intergovernmental Committee of Experts on Sustainable Development Financing has recommended ‘mobilizing all resources in an integrated manner’29. In this spirit here are strong alliances that can be built between road safety and those advocating for and funding a range of pressing health, social and environmental issues.

BUILDING THE HEALTH CASE FOR TRANSPORT INVESTMENT

Making a strong health case for investment in road safety is also key to securing large scale, sustained funding for road safety from the public and private sectors at national level. The transportation sector, whether through government infrastructure investment, private sector financing, or a combination of the two, is where the majority of spending that will define the safety of roads is, and will continue to be, sourced. Unlike many health issues, which have a direct line of accountability from government to implementing health agency to health outcome, road traffic injuries are a health issue solved primarily by transport planning, infrastructure and vehicle engineering, and police enforcement solutions. Accountability and ownership are diffuse, and too often no one claims full responsibility. Broader mobility or economic objectives (like shorter travel times on higher speed roads) can contradict, and be prioritised ahead of, road safety needs. The announcement at the 2012 Rio+20 UN Sustainable Development Summit by the seven leading Multi-lateral Development Banks (MDBs) that they would deploy $175 billion in loans and grants to support sustainable transport over this decade hints at the scale of the opportunity29. The draft ‘Addis Accord’ outcome document of the 3rd International Conference on Financing For Development makes clear that “investing in sustainable and resilient infrastructure, including transport, energy, water and sanitation for all, is a pre-requisite for achieving many of our goals”30. But there is no guarantee that a sufficient share of the MDB funding, or the hundreds of billions that countries will spend directly, will be used to deliver safer and more sustainable road transportation. International catalytic assistance, financial and technical, can help countries to ensure that larger funding streams are used to genuinely transform transportation for the better.

More must be done to close the circle between transport, health and finance decision-makers by more effective measurement and communication of the cost-effectiveness and impact of road safety interventions for improved health outcomes and reduced health sector costs. The narrative needs to move away from considering safer road design and related measures as an optional extra ‘cost’, instead recognising an integrated road safety approach as an essential investment by properly calculating, and allocating its benefit, to human health. Research already shows that road traffic injury interventions are a cost-effective way of reducing Disability Adjusted Life Years (DALYs)31 and as such have a valid part to play in reducing the overall health burden. We know that targeted interventions such as improved road design on ‘high risk’ roads in lower income countries can have a benefit to cost ratio of more than 10:1. The challenge is to persuade the transport and finance ministry that it is worth investing a bit more today in order to reap rewards in health cost savings tomorrow.

Working towards realising the true value of road safety investment is the purpose of the new report ‘Breaking the Deadlock: A social impact investment lens on reducing costs of road trauma and unlocking capital for road safety’32, commissioned from Social Finance and Impact Strategist by the FIA Foundation, and the work-stream on social impact investing that is being launched. Social Impact Bonds and other ‘innovative financing’ mechanisms may play a role in releasing new sources of primarily private sector funding (and development bonds could also be an effective way to deliver health objectives in low-income countries in the area of road safety). In the context of the SDGs, public/private ‘blended funding’ of this kind is recommended for consideration by the Intergovernmental Committee of Experts on Sustainable Development Financing33 and in the Zero Draft of the Addis Ababa Accord34. But the Social Finance/Impact Strategist report also suggests that the discipline of designing a project that meets the exacting expectations of a private investor, structured in a way that makes transparent the different types of social beneficiary so that metrics - on various timeframe schedules would be predicated - are clearly defined, would identify the health and social benefits of a road safety scheme in a way to compellingly demonstrate value for money. This is a promising avenue which will be further explored.
In many ways the global road safety community is well prepared for the SDGs. As a result of the work that went into securing and promoting the UN Decade of Action for Road Safety, it has a series of UN General Assembly resolutions (the most recent from 2014) recognising the scale of the problem, and mandating some areas of action: it has a Global Plan which provides a basic roadmap for international, regional and national strategies; it has a 2010 baseline of road traffic fatalities from which to measure progress, and the bi-annual WHO Global Status Reports to provide that measurement; it has a small, but active, vocal NGO Alliance, providing vital civil society motivation; and meets – hosted by WHO – twice a year; it has an increasingly organised and well-knit “Friends of the Decade”, which acts as a loose coordinating and motivational body and meets – hosted by WHO – twice a year; it has a vibrant UN Road Safety Collaboration, including governments, multilateral institutions, NGOs, foundations and private sector companies, which acts as a loose coordinating and motivational body and meets – hosted by WHO – twice a year; it has a UN Special Envoy for Road Safety, appointed by the Secretary General, with a mandate to “mobilize sustained political commitment towards making road safety a priority; to advocate and raise awareness about the United Nations road safety legal instruments; share established road safety good practices; and generate adequate funding for advocacy efforts through strategic partnerships between the public, private and non-governmental sectors”.

Now the challenge is to build on these hard-won achievements by expanding the circle of bilateral donors, institutions and agencies, health foundations and private sector partners willing to work for and invest in global road safety, and ensuring that road traffic injury prevention is mainstreamed as part of new financing mechanisms established to deliver the SDGs.

In the context of securing new international catalytic financing there are a number of steps that should be considered:

- Further develop the strong evidence base and practical examples of scaled interventions that will persuade bilateral donors, public health foundations and the private sector to join, or launch, efforts for road traffic injury prevention. Wherever possible identify synergies with other SDG objectives. Social impact investing, with its requirement for transparent metrics, could facilitate development of a clear model of health and other social benefit outcomes. Social Impact or Social Development Bonds may also potentially provide a major new source of private sector funding for road safety within countries;
- Design a global fund and/or coordinated regional funds that can provide: a secure destination for new funds with high standards of governance and accountability; a strong strategic direction for catalytic capacity building efforts; and, the credibility to succeed as a broad-based multi-donor platform. The Global Road Safety Facility, for example, has achieved a significant leverage effect with core resources of less than $3 million per year, although it has so far been somewhat less successful in maintaining and building a strong donor base;
- Align the work of the Global Road Safety Facility and/or a new fund with relevant financing mechanisms designed to support implementation of the SDGs. The new World Bank Global Infrastructure Facility; the Global Environment Facility, with a remit for partnering on urban design and sustainable transport; and the new Africa50 Infrastructure Fund, for example, should be potential partners for joint funding initiatives or technical partnerships. Integrating road safety expertise into the operations of these major SDG financing mechanisms would release new funding flows for road traffic injury prevention and improve the quality and investment return of infrastructure projects. The new ‘Global Infrastructure Forum’ proposed in the draft Addis Accord could provide a platform to facilitate sharing of technical assistance for road safety, harmonisation of safety standards, and joint financing initiatives;
- Explore the potential of new and ‘innovative’ financing mechanisms to deliver funding for catalytic global road safety activity. The UNITAID model of national ‘solidarity levies’ on air fares (nine countries are now participating) has since 2007 raised more than US $1 billion for action on HIV/AIDS, malaria and tuberculosis. Could a similar compulsory transport levy for road safety gain support amongst governments? Compulsory or voluntary ‘micro-donation’ levies by companies, particularly those in the automotive and related sectors, or those that have a moral or commercial responsibility for, or stake in, prevention, such as vehicle manufacturers, the oil industry, insurance, hotels and telecommunications sectors, and the construction industry, could also be considered. The viability of a voluntary approach to consumer micro-donation schemes is the focus of a short research paper produced for the FIA Foundation’s ‘Financing for Development’ series by Price Waterhouse Coopers;
- Capitalise on road safety’s expected inclusion in the SDGs by launching an unprecedented fundraising campaign to secure new large-scale pledges for catalytic road safety, ideally for a Global Fund or family of funds united under a clear action plan. The proposed ‘FIA High Level Panel for Road Safety’, mainly comprised of influential global business leaders, could be a powerful fundraising voice reaching an audience of global CEOs and political leaders. The 2nd Global HighLevel Conference on Road Safety in November 2015; the proposed UN Conference on Sustainable Transport; and the Habitat III Conference; both in 2016; international business and development fora such as the World Economic Forum and Clinton Global Initiative; and the on-going SDG events and processes should all provide high impact policy opportunities to promote the case for financing global road safety.

This discussion paper, and the series of papers on ‘Financing for Development’ it launches, has the aim of generating debate, bringing forth new ideas and new partners, and helping to coalesce a plan of action. For the FIA Foundation, practical activity to support this publication series will include convening of a workshop on social impact investment; further work to analyse injury data in order to map how road safety investment can benefit specific health outcomes; new work on the economic cost and impact of road traffic injuries on the poorest in low income countries; and financial and technical support for the FIA High Level Panel on Road Safety to help it develop a compelling, and successful, fundraising initiative on behalf of the global road safety community.