

How to Apply for Road Safety Funds Under a Donor Financed Project

How Governments Manage Donor Finance

Most countries have a designated person in either the Ministry of Finance, or Planning Ministry, who coordinates donor finance and acts as the main intermediary between external donors and the governments line ministries. This person handles both grants and loans. The loans carry a sovereign guarantee (i.e., the government guarantees to repay the loan) and the funds can be on-lent to government enterprises and others at a slightly higher interest rate. Although some funds are provided on a grant basis, particularly those provided by bilateral donors, there is no such thing as “free” money. Most donors set an indicative ceiling on their grant funds and money that is used to finance one activity cannot be used to finance another. Hence, allocation of grant funds tends to face even more stringent conditions than donor loans. Most donor grants are also tied to procurement of goods and services from the donor country, although an increasing amount of local procurement is also permitted.

How to Access Donor Funds

There are two types of donor funding: (i) funds being disbursed under ongoing programs; and (ii) funds waiting to be committed under new grant/loan agreements.

In the case of **ongoing programs**, there will often be unspent funds, or funds technical assistance and training components, which could be used (reallocated) to finance road safety interventions. To access these funds, the organization wishing to implement the intervention needs to: (i) identify the agency responsible for a suitable donor project with unspent funds (which, in the case of road safety, could be a transport, health or education sector project, depending on the nature of the intervention); (ii) make contact with the staff responsible for supervising implementation of the project (often a Project Implementation or Management Unit); (iii) persuade them that the intervention is worth while and consistent with the overall objectives of the project; (iv) if the PIU is sympathetic, it will probably have to seek endorsement from the responsible Permanent Secretary (or Minister); (v) if approved, the potential reallocation of funds will be discussed with a representative of the donor agency (who may have to seek a “no objection” from their head quarters); and (vi) provided there is no objection, the funds can then be made available. Depending on the sums of money involved, the lead agency would decide whether the services involved could be procured under a sole source agreement, or whether local competitive bidding may be required.

In the case of **new projects**, it is a question of getting the road safety intervention (or group of them) included in a new grant/loan. Again, it could be included in a new transport, health or education project, depending on the nature of the intervention. The suggestion of whether to include such an intervention could come from the lead ministry, or donor staff. The idea of including such a component would then be cleared with the designated aid coordinator and the donor Country manager (or equivalent) and, if

approved, it would be included in the project. Given the speed at which this process moves, it may take several years before funds would be available under a new project.

The key to the success of this approach – regardless of whether it involves reallocation of existing donor funds, or including additional components in a new project – is that the lead agency has to be willing to use the funds for this purpose. This cannot be taken for granted. Transport ministries (and ministries of works) do not always appreciate the importance of road safety, or do not consider it their responsibility. This means that they are often unwilling to see any of their donor funds allocated to support road safety. To effectively access donor funds thus requires a strong local constituency pressing for better road safety, combined with a lead agency willing to have some of its donor funds set aside to finance better road safety.

What to Do?

To access donor funds to finance road safety interventions, it is recommended that the organization promoting these interventions takes the following steps:

- Decide whether the type of intervention would normally be promoted as part of a program falling under the transport, health or education ministry.
- Find out whether this ministry has any ongoing grants/loans with either a suitable component which could finance the proposed intervention (usually technical assistance and training components), or unspent funds available.
- Discuss with the team supervising implementation of the donor project whether they would be willing to support the intervention (informal discussions with the donor staff supervising the project may also be helpful).
- If the project implementation team is supportive, get them to seek clearance to finance the intervention from the Permanent Secretary (Minister) and the donor Task Manager.
- If there are no suitable funds available under ongoing donor financed projects, attempt to get a suitable road safety component included in a new donor financed project.
- With new projects, it is again necessary to work with the lead ministry and with the staff representing the potential donor organization. Several donors may be interested in financing the road safety interventions, so that fairly extensive canvassing among donors may be required.