



**International Road Federation  
Fédération Routière Internationale  
Federación Internacional de Carreteras**

# **IRF Policy Statements**

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## Roads Connecting People

### IRF Policy Statements in a Nutshell

#### Five key issues

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## IRF Policy Statement

### What is the “raison d’être” of road transport? What about IRF’s corporate social responsibility?

#### Context and Stakes

##### *Contribution of roads to society and economic development*

Road transport provides indispensable mobility for all citizens and goods and contributes to economic prosperity.

The economic importance of road transport is illustrated by the fact that in the EU15, in 2003, the road sector accounted for 20% of EU GDP and 9% of total employment<sup>1</sup>.

For distances of 500 kilometres or less, road transport is generally considered to be the least expensive, most flexible and quickest mode of transport. In the OECD countries, in 2000, 81% of all transportation was by road<sup>2</sup>.

Road transport infrastructure considerably reduces the geographical isolation of peripheral regions. It is a key factor in social, regional and economic cohesion, including the development of sparsely populated areas.

##### *Road transport trends over the long term will see continuous growth of mobility needs.*

Over the last 30 years, there has been very strong growth in mobility, using road transport.<sup>3</sup> This trend is expected to continue.

Between 1950 and 2003, the number of vehicles on the world’s roads went from 50 million to more than 830 million units, including nearly 700 million cars<sup>4</sup>.

According to the projections of the *World Business Council for Sustainable Development* (WBCSD) the number of passenger vehicles on roads worldwide the world will reach 1.3 billion in 2030. Distances travelled will increase by nearly 50% between 2000 and 2030. Over the same period, road freight is forecast to increase by 75%. This increase in mobility will be particularly strong in developing countries: in China

and Latin America, projections indicate an average rise of 3% per year over the period 2000-2030<sup>5</sup>.

##### *Necessary commitments to contribute to sustainable mobility*

Enhanced mobility is essential to continued economic progress. However, the increase in road traffic is not without consequences for the environment: locally polluting emissions, greenhouse gases, use of fossil fuels, noise pollution, etc. According to the World Resources Institute (WRI), transport accounts for 14% of global greenhouse-gas emissions, making it the third largest source of emissions jointly with agriculture and industry. Three-quarters of these emissions are from road transport.

In industrialised countries, transport consumes around 65% of oil resources. The International Energy Agency’s main projection scenarios forecast that transport-related oil consumption could double in the next 25 to 30 years but the distribution of use will differ by region (developing countries in South and East Asia will show the largest rise: from 11% in 2000 to 30% of transport energy use in 2050).<sup>6</sup>

Transportation activities are major generators of noise. A large share of the increase in transport activity will occur in urbanised areas under conditions of increased congestion. Therefore, this will lead to an increase in road traffic noise<sup>7</sup>.

Furthermore, in 1950, less than 30% of the world’s population was living in urban areas. According to the World Bank, this figure will exceed 50% by 2008, mainly due to the rapid growth of urbanisation and use of motor vehicles in developing countries, combined with less adequate infrastructures which will lead to chronic road traffic congestion.<sup>8</sup>

Finally, every year, 1.2 million people are known to die on roads worldwide. Projections indicate that the number of injured or killed could increase by about 65% over the next 20 years unless there is a new commitment to road safety<sup>9</sup>.

<sup>1</sup> ERF Statistics 2005, p12

<sup>2</sup> IEA statistics

<sup>3</sup> DG TREN

<sup>4</sup> Michelin Performance and Responsibility report 2003-2004 p14-15

<sup>5</sup> Michelin Performance and Responsibility report 2003-2004 p14-15

<sup>6</sup> WBCSD SMP 2030 p52

<sup>7</sup> WBCSD SMP 2030 p49

<sup>8</sup> Michelin Performance and Responsibility report 2003-2004

<sup>9</sup> World Report on road traffic injury prevention WHO

## IRF's position and recommendations

The IRF's commitments can be articulated around the 7 goals established by the Sustainability Mobility Project (SMP) in its report called "Mobility 2030: Meeting the challenges to sustainability".

Indeed, the Sustainable Mobility Project is a WBCSD member-led project which develops a global vision covering the sustainable mobility of people, goods, and services in road transport. The SMP shows possible pathways towards achieving sustainable mobility that will address environmental and economic concerns.

The SMP 7 goals are:

1. Reduce transport-related conventional emissions (carbon monoxide, nitrogen oxides, volatile organic compounds, particulates, and lead) to levels such that they cannot be considered a serious public health concern anywhere in the world.
2. Limit transport-related greenhouse gas (GHG) emissions to sustainable levels.
3. Significantly reduce the worldwide number of deaths and serious injuries from road crashes. Efforts to do this are particularly needed in the rapidly motorising countries of the developing world.
4. Reduce transport-related noise.
5. Mitigate transport-related congestion.
6. Narrow the mobility "divides" that exist today (a) between the average citizens of the world's poorest and wealthier countries, and (b) between disadvantaged groups and the average citizen within most countries.
7. Preserve and enhance mobility opportunities available to the general population.

Regarding modal shift from road to rail that the EU is encouraging, the IRF recommends that user needs and the strong projected road transport growth should be taken into account. Therefore, the IRF considers that intermodality should be promoted where it can offer viable answers to questions of congestion and environment e.g. for long distance transport of heavy goods.

Moreover, to achieve the seven goals of the Sustainable Mobility Project report, the IRF pushes for sensible development of road networks in the developing world through better management and rational choices.

In the developing world, vehicle crashes continue to increase. The IRF considers that there is an urgent need to transpose, to the developing world, successful, practical means of solving environmental performance and road safety problems.

Finally, it is important to note that the road sector has already achieved some tangible progress in certain areas.

The general public should therefore take note of progress achieved by car manufacturers and related industries in environmental performance (emissions, noise) and road safety (successful solutions in the developed world) and try to make further progress.

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## IRF Policy Statement

### What are the priorities for development of road networks?

#### Context and stakes

In the 19<sup>th</sup> century, roads were briefly challenged by the railways, but the development of the automobile in the latter part of that century, and its potential to increase individual mobility, gradually swung the pendulum back in favour of road travel. Individual mobility and the free movement of goods along road networks became a right.

Back in the 1940s, it was not difficult to convince governments of the benefits of roads. Much of the world was in ruins, and a massive investment plan to reconstruct damaged and destroyed infrastructure was agreed as an investment in the world's future peace and prosperity. Europe embarked on a major programme of reconstruction, helped greatly by the Marshall Plan.

Japan embarked on a major programme to modernise its road network to support its rapidly growing industry. Across the Atlantic, the US was just beginning the greatest period of economic growth and expansion the world had ever seen. The planned system of federal highways – now considered one of the ten greatest construction achievements of the 20<sup>th</sup> century – would, according to the general consensus of opinion, consolidate and reinforce that growth. As their opinion leaders put it, “it was not our wealth that built our roads, but our roads that built our wealth.”

Sixty years later, the IRF finds itself in a very different situation.

Cultural and commercial exchanges in the industrialised world are essential. Transport is very valuable in the sense that it permits people to plan their businesses and their personal lives. Moreover, current communication needs in societies have reinforced these aspirations to mobility. Therefore, the easiest way to connect people and to cope with mobility needs is to build a road, a bridge or a tunnel.

Now, at the outset of a new century, we see governments of the democratic west actively promoting collectivism in transport: rail rather than road transport; public rather than private transport. At the same time we see emerging markets, for example in the east of Europe, trying to establish even the most basic road system. Indeed, for environmental reasons or because of congestion problems, road transport

and individual transport are seen as less sustainable than in the past.

At the same time there is a trend in transport planning to switch from political and military criteria to socio-economic criteria for fixing priorities on national road network plans. In the European Union, for example, new construction and upgrades of road networks face considerable resistance, unless they are justified by strong economic reasons.

#### IRF's position and recommendations

One of the principal aims of the IRF, in 60 years of existence, has been to stress the social and economic benefits of roads and road networks. Therefore the IRF constantly calls for developing networks according to the needs of each country, region and inter-regional traffic.

##### *- In developed countries*

The focus of IRF's advocacy role in the developed world is to promote a new business approach to road management – “Managing Roads for the Consumer”. This involves promoting not necessarily more investment, but better targeted investment, to achieve more with limited resources. There should be a perception of road users as customers, and road authorities as service providers.

Roads are primary assets of any country, and no country, rich or poor, is so rich that it can afford the luxury of ignoring its road network.

##### *- In developing countries*

In developing and emerging countries, the IRF continues to emphasise the importance of making sure that a country's road building and maintenance programme keeps pace with economic growth.

Any failure to secure road investment at a high enough level to keep pace with significant increases in traffic, inevitably leads to traffic congestion, more pollution than necessary, a spiralling number of road deaths and injuries, and a stagnating economy.

The specific situation of countries in transition should be noted. The situation of transition economies with

substantial yet inadequate infrastructure is distinct from that of developing countries. In the transition stage, priorities for road construction should identify infrastructure projects that could support clusters of new economic developments.

Despite a growing awareness that the development of efficient road systems makes a significant contribution towards achieving policy goals such as social cohesion, eradication of poverty, and economic growth (e.g. China and India), the IRF will need to continue its advocacy on this point.

In many developing and emerging countries, the benefits of a functional road network are still underestimated and scarce resources frequently used for short term concerns, and politically more attractive projects. Moreover, there needs to be a serious improvement in management of road capacity and the maintenance of networks as assets. This is a particularly bad problem in developing countries, and can also be seen in the developed world. Efficient public transport management can help to add value to these infrastructure assets.

A key IRF message is that roads connect people, and the absence of roads separates them. However, even though the IRF is a non-political organisation, it cannot ignore political realities, since border-crossing roads often serve political interests, in addition to their socio-economic role.

Furthermore, the IRF must continuously stress that the guiding principle for road investment is “need” so as to avoid projects whose justification is political rather than economic. The key insight is that projects must have sufficient socio-economic justification, be they large or small, and not “white elephants”<sup>10</sup>.

A realistic needs assessment should be undertaken and this should sufficiently respect:

1. The choices made by transport users (traffic is a prime indicator of direct benefits from roads). Roads should be built for users (priority), not for political purposes.
2. The macro-economic benefits for society and the need to conceive roads as a network in which those segments with less traffic can also play an important role. Social equity issues (in terms of access to the network and of reaping social benefits) can be of particular importance in this context for developing countries.

The mistake frequently made is to favour big transit projects, with the view that these will help sustain economic growth just because of their sheer size. With limited resources, this has often meant sacrificing work on local and suburban roads. But in the long run, national economic growth can only be sustained by the healthy growth of local economies.

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<sup>10</sup> Although it should be noted that packaging large projects can create efficiencies in terms of economies of scale, attracting big players and promoting networks instead of “checker boards”.

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## IRF Policy Statement

### Who should be responsible for road management?

#### Context and stakes

Roads are a key element of public infrastructure. However, it is evident in a number of countries that a clear definition is needed of "who is responsible for what" in relation to much of this road infrastructure:

Central governments generally are, or should be, the key decision-makers in relation to transport policy, intermodality and the main framework that determines resource allocation between the various transport modes.

In some regions, a national regulatory framework is no longer necessary. Elsewhere, international cooperation is still required to establish standards (e.g. for road safety, signs and signals, road transport), to harmonise infrastructure charging policy, to develop new technologies (e.g. ITS interoperability), to enforce road transport regulations, etc.

The definition of responsibilities for road management between central and local authorities is often in need of clarification. Furthermore, central government often delegates responsibilities to local authorities without transferring sufficient resources to enable them to discharge these responsibilities effectively. Participation of the private sector is being increasingly used to improve efficiency (and ensure value-for-money) and/or enables the public sector to access private investment. However, in many countries, a poor understanding of the rationale for private participation, the lack of long term strategic vision, and lack of political support have hindered private sector involvement and hampered the optimal combination of public and private resources.

#### IRF's position and recommendations

Governments should base their road sector policy on an explicit analysis of the economic, social and environmental impacts of their policies and programmes.

Public policies on road management should take into consideration the various stakeholders related to road management.

Increased transparency of the debate and decision making process with respect to investment in roads will ultimately strengthen the governance of the sector.

IRF, in principle, favours decentralisation, i.e. it believes that the national, strategic road infrastructure should be managed by central government, whereas roads of local interest would be better looked after by the local authorities, provided institutional and financial arrangements are clear. IRF also favours making each road agency (whether national or local) responsible for construction, operation and maintenance of the roads under its jurisdiction.

IRF recommends that a stable institutional framework be developed, to improve planning and transparency for all stakeholders, including local road authorities and private partners, to avoid protracted arguments about who is responsible for what. Systematic participation by the private sector should be encouraged where this would improve quality and efficiency. Clear procedures should be developed for such participation.

IRF supports international cooperation and is ready to collaborate with all the interested parties to help to disseminate lessons learned, and to promote discussion and debate about existing standards, innovations and international best practice.

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## IRF Policy Statement

### Key principles for Infrastructure financing and charging

#### Context and stakes

Adequate and stable financing is a key pre-condition that enables road infrastructure to play its essential role in supporting social and economic development. Economic and social well-being move in harmony when investments in transport infrastructure are selected to ensure that socio-economic benefits are maximised (provided the projects are managed efficiently). If economically and socially justified investments are not made, there can be considerable losses in terms of mobility and economic well-being.

For most infrastructures, the basic network is paid for by the user (through a price, or user charge) and the state only provides limited subsidies through the government budget. However, in the road sector, virtually all financing comes through the government budget. Indeed, the budget typically finances over 95% of the road network, while less than 5% is financed directly through tolls (i.e. direct charges paid by the user). Nevertheless it should be noted that users indirectly pay for budget financed roads, through taxes and levies.

Governments, even in industrialised countries, are not able to fully finance the requirements of the road sector through the government budget. With traffic typically growing significantly faster than GDP, and road agencies rarely being exposed to market discipline to increase their efficiency, the investment needs of the road sector tend to grow faster than the government is able or ready to supply as a proportion of its tax revenues. (In developed countries as for example in the European Union, governments siphon off about 2/3 of road user taxes to the general budget and re-invest only a 1/3 in better roads). The constraints of public deficits together with roads have simply outgrown the government's budget.

In the current tight fiscal conditions worldwide, it is unrealistic to expect additional transfers to the road sector from the government budget. For at least ten years, the same situation has prevailed in the other infrastructure sectors (telecoms, power, water, etc) and they have responded by creating explicit user charging mechanisms, commercialising their operations and also privatising them to enable them to deliver their services more efficiently. The state has withdrawn from day-to-day operations, has often transferred ownership (either on a temporary or permanent basis) to the private sector and has

focussed on being a "referee" or regulator, making sure that the "players", i.e. the private sector operators and their clients, operate fairly in the market place.

The issue of financing roads through direct user charges has taken two diverging directions. On the one hand, a number of politicians have called for road pricing which they see primarily as a way of "internalising external costs" (i.e. to charge for congestion, noise, etc.) to promote rail at the expense of road and to generate additional budget revenues (not usually earmarked for roads). On the other hand, road users in industrialised countries (e.g. USA, Japan and some EU countries), who are increasingly frustrated by congestion and the poor state of the public road network, have expressed willingness to pay "constructive tolls" (mainly, in the form of real tolls, or a dedicated levy added to the price of fuel) to enable the road agencies to provide modern and well maintained road networks.

Fuel levies have generally not been able to resist being finally siphoned off to the general budget, even if ring-fenced in road funds. Often they have become taxes, which finance ministers and the IMF do not want to dedicate to special purposes like road expenditure. Moreover, thanks to electronic toll collection (DSRC and, particularly satellite based systems) it may soon be possible to charge users directly on most road networks. However, a further increase in road user taxation, without steps to improve the underlying management and financing of road networks, is likely to further damage international and regional competitiveness, particularly within blocs like the EU.

#### IRF's position and recommendations:

The IRF believes that roads should be treated on an equal footing with other transport modes and with other infrastructure.

##### Public financing (budget)

Governments have the overall responsibility, not only for planning and regulating all road networks, but also

for financing most road expenditures.<sup>11</sup> To ensure that the road network contributes to economic and social well-being, new investments should only be undertaken if they produce an acceptable social rate of return. Projects that do not meet these criteria should only be selected if they are justified by sufficient macro-economic and/or strategic benefits (viewing each road as part of a wider network).

In certain country cases, but not on a global level, 2 approaches have proved successful:

- property-based financing - community financing through local road associations, and
- indirect user-based financing (fuel levy) as a form of pricing.

### **Pricing – user based financing (tolls)**

Tolling has to be constructive (not penalising road use) and adjusted to the specific road network of each country to ensure utmost transport effectiveness. In such cases, tolling is the ultimate user pay system – the user pays a price that he is willing and able to afford in return for a clearly defined service provided by the road agency. "Value for money" drives this arrangement and makes it publicly acceptable. In developing countries, the purchasing power of the population at lower socio-economic levels also has to be taken into consideration.

Prices (tolls) should attempt to cover all costs, including operation, maintenance and investment. When tolls do not cover all costs, government should consider making either an up-front payment, or paying an ongoing shadow toll, to make the scheme financially viable.

The IRF strongly urges that toll roads should be operated as a public good, like power, water, telecoms, etc. They should ideally be managed by the private sector, or by an enterprise (which is partly government and privately owned) that is subjected to normal market discipline (i.e. enjoys a fair measure of financial independence, keeps commercial accounts, is independently audited, etc.).

All necessary measures should be financed by the users to meet reasonable environmental, safety and other standards. The role of the public regulator is vital for insisting on the implementation of minimum acceptable standards, e.g. for road safety, noise, etc. However, the regulator should not intervene in the investment decisions when the operator can achieve savings as a result of better technical designs.

### **The right mix of public and private funding**

To build, maintain and manage an appropriate road network, the right mix of public and private road finance must be found taking into account private participation in operations, management and finance.

- All commercially viable highway links with sufficient traffic flow should ideally be developed as BOT (Build, Operate, Transfer) projects. In order to create investor confidence, public

authorities may take shares in the concession companies.

- Projects which are socially important, but only commercially viable if subsidised by the public purse, should be realised as PPPs, refinanced by tolls, for example a concessionaire with backing from government funds.
- The secondary road network, particularly roads that will never be commercially viable, should be financed by the public sector through a dedicated road fund. These and other publicly funded projects should also be a form of PPP conferring the operation side – that is, management and execution of rehabilitation, maintenance and construction works - to the private sector.

The guiding principle for all infrastructure financing and charging must be that there should be no additional financial burden for road users, and earmarking for roads the entire income from roads, without cross-subsidising other transport modes.

<sup>11</sup> Even if they do not have a sufficient tax base like EU member countries (developing countries building up road networks for enabling economic take off).

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# IRF Policy Statement

## IRF Road safety policy

### Context and stakes

According to the World Health Organization (WHO), road traffic crashes will be the third largest cause of disease or injury and the sixth largest cause of death in the world in 2020. 50 million people are injured and 1.2 million killed on the world's roads each year, more than 85% of them in developing countries. If current trends continue, the number of people killed and injured on the world's roads will rise by more than 60% between 2000 and 2020.

### IRF's position and recommendations

#### IRF Road Safety Policy

The IRF has been striving for decades to meet the challenge of reducing death and injuries caused by road crashes around the world. IRF membership offers a wide scope of expertise that covers subjects in practically all fields of road development, maintenance and use.

Proven road financing that are experienced world wide by IRF membership strongly advocate the urgent necessity of adapting national, regional and local road networks to the highest possible road safety standards.

Its recent **Policy Paper on Safe Mobility**, describes the principles of road design and equipment discusses ways and means to reduce the risks of serious injuries and deaths resulting from crashes on roads around the world. The main points raised in this paper are based on the policy of the "Vision Zero" concept, built around the Swedish experience.

As one of the first signatories of the **European Road Safety Charter** in Dublin in April 2004 IRF policies in road safety are based on the following elements.

- Road safety auditing
- Promotion of the "forgiving road"
- Offering new construction technologies
- Low cost road safety measures
- Sharing experience and technology
- Offering a non-profit platform for exchange of information between stakeholders, authorities and politicians.

- Providing education and training to authorities and engineers
- Encouraging the installation of high performance road signing and safety equipment.

#### IRF Policy Challenges

The challenge of this broad policy is the promotion of acknowledged good/best practices. IRF offers the most acceptable level possible of the inevitable burden of vehicle crash consequences and human suffering, in particular

- the severity of crash injuries
- damage to property
- a maximum reduction of road crash costs to society.

#### IRF Road Safety Activities

IRF policy is to collaborate closely with international, government and non-government bodies and organisations in order to promote the road aspects in the three objects involved in road crashes, namely the human element, the vehicle and the road.

In 2004 it established a permanent body to coordinate and enhance its role in promoting safe mobility through the worldwide improvement of roads.

As in the past decades, Members will continue to represent the IRF and offer specific expertise in the global international discussions at Road Transport and Safety Expert meetings the UN, the European Union and in the Americas. This will be accomplished in the best possible coordinated way between the different Programme Centres.

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