



# Multilateral Development Banks Road Safety Financing in Low and Middle-Income Countries **2018-2022**

**ROAD SAFETY WORKING GROUP REPORT**

May 2023





# Multilateral Development Banks Road Safety Financing in Low and Middle-Income Countries: 2018–2022

## 1. INTRODUCTION

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The Multilateral Development Banks (MDBs) Working Group has reviewed progress made by the MDBs in financing road safety activities in low and middle-income countries (LMICs) over the five-year period 2018–2022. Comprehensive details of road and urban mobility projects financing road safety initiatives were provided by seven of the MDBs Working Group members. These were assessed and findings and conclusions reached are summarized in the following sections.

## 2. SUSTAINABLE DEVELOPMENT GOALS 3.6 AND 11.2

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Two United Nations (UN) Sustainable Development Goals (SDGs) call for improved road safety performance and set the ambitious global, regional, and national agendas for the sustained financing of comprehensive road safety initiatives in LMICs (see Box 1).

In 2020 the UN General Assembly Resolution 74/299 declared a second Decade of Action for Road Safety 2021–2030 with the goal of reducing road traffic deaths and injuries by at least 50 percent during

### Box 1. UN SDGs Calling for Improved Road Safety

**SDG 3:** Ensure healthy lives and promote well-being for all ages

- **Target 3.6:** By 2020, halve the number of global deaths from road traffic accidents.

**SDG 11:** Make cities and human settlements inclusive, safe, resilient, and sustainable

- **Target 11.2:** By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

that period.<sup>1</sup> In 2021, the World Health Organization and UN regional commissions produced a Global Plan setting out the necessary measures for achieving this UN goal.<sup>2</sup>

The Global Plan acknowledges that road safety is underfunded in most LMICs and makes the case that long-term, sustainable funding is the primary responsibility of national governments. However, it recognizes that mobilizing domestic funding sources takes time and that short-term bridging

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1 UN General Assembly (2020). Resolution 74/299. Improving global road safety, New York.

2 World Health Organization and United Nations Regional Commissions (2021). Global Plan: Decade of Action for Road Safety 2021–2030, Geneva.

funds may be required to kickstart implementation of the recommended Global Plan actions. Identified sources of this bridging funding include the MDBs financing operations and donor support for grant-making platforms to assist these operations such as the Global Road Safety Facility (GRSF).

### 3. MDBs COMMITMENT TO ROAD SAFETY

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Representatives of ten MDBs issued a High-Level Joint Statement on Road Safety in November 2020 confirming their commitment to support the UN Decade of Action for Road Safety 2021–2030 and to work together to achieve its death and injury reduction goal through an ambitious and integrated approach to road safety.<sup>3</sup> Meeting this commitment will require sustained and increased financing by MDBs of road safety projects in their client countries and the strengthening of related in-country support necessary for project identification, preparation, implementation, and monitoring.

MDBs are uniquely positioned to support LMICs in reaching their road safety financing needs. MDBs are major financiers of transport projects in these countries and approved a total of US\$50 billion in road and urban mobility loans to LMICs between 2018–2022, an average of around US\$10 billion per year<sup>4</sup>. This high level of lending is set to expand.

For example, the current World Bank pipeline alone for road and urban mobility projects over the next three years is close to US\$10 billion. This provides a great opportunity to advance road safety financing which is embedded in many of these projects. MDBs have the track record, government partnerships, and expertise to support the development and financing of road safety improvement programs in the short term, while stimulating longer-term and country-wide safety investments made by LMICs.

## 4. MDBs ROAD SAFETY FINANCING

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Between 2018–2022 the MDBs reviewed committed an estimated \$3.6 billion to road safety financing through their road sector projects. This represented nearly 9% of total road sector lending during this period. All road sector projects addressed infrastructure safety, 70% also included specific road safety components, and two large stand-alone road safety projects totalling \$858 million were approved in Bangladesh (World Bank) and India (Asian Development Bank & World Bank).<sup>5</sup>

Additional road safety financing which has not been quantified was also provided by the MDBs urban mobility projects, which comprised 20% of the total \$50 billion of road and urban mobility loans to LMICs between 2018–2022. The financing of urban mobility projects by the MDBs is anticipated to grow. These projects also have linkages with transport decarbonization.

Improved safety outcomes are integral to these projects, given their speed reductions on urban arterial roads, their provision of safer active and public transport facilities, and the motorization management measures bundling safe and clean vehicle standards and regulations.

### Financing by country income status

Most (70%) of MDBs road safety financing is focused on lower middle-income countries, which comprise 47% of the total LMIC population and 43% of LMIC crash fatalities. Vehicle ownership in these countries is growing rapidly and the rate of fatalities per vehicles is high. Significant MDBs financing is also evident in upper middle-income countries, and while fatalities per vehicle have dropped considerably the high growth in vehicle

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3 <https://www.eib.org/attachments/press/mdb-high-level-joint-statement-on-road-safety-en.pdf>

4 MDBs analysed in this review: Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, New Development Bank, and World Bank.

5 The India State Support Program supported by the ADB and WB is awaiting approval by the Government of India.

ownership is still pushing up the fatality rate per capita (see Figure 1).

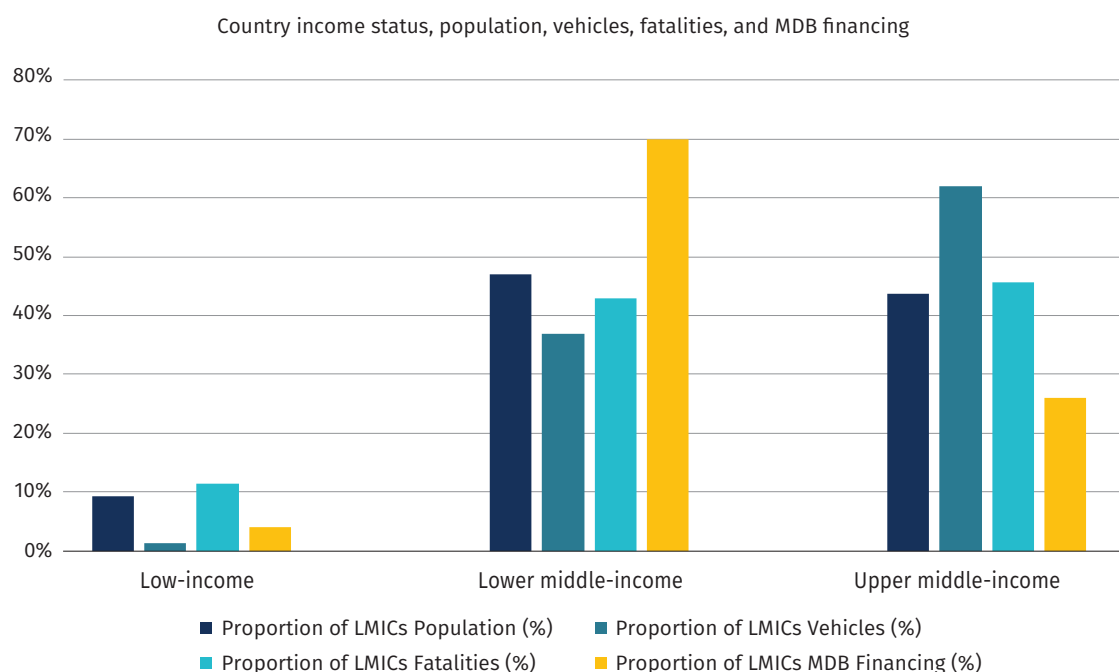
In both lower and upper middle-income countries, increased and sustained investment in road safety programs will be required to achieve high-income country safety performance. Increased MDBs road safety financing will also be necessary in low-income countries. While having extremely low levels of vehicle ownership, low-income countries experience a disproportionate number of road crash fatalities. This generally reflects a lack of country willingness to invest in road safety programs when compared with other pressing development priorities, and presents a challenge for MDBs engaging with the countries concerned.

20% of LMICs are low-income countries, with 24 of these in Sub-Saharan Africa and two in South Asia (see Table 3, Annex 1). Catalytic in-country support will be required to assist efforts to increase road safety financing in these countries. It will also be

needed to address the complexities of scaling up financing in both lower and upper middle-income countries, with the emphasis being on lower middle-income countries (as is currently the case) where the rapid rate of motorization begins to translate into discernible and concerning growth in road crash fatalities and injuries.

The fatality rate per 100,000 people is a product of the vehicles per 1,000 people and the number of fatalities per vehicle. When vehicle ownership grows more rapidly than fatalities per vehicle fall, the fatality rate per 100,000 people grows and vice versa.<sup>6</sup> Over the course of the 20th century, when countries reached a motorization level of around 50–100 vehicles per 1,000 people, road crashes became one of the leading causes of death and injury. At this point, improving road safety began to be recognized as a national development priority and safety measures were introduced. Road fatalities per 100,000 population typically continued to rise, with motorization levels growing to around

**Figure 1**



Source: Table 1, Annex 1

6 Kopits E, Cropper M (2003). Traffic Fatalities and Economic Growth, Policy Research Working Paper 3035, The World Bank, Washington DC.

300 vehicles per 1,000 people before the measures began to have discernible effects and the fatality rate per 100,000 people began to fall, while country motorization levels continued to rise.<sup>7</sup>

Hence it is important that MDB initiatives also support road safety financing in upper middle-income countries, where the safety benefits to be gained remain significant and highly prospective. It is important to see road safety financing as a continuum from the early days of motorization, as in low-income countries, through to the growth of the vehicle fleet reaching saturation, as in high-income countries. As this evolves, less and less catalytic support will be needed and demand for financing will be more straightforward, like partnering in programmatic initiatives where multiple sources of finance are sought.

## Financing by region

Half of the MDBs financing over the last five years has been in South Asia, which reflects the sheer scale of the region and the emergence of a large-scale, 'second generation' road safety project

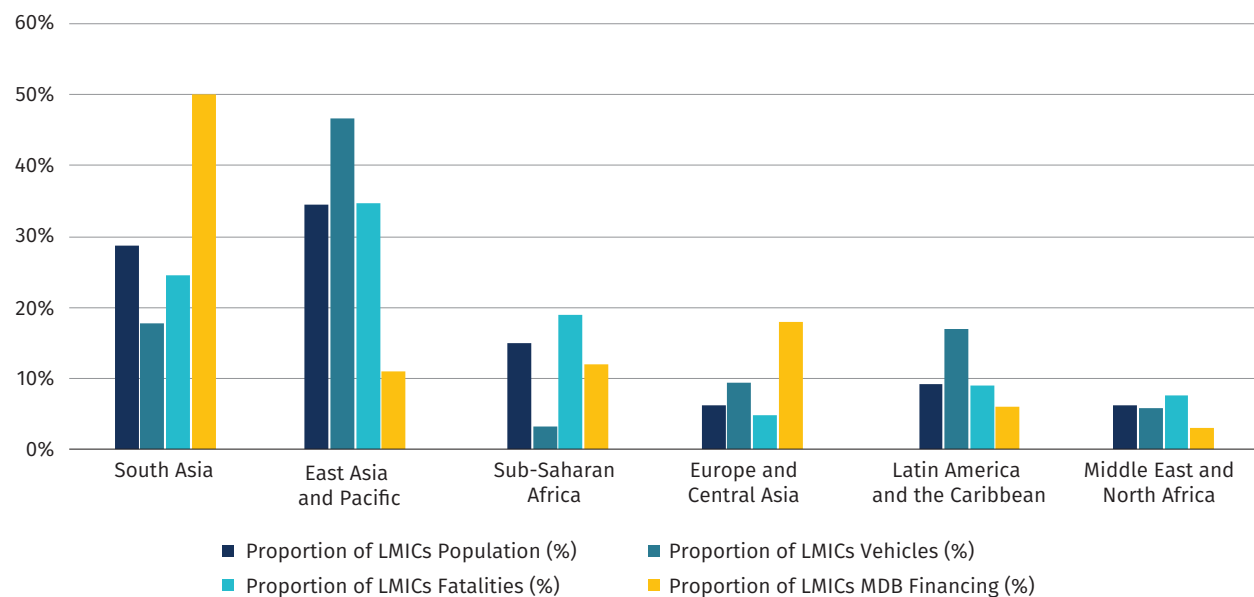
in Bangladesh, and a considerably larger 'third generation' road safety program in India (see Figure 2).

These developments reflect the impact and learning process of long-term MDBs financing and catalytic grant funding support for road safety projects in the countries concerned, and point to the future trajectory of MDB country engagement. They provide the blueprint for scaling-up financing support for the achievement of road safety-related SDGs (3.6 and 11.2) and the associated Global Plan's 50% fatality and injury reduction target for 2030.

The India State-Support Program for Road Safety provides road safety financing support to seven states, with the Asian Development Bank and the World Bank each financing \$250 million to match the federal government's contribution of \$500 million. This \$1 billion financing package will complement an estimated \$7 billion investment by the participating states. The MDBs contribution represents 6.25% of the total road safety program, and provides an ambitious benchmark for scoping future MDBs financing support for LMICs.

**Figure 2**

Regional population, vehicles, fatalities, and MDB financing



Source: Table 2, Annex 1

<sup>7</sup> Carlsson G, Hedman K-O (1990). A Systematic Approach to Road Safety in Developing Countries, Technical Paper INU 63, The World Bank, Policy Planning and Research Staff, Infrastructure and Urban Development Department, Washington DC.

MDBs financing support for the remaining regions, except for the East Asia and Pacific region, broadly aligns with regional populations and fatalities, but otherwise no obvious pattern can be deduced. That said, there is a reasonable spread of MDBs financing across these regions, with the lowest proportion being evident in the Middle East and North Africa region.

## 5. LMICs ROAD SAFETY FINANCING GAP

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Estimates have been made for the additional financing needed over a 10-year period to achieve the goal of halving road fatalities in LMICs by 2030, ranging between \$200 billion to over \$700 billion. The estimates were based on a mix of investment scenarios comprising increased infrastructure investments, stand-alone infrastructure safety improvements, and enforcement and media campaigns targeting unsafe behaviors, which were assumed to achieve good practice safety outcomes.<sup>8</sup>

At the lower end of this estimated range, an additional \$20 billion of road safety financing would be required annually over ten years to meet the goal set for fatality reductions in LMICs. If the MDBs would contribute 5% of this additional financing, it would require an additional \$1 billion of MDBs financing per year, close to doubling the MDBs average annual contribution over the last five years.

Closing this road safety financing gap will be challenging. Many LMICs lack the road safety management capacity necessary to comprehensively address the measures called for in the Global Plan to achieve its ambitious 50% fatality reduction goal. Scaling up the financing contributions that will need to be made by LMICs and the MDBs will require a commensurate increase in MDBs in-country leadership and access to sufficient grant funding to support the country engagement process and catalyse action.

## 6. CATALYTIC GRANT FUNDING

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The demanding tasks of identifying, preparing, and implementing road safety reforms and interventions require substantial in-country support from MDBs over extended periods of time. For example, World Bank estimates indicate that an average road safety component in India required around 60 weeks of professional staff input, with 30% of this being used during the project implementation phase. With the increased complexity of road safety projects under development, the staff time demanded to support country clients is growing.

MDBs engagement with governments and their agencies is the invisible but necessary ingredient in supporting LMICs to substantially increase their road safety financing. Ready access to catalytic grant funding creates strong incentives for LMICs to engage in more depth with MDBs. It amplifies and sustains the process and ultimately its financing outcomes. Increased donor support for MDBs engagement with their country counterparts will be crucial to future success.

GRSF is a multi-donor trust fund hosted by the World Bank and is well-positioned to support the efforts of MDBs to boost road safety financing. It provides funding, expertise, and technical assistance to MDBs and governments in LMICs. Between 2011–2020, GRSF disbursed \$74 million, which catalysed \$2.35 billion of road safety financing under the World Bank's transport sector lending program.

In a bid to significantly scale up road safety financing over the coming decade, GRSF is launching the GRSF 2.0 multi-donor trust fund as an umbrella program designed to catalyse increased WBG and other MDBs road safety financing in LMICs. GRSF 2.0 aims to be the focal point for all MDBs seeking grants to support their country engagement processes. A formal GRSF funding mechanism has been established to transfer funds to MDBs for this purpose.

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<sup>8</sup> Bliss T (2016). Assessment of country road safety financing needs to achieve SDGs 3.6 and 11.2 and related global grant funding requirements, Road Safety Management Limited, Wellington.

## 7. THE WAY AHEAD

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Good progress is being made by the MDBs with their significant contribution to road safety financing in LMICs. However, more needs to be done if the overarching and ambitious goal of a 50% reduction in road crash fatalities by 2030 is to be achieved. Hence the MDBs Road Safety Working Group has identified the following priorities for ongoing action:

- A review of road safety progress being made in low-income countries in the Sub-Saharan Africa and South Asia regions will be conducted, taking account of current institutional arrangements and related road safety financing sources.
- Progress being made on the India State-Support Program for Road Safety and the other large stand-alone road safety project in Bangladesh will be tracked to assess their potential for replication in other regions and countries and to identify lessons that can be learned from their development and implementation.
- Support for the GRSF 2.0 multi-donor trust fund will be mobilized and coordinated across the MDBs to stress the urgency of its objectives and

strengthen its business case for significant and sustained donor contributions.

- Improved procedures for the recording and collation of MDBs road safety financing support in LMICs will be developed and implemented, to provide more up-to-date tracking of financing performance and to assist coordination of MDBs contributions.
- Ongoing efforts to share, communicate, and harmonize road safety policies and practices across the MDBs will be sustained. It will be important to speak with one voice and to communicate the leadership role the MDBs play in contributing to increased road safety financing and improved road safety management practices in LMICs.

The MDB Working Group will address these priorities to help achieve the MDBs commitment to support the UN Decade of Action for Road Safety 2021–2030 and to work together to achieve its fatality and injury reduction goal through an ambitious and integrated approach to road safety. Ongoing emphasis will be placed on sustaining and increasing MDB financing of road safety in LMICs and strengthening the related in-country support necessary for project identification, preparation, implementation, and monitoring.



## ANNEX 1: SUPPORTING DATA

**Table 1.** Distribution of MDB Financing by Country Income Status, Population, Vehicle Ownership, and Road Safety Performance

Country Income Status	Population		Vehicles		Fatalities		Financing
	Proportion of total LMICs population	Proportion of total LMICs fleet	Vehicles per 1,000 people	Proportion of total LMICs fatalities	Fatalities per 100,000 people	Fatalities per 10,000 vehicles	Proportion of total MDB financing
Low-income	9%	1%	23	11%	23	101	4%
Lower middle-income	47%	37%	135	43%	17	135	70%
Upper middle-income	44%	62%	244	46%	20	8	26%
High-income country safety benchmarks			682		8	1	

Source: World Bank Group. 2020. Road Safety in South Asia: Opportunities for Shared Regional Initiatives, Washington, DC.

Note: MDB financing is for the five years 2018–2022.

**Table 2.** Distribution of MDB Financing by Region, Population, Vehicle Ownership, and Road Safety Performance

World Bank Group Regions	Population		Vehicles		Fatalities			Financing
	Proportion of total LMICs population	Proportion of population urban	Proportion of total LMICs fleet	Vehicles per 1,000 people	Proportion of total LMICs fatalities	Fatalities per 100,000 people	Fatalities per 10,000 vehicles	Proportion of total MDB financing
South Asia	29%	33%	18%	106	24%	16	15	50%
Europe and Central Asia	6%	53%	9%	264	5%	15	6	18%
Sub-Saharan Africa	15%	47%	3%	38	19%	24	62	12%
East Asia and Pacific	35%	47%	47%	233	35%	19	8	11%
Latin America and the Caribbean	9%	61%	17%	312	9%	18	6	6%
Middle East and North Africa	6%	66%	6%	162	8%	23	14	3%
High-income country safety benchmarks				682		8	1	

Source: World Bank Group (2020). Road Safety in South Asia: Opportunities for Shared Regional Initiatives, Washington, DC.

Note: MDB financing is for the five years 2018–2022.

**Table 3.** Regional Population, Vehicles, and Road Safety Performance

WBG Regions and High-Income Countries	Number of countries	Population (millions)	%age population urban	Total vehicles (millions)	Vehicles per 1000 people	Total Fatalities	Fatalities per 100,000 people	Fatalities per 10,000 vehicles
<b>South Asia</b>								
Low-income countries	2	58.4	22	1.8	31	9,447	16	52
Lower middle-income countries	5	1,612.9	32	175.9	109	258,453	16	15
Upper middle-income countries	1	0.4	44	0.1	178	12	4	2
<b>Sub-total</b>	<b>8</b>	<b>1,671.7</b>	<b>33</b>	<b>177.8</b>	<b>106</b>	<b>267,912</b>	<b>16</b>	<b>15</b>
<b>Europe and Central Asia</b>								
Low-income countries	-	-	-	-	-	-	-	-
Lower middle-income countries	6	49.2	46	2.1	142	7,166	15	35
Upper middle-income countries	14	310.7	60	92.9	299	45,991	15	5
<b>Sub-total</b>	<b>20</b>	<b>359.9</b>	<b>53</b>	<b>95.0</b>	<b>264</b>	<b>53,157</b>	<b>15</b>	<b>6</b>
<b>Sub-Saharan Africa</b>								
Low-income countries	24	480.79	35	10.54	21.92	115,715	24	110
Lower middle-income countries	11	309.45	47	10.93	35.34	72,218	23	66
Upper middle-income countries	6	81.49	59	11.93	146.42	20,605	25	17
<b>Sub-total</b>	<b>41</b>	<b>871.72</b>	<b>47</b>	<b>33.40</b>	<b>38.3</b>	<b>208,538</b>	<b>24</b>	<b>62</b>
<b>East Asia and Pacific</b>								
Low-income countries	-	-	-	-	-	-	-	-
Lower middle-income countries	15	527.7	33	161.3	307	87,702	17	5
Upper middle-income countries	7	1,483.6	62	306.6	207	292,800	20	9.55
<b>Sub-total</b>	<b>22</b>	<b>2,011.3</b>	<b>47</b>	<b>467.9</b>	<b>233</b>	<b>380,502</b>	<b>19</b>	<b>8</b>
<b>Latin America and the Caribbean</b>								
Low-income countries	-	-	-	-	-	-	-	-
Lower middle-income countries	4	40.3	58	5.7	142	7,754	19	14
Upper middle-income countries	19	506.9	65	164.9	325	91,517	18	5
<b>Sub-total</b>	<b>23</b>	<b>547.2</b>	<b>61</b>	<b>170.6</b>	<b>312</b>	<b>99,271</b>	<b>18</b>	<b>6</b>

Table 3 (continued)

WBG Regions and High-Income Countries	Number of countries	Population (millions)	%age population urban	Total vehicles (millions)	Vehicles per 1000 people	Total Fatalities	Fatalities per 100,000 people	Fatalities per 10,000 vehicles
<b>Middle East and North Africa</b>								
Low-income countries	-	-	-	-	-	-	-	-
Lower middle-income countries	7	197.5	56	14.2	72	35,893	19	25
Upper middle-income countries	4	168.7	77	45.2	268	48,614	29	11
<b>Sub-total</b>	11	366.2	66	59.4	162	84,507	23	14
<b>WBG Regional Totals</b>	125	5,828.00	51	1,004.09	172.4	1,093,887	19	11
<b>High-Income Country Totals</b>	49	1,115.85	75	761.38	682.3	88,154	8	1

Source: World Bank Group. 2020. Road Safety in South Asia: Opportunities for Shared Regional Initiatives, Washington, DC.

