

REPORT No. 170485-UG

UGANDA

NORTH EASTERN ROAD-CORRIDOR ASSET MANAGEMENT PROJECT (P125590)

REQUEST FOR INSPECTION

INSPECTION PANEL INVESTIGATION REPORT



MAY 3, 2022

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Abbreviations and Acronyms

ARSDP	Albertine Regional Sustainable Development Project
BP	Bank Policy
C-ESMP	Contractor Environmental and Social Management Plan
CGV	Chief Government Valuer
DPP	Director of Public Prosecution
E&S	Environmental and Social
EA	Environmental Assessment
EIA	Environmental Impact Assessment
ESHS	Environment, Social, Health, and Safety
ESIA	Environmental and Social Impact Assessment
ESIRT	Environment and Social Incident Response Toolkit
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FY	Fiscal Year
GIIP	Good International Industry Practice
GMC	Grievance Management Committee
GoU	Government of Uganda
IDA	International Development Association
IIR	Incident Investigation Report
IMS	Interim Management Strategies
ISR	Implementation Status and Results
km	Kilometer(s)
MoU	Memorandum of Understanding
NDP	National Development Plan
NEMA	National Environmental Management Agency
NERAMP	North Eastern Road-Corridor Asset Management Project
OP	Operational Policy
OPRC	Output and Performance-based Road Contract
PAD	Project Appraisal Document
PAP(s)	Project-Affected Person(s)
PMMC	Project Management and Monitoring Consultant
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
RSDP	Road Sector Development Program
ToR	Terms of Reference
TSDP	Transport Sector Development Project
UGX	Ugandan Shilling
UNRA	Uganda National Roads Authority
USD	United States Dollar

Executive Summary

Introduction

1. On October 1, 2020, the Inspection Panel (the “Panel”) of the World Bank (the “Bank”) received a Request for Inspection (the “Request”) of the North Eastern Road-Corridor Asset Management Project (P125590) (the “Project” or “NERAMP”) in Uganda. The Request was submitted by 10 community members representing eight families in Omolokony Village, Merok Parish, Soroti District.

2. The Project supports the design and rehabilitation of 340 kilometers (km) of road in Uganda linking South Sudan, parts of the Democratic Republic of Congo, and northern and eastern Uganda to the port of Mombasa in Kenya. Uganda’s road network is the dominant transport system in the country, carrying more than 90 percent of passenger and freight traffic, and serving as the only means of transport for the rural population. Uganda serves as a land bridge for Africa’s Great Lakes region, connecting several landlocked neighbors to coastal countries. The Project includes routine maintenance of the road corridor, management of traffic, and road safety measures, and will be implemented by the Uganda National Roads Authority (UNRA).

3. The Project is Uganda’s first Output and Performance-based Road Contract (OPRC), a modality that promotes innovation, efficiency, and effectiveness by motivating contractors with set performance standards at optimally agreed prices. Under an OPRC, contractors are responsible for the design of the works and for the construction, maintenance, and operations activities. The environmental and social (E&S) safeguards approach under the Project included the use of frameworks, as the final designs were not known at appraisal; both an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF)) were prepared. The contractor is responsible for preparing the site-specific Environmental and Social Impact Assessments (ESIAs) and Resettlement Action Plans (RAPs).

4. The Requesters live around Oruja Rock (the “Rock”) in Omolokony Village and state that they are part of a clan having customary ownership of the Rock and the surrounding land. The Requesters claimed the Rock was to be used as a quarry for the Project. They added that the entire process of acquiring the Rock and its surrounding land – the buffer zone – was not done properly. They not only alleged that the compensation offered was insufficient, but claimed the Contractor, without prior notice, destroyed some of their crops, property, and structures in the buffer zone, resulting in lost assets and livelihoods. They raised concerns about lack of consultation and the non-disclosure of Project-related information. The Requesters also raised concerns about intimidation and reprisals, alleging some community members were coerced into signing “*unfair*” lease agreements.

5. The Management Response (the “Response”) acknowledged the proposed quarry site was acquired without Management’s knowledge or approval and in a manner inconsistent with Bank policy, and acknowledged the loss of crops, trees, and structures. The Response stated the required, site-specific ESIA and RAP had not been prepared prior to Project activities on the site. As a result of this Management requested UNRA to stop works at the proposed quarry site immediately. On

May 1, 2020, given the Contractor's "*continued non-compliance*," the Bank informed UNRA that the Merok site was not to be used for the Project.

6. Management stated some of the concerns raised by the Project-Affected Persons (PAPs) regarding the Rock, the potential impact of quarry operations, and intimidation by Contractor staff have been addressed. Management stated all works under the Project – with the exception of emergency works – would remain suspended until, among other things, compensation was paid for property damage caused by the Contractor's actions, and a Bank-commissioned Environmental and Social Audit (the "Audit") is completed to validate the adequacy of the compensation. In conclusion, Management stated it made every effort to apply its policies and procedures to all the points raised in the Request. Management added that it believes the Requesters' rights or interests have not been nor will be directly and adversely affected by a failure of the Bank to implement its policies and procedures.

7. After conducting a virtual eligibility mission, the Panel recommended an investigation to the Bank's Board of Executive Directors (the "Board") on February 26, 2021. On March 12, 2021, the Board approved this recommendation. On April 8, 2021, the Panel posted its Investigation Plan on its website. In line with this plan, the Panel's investigation would assess whether the Bank had complied with its Operational Policies and Procedures, including Environmental Assessment (OP/BP 4.01), Involuntary Resettlement (OP/BP 4.12), and the Bank Policy and Directive on Investment Project Financing. The Panel team undertook a fact-finding field visit to Uganda November 22-26, 2021.

Institutional Arrangement, OPRC Modality, and Safeguards Approach

8. **Institutional and Contractual Arrangements.** The Project's implementing agency is UNRA, on behalf of the Government of Uganda (GoU), with International Development Association and GoU financing. UNRA has a contractual agreement with the Contractor to carry out engineering and construction works, and separately contracted a supervising engineer or Project Manager – the Project Management and Monitoring Consultant (PMMC) – to monitor the quality of the works. The Contractor has a legal agreement with the Subcontractor to negotiate and acquire a quarry site, and the Subcontractor has lease agreements with community members relating to the proposed quarry site.

9. **The OPRC Modality and Safeguards Approach.** To support the GoU road management strategy, NERAMP adopted the OPRC modality to finance road works, a first in Uganda. Under this contracting modality, the contractor is responsible for the design of the road and payments are made upon achieving specified performance and output. This reduces the risks associated with poor road design, quality control, and cost overruns. Under an OPRC modality, the implementing agency transfers several risks to the contractor. The OPRC fosters increased quality, efficiency, and effectiveness, and reduces cost to the government. The road contractor manages a large portion of the E&S risk associated with the road maintenance and construction. The Financing Agreement requires the Borrower to ensure the contractor carries out the Project in accordance with the safeguard frameworks (the ESMF and RPF) and safeguard instruments (the ESIA and RAP) – which are prepared by the contractor – for Project components or subcomponents.

10. **Capacity.** The Panel notes that the Bank identified UNRA's inexperience with implementing the OPRC modality and gaps in E&S capacity as key risks in the execution of the OPRC. The Panel also notes the Bank provided training and capacity building workshops on OPRC from the beginning of the Project to ensure that the implementing agency could effectively implement OPRC projects. The Contractor's capacity was weakened by a two-year lag between tender submission and the awarding of the works contract. As a result, the personnel named in the tender – for every key role involved in the construction and maintenance tasks – differed from the personnel confirmed during negotiations. Those originally named in the bidding document appeared to have extensive, relevant, E&S capacity and experience with safeguards, including under Bank-funded projects. Their replacements, however, seemed to have less relevant experience. The Panel could find no evidence that the Bank team objected to the proposed changes in key personnel.

11. **Appropriateness of E&S Framework Approach and Adequacy of ESMF and RPF.** Because the contract arrangements require the final engineering design to be prepared by the OPRC contractor during implementation, the Government prepared two framework instruments to manage E&S risks: The ESMF and the RPF. The Panel observes that the framework approach is consistent with OP 4.01, and that the ESMF covers screening, scoping, and site selection, and notes the need for full E&S assessment for ancillary/associated facilities. The RPF provides guidance to the Contractor in preparing RAPs for individual sub-projects once their location and scope are known. The Panel observes that, at a basic level, the Project ESMF and RPF are generally consistent with Bank policies, but do not address the specific safeguard measures that the contractor should apply to acquire quarry sites. Furthermore, both the ESMF and the RPF have three key gaps related to the Ugandan legal and policy frameworks, land acquisition by a private entity (and potential willing seller/willing buyer scenarios versus the application of OP 4.12), and E&S safeguard management. The Panel notes that for a road rehabilitation project within an existing right-of-way, the sourcing of construction materials from new quarry facilities is a major E&S risk whose impact is predictable; therefore, specific guidance on impact of quarries should have been included in the framework documents. These three gaps are particularly important in light of the land acquisition related to Merok.

12. **Implication of the Modification of the E&S Requirements in the Contract.** During negotiation of the OPRC works contract between UNRA and the Contractor, a key clause (Clause 10.1 of the Particular Conditions regarding the Contractor's E&S obligations for preparatory works) was modified with no-objection from Management. This had implications for the Contractor's responsibilities regarding the application of the E&S requirements. Clause 10.1 as negotiated allows the Contractor to do "preparatory" work before approval of the Contractor Environmental and Social Management Plan (C-ESMP), in the absence of an approved Environmental Impact Assessment, and without prior authorization from the supervising engineer/PMMC. This clause specified that the Contractor could carry out mobilization and/or pre-construction activities without the PMMC's authorization as long as the Contractor complied with the Interim Management Strategies (IMS). The IMS that the Contractor was to follow were prepared and submitted in parallel with the negotiation as they were required at the time of tender submission. They stipulate general E&S good practice requirements specified in the contract and contain only broad points concerning two environmental aspects and 11 social aspects. The Panel

recognizes that the PMMC had not yet been recruited when the contract was modified. The modification of this clause had implications in the events that unfolded later at Merok.

Findings Related to Institutional Arrangement, OPRC Modality, and Safeguards Approach

13. The Panel notes that the Bank determined the E&S capacity for the Project needed improvement. The Panel observes that despite the Bank's initiatives – such as training – the E&S capacity for this Project was inconsistent, contributing to poor implementation of E&S safeguard requirements. **The Panel finds the Bank failed to (i) identify the risk resulting from the changes in the E&S capacity of the implementing entities throughout the duration of the Project and (ii) suggest follow-up actions to restore such capacity. This is in non-compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.**

14. The Panel observes that the decision to adopt an OPRC modality for NERAMP was well-founded and aligned with Project objectives. The Panel also finds the choice of frameworks to manage E&S risks was justified since – under OPRC – detailed project location, design, and impacts are unknown at the time of appraisal. **This is in compliance with OP 4.01, paragraph 7 and Annex A, paragraph 4, and with OP 4.12, paragraph 28 and Annex A, paragraph 23.**

15. The Panel finds that while the framework documents cover the basics, they do not address site specific safeguard measures for acquiring quarry sites. The ESMF and RPF have key gaps around the description of the Ugandan legal and policy frameworks, land acquisition by a private entity (and potential willing seller/willing buyer scenario versus the application of OP 4.12), and E&S safeguard management. **The Panel finds the framework documents are not in compliance with OP 4.01, paragraphs 2 and 3 and Annex A, paragraph 4, or with OP 4.12, Annex A, paragraph 24.**

16. The Panel notes that Bank policies require that safeguard documents (ESIAs and RAPs) be initiated as early as possible, and that an environmental assessment of potential risks and impacts be conducted when a project is proposed. The Panel also notes that, according to OP 4.12, project-related displacement or restriction of access should not occur before necessary measures for resettlement are in place. This includes providing compensation and other assistance required for relocation prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required.

17. The Panel finds that the Bank's no-objection to the negotiated Clause 10.1 enabled the Contractor to carry out activities and works at the proposed quarry site at Merok prior to the preparation of safeguard documents, adversely affecting the community. **The Panel finds that negotiated Clause 10.1 circumvents the intent of Bank policies and Management's no-objection to it was in non-compliance with OP 4.01, paragraphs 2 and 3.**

Land Acquisition, Stakeholder Engagement, and Reprisal

18. **Social Context.** The community at the center of this Investigation lives around Oruja Rock in Omolokony Village, Merok Parish, Katine Subcounty, Soroti District, Uganda. The village is

largely populated by the Akariwok Ojirin Clan – approximately 1,700 people from about 300 families/households – and outsiders. The clan is divided into seven zones, or subclans. The people who live around and claim customary ownership of the Rock belong to Zone 1 – the Engengu Subclan – and comprise 160 families. People from the village live in extended family units composed of different households. A family could include several households under a single family head. As a patrilineal society, customary land ownership is vested overall in the clan and transferred through the male head of the extended family. Subsistence agriculture is the main livelihood, with the whole family involved in farming activities. According to clan members, most of the land is under customary ownership of the families who make up the Engengu Subclan. Families can sell ancestral land with the permission of the clan, and as a result there are also people from outside the clan who have bought plots of land around Oruja Rock.

19. **Alleged Harm Related to Oruja Rock.** The Requesters claimed they experienced three types of harm relating to the Rock. First, disregard of clan ownership of the Rock led to an inadequate process for acquiring what is, to them, an important economic asset. They believe they were entitled to an acquisition payment rather than the “*appreciation*” payment that was made to them. Second, there was no transparent valuation process for the Rock that would have determined adequate compensation. Finally, the Bank’s ultimate objection to using the Rock in the Project deprived them and the wider community of an opportunity to exploit it for commercial purposes, and this was done without consulting them.

20. **Alleged Harm Related to Buffer Zone.** The Requesters said the Subcontractor signed individual, 10-year lease agreements for buffer zone land with eight male heads of families. The PAPs claimed there was a lack of consultation on acquisition of the land and they were coerced into signing the lease agreements. The PAPs said the Subcontractor did not identify everyone using the leased area. They said the leases on the land around the Rock were only signed with the customary owners, defined as the heads of certain families. However, according to the Requesters, there were other agricultural users and residents on that land, including one female-headed household, who claimed they did not receive compensation. PAPs said neither a livelihoods assessment nor a full impact assessment was conducted for all agricultural users and residents. The Requesters claimed they did not understand how compensation payments were calculated. The Panel notes the survey and the valuation reports carried out for the Subcontractor do not provide a clear inventory of assets, the number of affected people, or the methodology for calculating compensation amounts. The lease agreements only mention a lump sum and the leased area, with no further explanation of what the payment corresponds to. The Requesters claimed they received insufficient compensation for the loss of property and crops. Furthermore, it is unclear to the Panel how the total land area of 26.57 acres leased from the PAPs creates the intended safety buffer zone, since the leased area roughly translates to a 300-meter buffer zone around the Rock, but does not protect the full circumference of the Rock and does not establish the 500-meter buffer zone, as required by the National Environmental Management Agency (NEMA).

21. **Intimidation and Reprisals.** The eight families claim they were coerced into signing lease agreements with the Subcontractor for their land and the compensation they received was insufficient. The PAPs and members of the wider clan said the Subcontractor told them the Rock did not belong to them. They claimed the Subcontractor pressed them to sign the leases, threatened they would receive nothing and still lose their land if they did not accept the payments for the

leases. The PAPs alleged the Subcontractor coerced them on the day leases were signed, that they received no help understanding what they were signing, and that the amounts in the leases differed from what was agreed during negotiations. The Requesters claimed they were subject to several instances of intimidation – including a death threat – by the Subcontractor and local political leaders, and that they were asked several times to withdraw their grievances.

22. **Willing Seller/Willing Buyer and Applicability of OP/BP 4.12.** The Contractor, UNRA, the Chief Government Valuer of Uganda, and the Bank hold conflicting views on whether the proposed quarry site should have been acquired on the basis of involuntary resettlement (i.e., the application of OP/BP 4.12) or through a willing seller/willing buyer transaction. The latter does not require compensating land users at full replacement cost, taking vulnerable groups into consideration, or restoring or improving all livelihoods and standards of living. Much of the harm affecting the PAPs at Omolokony Village is directly linked to the lack of implementation of these requirements.

23. **Consultation and Stakeholder Engagement.** The PAPs said they did not participate in any proper consultation meetings, and that the Subcontractor did not share with them the findings of the survey and valuation reports. The Requesters claimed neither the ESMF nor the RPF were disclosed to them. The PAPs raised multiple grievances and concerns about the whole process of land acquisition several months before they signed the leases with the Subcontractor. Their lawyer brought their concerns about how the Subcontractor treated them and over the compensation amounts directly to the PMMC and the Contractor. While the Contractor and the Subcontractor dispute these claims, the Panel found no meeting minutes or clear records of consultation meetings between them and the PAPs.

Findings Related to Land Acquisition, Stakeholder Engagement, and Reprisals

24. The Panel observes that no assessment was conducted to determine ownership of the Rock and rights to the surrounding land (owner rights, customary rights, user rights, and collective rights) prior to the Contractor's engagement with the community. Uganda's legal context for land and minerals was, according to officials, not well understood by the contracting parties (the Contractor and Subcontractor).

25. **The Panel finds that the particular social context of the proposed quarry site in Omolokony Village and the complexities and contestations about customary ownership of both the land and the Rock meant that OP/BP 4.12 did apply to the proposed Merok quarry site.** The Panel observes there were conflicting and confusing views among the various stakeholders and among Bank staff as to whether OP 4.12 should have applied. The Panel notes that Management stated in its Response that when it learned Merok was a proposed quarry site it requested UNRA to ensure that the Contractor prepared a RAP.

26. The Panel notes the lack of clarity in the framework documents concerning the application of the Involuntary Resettlement Policy for quarry sites. The Panel notes that Management, once it became aware of the proposed quarry site and the lack of site-specific safeguard documents (ESIA and RAP), determined there was non-compliance. The Bank requested preparation of these documents and asked that activities at the proposed quarry site stop. **Notwithstanding the lack of**

clarity in the framework documents, the Panel finds Management is in compliance with the Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 3, for deciding that the policy applied to the proposed Merok quarry site. The Panel also finds the Bank is in compliance with OP 4.01, paragraph 1, and with OP 4.12, paragraph 6, for requesting a site-specific ESIA and RAP for the proposed Merok quarry site.

27. The Panel accepts as credible evidence the PAP claims that no proper consultation occurred during the process of acquiring the Rock and adjacent land. The Panel observes that the Project's ESMF, RPF, and the valuation report were not shared with the community. The Panel notes that the Contractor and the Subcontractor provided no records of meaningful consultation meetings.

28. Furthermore, the Panel believes there is a strong linkage between the lack of an environmental assessment process and the absence of meaningful consultations. The Panel finds the lack of consultations resulted in the community entering into lease agreements without the benefit of sufficient information concerning their rights. **This is in non-compliance with OP 4.01, paragraphs 14 and 15, and OP 4.12, paragraph 2(b).**

29. The Panel notes that the lack of consultations created an environment in which the PAPs felt intimidated and coerced into certain actions. **The Panel finds that Management, upon learning about the allegations of intimidation, reprisal, and coercion, took appropriate action to protect the affected parties. The Panel finds that Management is in compliance with the Bank Policy on Investment Project Finance, paragraph 20.** The Panel appreciates that there have been no further reported incidents of intimidation and reprisal to the date of this Report, indicating that Management's reaction was both timely and effective.

30. The Panel believes Management's decision to object to the use of the Rock in the Project may have ultimately caused further harm to the PAPs. The Panel observes that Management neither consulted with the PAPs nor with the Contractor on the objection to use the Rock. **The Panel finds that, given the harm listed above, Management's decision to object to using the Rock in the Project without consulting with the community is in non-compliance with OP 4.01, paragraphs 14 and 15.**

Project Supervision and Bank's Response to the Request

31. **Frequency of Supervision.** The Panel analyzed the frequency of supervision conducted prior to and after submission of the Request, and considered restrictions imposed by the COVID-19 pandemic. The Panel notes that the Bank team consistently conducted supervision missions roughly every six months prior to and after submission of the Request. The Panel notes that these missions did not increase in frequency after the Bank learned about the potential Merok quarry site, the land being cleared, and the insufficient community compensation. The Panel also observes that no increased supervision took place between April 2019 and February 2020 when mission travel was still possible prior to COVID-19.

32. **Technical Expertise.** The Panel reviewed the technical expertise deployed for supervision missions prior to and after submission of the Request. The Panel observes that E&S safeguard specialists have been consistently included in Bank supervision missions.

33. **Quality of Supervision.** The Panel reviewed three aspects of supervision: (i) The Bank’s no-objection to the negotiated Clause 10.1, (ii) Bank assessment and monitoring of ESIA and RAP preparation, and (iii) Bank reaction and decisions concerning the proposed Merok quarry site.

34. **Negotiated Clause 10.1.** During the negotiation of the contract between UNRA and the Contractor, Clause 10.1 of the contract was modified. The modified language permitted a wide range of physical works associated with mobilization or pre-construction activities to occur. The Panel believes the Bank’s no-objection to the negotiated Clause 10.1 allowed circumvention of OP 4.01. As a result, pre-construction activities took place without an ESIA and this was one of the causes of the incidents at the proposed Merok quarry site.

35. **Assessment and Monitoring of ESIA and RAP Preparation.** After the lifting of a cross-suspension (related to a separate complaint) affecting the Bank’s transport portfolio in Uganda, Management’s supervision of NERAMP focused on, among other aspects, establishing a safeguard team at UNRA to oversee preparation and clearance of safeguard documents. The expected timeline for the preparation of safeguards in the contract between UNRA and the Contractor was three months after the start of contract, by mid-November 2018. However, there were significant delays in the Contractor’s production of these documents. It was only in October 2019 that the Bank team pressed for their completion and listed the outstanding ones – including six ESIAs, two RAPs and two Project Briefs for auxiliary sites (asphalt plants, campsites, borrow pits, and quarry). The Panel observes that the Bank maintained the “Satisfactory” rating for overall safeguards, despite the delayed preparation of safeguard documents. The Panel notes that it was only after the Merok incidents that the Bank sought completion of all safeguard documents and downgraded the overall safeguard ratings to “Unsatisfactory.” This downgrade was made because the Contractor initiated activities at the quarry and camp site before the finalization and clearances of the ESMP and the RAP.

36. **Bank Reaction and Decision Concerning the Proposed Merok Quarry Site.** The Panel notes that in June 2018 the Contractor had already identified Merok as a quarry site, in October 2018 the PMMC recorded several grievances from the community, and in September-October 2018 the Bank conducted a field visit to Katine Subcounty. Despite access to this information by the implementing entities, the Bank failed to identify issues at Merok or visit the proposed Merok quarry site until April 2019. The Panel observes that the supervision reports did not capture relevant information and that Management failed to ensure effective reporting and monitoring systems.

37. The Panel notes a lack of urgency in addressing the impact caused by the non-compliances observed by the Bank in April 2019. At the end of May 2020, by the time the Bank objected to the Merok site as a quarry, the ESIA and RAP had been delayed for more than a year and were still not finalized.

38. The Panel also notes the slow-paced preparation and implementation of the Audit commissioned by the Bank following the events at Merok. The Panel notes that in the November 2019 “Stop the Works” order on the entire NERAMP corridor, Management mentioned that the Bank would hire an independent consultant to carry out an E&S Audit at the Merok site to assess

the impact of the Contractor's non-compliance. However, it was only after the Request was registered by the Panel that the Audit was commissioned, and as of the drafting of this Report – more than two years after the Bank informed UNRA that it would conduct the Audit – the document is yet to be finalized. Management informed the Panel that this delay is due mainly to the Requesters' unwillingness to engage and provide required information. The Panel further notes the Bank's characterization of the continued harm from destruction of crops, trees, and structures and its fundamental impact on livelihoods and the inadequate compensation paid as an "*inconvenience*." The Panel considers these delays – taken as a whole – indicate a lack of urgency on the part of Management concerning the seriousness of the impact on the PAPs.

Findings on Project Supervision and the Bank's Response to the Request

39. The Panel considers the Bank's deployment of environmental and social expertise since Project approval in April 2014 to be adequate. **The Panel finds the Bank is in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and with the Bank Directive on Investment Project Financing, paragraph 43.**

40. Nevertheless, the Panel notes there was no increase in the frequency of supervision after the Bank learned about the potential Merok quarry site in April 2019, despite knowing that harm had already occurred there. This was inadequate.

41. Concerning the quality of supervision, the Panel finds the Bank's no-objection to the negotiated Clause 10.1 allowed the Contractor to circumvent requirements of OP 4.01, and to conduct pre-construction activities without safeguard documents. The Panel finds this to be contrary to the requirements of the Bank Policy on Investment Project Financing, which requires the Bank to monitor the implementing entities' compliance with their E&S obligations. **The Panel finds Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20.**

42. Additionally, **the Panel finds Management failed to ensure effective reporting and monitoring systems and as a result, there was a lack of timely knowledge of the Merok site until as late as April 2019. The Panel finds that Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.**

43. The Panel notes that until June 2019 the Bank maintained the overall E&S rating as "Satisfactory" despite delays in preparing safeguard documents. The Panel also notes the Bank characterized the continuing harm suffered by the Merok community as an "*inconvenience*" and the slow pace of follow-up actions, including the two-year delay of the Audit – all of which demonstrated a lack of urgency to rectify the harm. **The Panel finds that Management did not ensure that systemic problems or violations were addressed in a timely and effective manner, and that Management failed to review information on the progress of implementation adequately. The Panel finds that Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.**

Conclusions

44. The Panel recognizes the pivotal role of road transport in a landlocked country such as Uganda – connecting some of its poorest regions to neighboring nations – and its importance to the country’s economic and social development. The Panel notes NERAMP was affected by, and should have benefited from, the 2015-2017 suspension of the World Bank Uganda’s transport portfolio. Although capacity building for implementation was a key objective during this suspension – and should have been especially important for NERAMP given the OPRC modality – significant capacity deficits along the contracting line contributed in part to the events discussed in this Report.

45. Management recognized NERAMP’s lack of compliance with World Bank safeguards. The Panel’s Investigation in part tried to understand what factors contributed to the events and issues of non-compliance described herein.

46. The Panel believes the incidents relating to the proposed Merok quarry site raise important lessons for Bank operations. The incidents at Merok illustrate how seemingly and comparatively small issues revealed systemic failures in Project processes. Progressive missteps – some minor, some major – generated an ongoing chain of interlinked and compounded effects. These, in turn, caused harm in the perspective of the Requesters, which remained unaddressed several years after they occurred. The number of affected persons in this case is not large, but from the PAPs’ perspective, the harm caused by the Project was significant and had fundamental, impact on their quality of life.

47. This case illustrates how harm can materialize in a multi-level contracting structure with unclear delineation of accountability. When responsibility for implementing safeguards lies with various entities at different levels throughout the contracting line, a well-defined process is needed to allow each entity to understand the E&S risks, obligations pertaining to Bank policies, and adequate capacity must exist to implement the safeguards down the entire contracting line. In this Project, poor contract management strategy led to gaps in ownership of responsibility, leading to instances of non-compliance with the Bank’s E&S requirements, ultimately harming the PAPs.

48. The Panel’s analysis identified a number of these issues, the most significant of which are explored further below.

49. Early risk identification and risk analysis were not pursued with clarity or precision during Project preparation and implementation. The E&S framework documents produced did not account for the key risks and were too generic, lacking detail even when adverse impact could have been – and was – anticipated; for example, the ESMF and RPF failed to include specific guidance relating to new quarries, notwithstanding that the Project Appraisal Document had identified this risk area. The framework documents were weak on the question of applying a willing seller/willing buyer approach versus complying with requirements under the policy on involuntary resettlement. The Panel finds that the focus on both the preparation and the clearance of the framework documents was template-driven rather than case-specific and was neither project-specific nor tailored to its key risks.

50. The Panel found the modification made during contract negotiations of Clause 10.1 in the main works contract circumvented the reason why Bank safeguard policies are applied to Bank projects. This led the Contractor to believe it could undertake early mobilization activities at auxiliary sites without safeguards in place. Such works were undertaken without the required engagement of affected people or clear planning, and oversight – even though these were risks clearly identified in Project preparation.

51. The lack of urgency and timely intervention to address community grievances constituted an ineffective response. Management resorted instead to repeated requests for documents, rather than focus attention on the real-time impact on the community through appropriate interventions. This somewhat reinforces the Panel’s view that elements of Project preparation and implementation were mechanical, and procedure-driven. The Bank’s supervision activity was not recalibrated after the emergence of harm to PAPs and other Project realities. As a result, even two years after the events at Merok, the harm experienced by the Requesters has yet to be addressed.

52. The Bank’s objection to the proposed Merok quarry site lacked basic analysis of the potential impact on the PAPs and was not done in consultation with the affected parties. The absence of a responsible disengagement or exit strategy further exacerbated the harm felt by the Requesters.

53. The Panel notes Management did not ensure the maintenance of an adequate and consistent E&S capacity throughout the life of the Project. Had proper capacity been ensured during all phases of the Project and among the different contracting entities, risks could have been reduced and harm avoided. The events at Merok led the Bank to request UNRA to stop all activities at the proposed quarry site immediately, and then issue a “Stop the Works” order along the entire road corridor due to both Merok and other problems, which lasted until February 11, 2022.

54. Clarity over responsibility for E&S issues and sufficient, relevant capacity within a multi-level contracting structure are critical. The Bank approach seeks to ensure this, recognizing that implementation can potentially take place several layers removed from the initial deployment of funds. However, leverage decreases in proportion to the number of layers. The Panel acknowledges and understands this reality. However, the Bank remains accountable for the application of its safeguards and associated policy requirements. The structure of OPRC projects introduces additional organizational complexity which carries higher risk – including reputational risk for the Bank – requiring more careful supervision by Management.

55. In the case of NERAMP, a series of interlinked missteps – such as lack of an informed E&S framework, a weak E&S management system, and no early warning system to alert Management of incidents – contributed to project delays which, in turn, resulted in significant costs to the Project and harm a community.

Chapter 1 – Introduction

1.1. Background to the Request for Inspection

1. On October 1, 2020, the Inspection Panel (the “Panel”) of the World Bank (the “Bank”)¹ received a Request for Inspection (the “Request”) for the North Eastern Road-Corridor Asset Management Project (P125590) (the “Project” or “NERAMP”) in Uganda.² The Request was submitted by 10 community members representing eight families (the “Requesters”) from the Project area. The Requesters asked the Panel to keep their identities confidential.
2. The Requesters live around Oruja Rock (the “Rock,” located in Omolokony Village in Merok Parish). The Project’s Contractor³ planned to use the Rock as a stone quarry. The Requesters state that they are part of the Akariwok Ojirin Clan that has customary ownership of the Rock and the surrounding land. They state they have been using the Rock, this area and its resources “*since time immemorial*.” The Requesters alleged that the Contractor approached them to assess use of the Rock for the Project. The Requesters said they were initially open to the Contractor conducting this assessment. They complained, however, that the subsequent valuation of the Rock and the surrounding land was done improperly, and the compensation offered was insufficient. They claimed the Contractor, without prior notice, destroyed some of their crops, property, and structures in the Rock’s buffer zone, resulting in loss of assets and livelihoods. They raised concerns about the nondisclosure of Project-related information. The Requesters also raised concerns about intimidation and reprisals, alleging that some community members were coerced into signing “*unfair*” lease agreements for the use of the Rock and surrounding land that would have been used as a buffer zone, and that they were pressed to withdraw their grievances. The Requesters objected to the process of land acquisition, the inadequate compensation and the alleged coercion into signing lease agreements. They did not object to the use of the Rock as a quarry per se.
3. The Panel registered the Request on November 9, 2020, and Bank Management (“Management”) submitted its Response (the “Management Response” or the “Response”) on December 11, 2020.⁴
4. Due to the COVID-19 pandemic and related travel restrictions, the Panel could not conduct a field visit during its eligibility assessment, and instead adopted a virtual format to gather information. The Panel submitted its Report and Recommendation to the Board of Executive Directors (the “Board”) on February 26, 2021, recommending an investigation. On March 12, 2021, the Board approved the Panel’s recommendation to investigate the harm alleged in the Request. Accordingly, on April 8, 2021, the Panel posted its Investigation Plan on its website outlining the

¹ This Report covers allegations pertaining to a project supported by the International Development Association (IDA). Hence, for purposes of this Report, the term “Bank” refers to IDA.

² [Request for Inspection](#), October 1, 2020.

³ The Contractor is Mota-Engil Engenharia E Construção Africa, SA.

⁴ World Bank, [Management Response to Request for Inspection Panel Review of the Uganda: North Eastern Road-Corridor Asset Management Project \(P125590\)](#), December 11, 2020, (“[Management Response](#)”).

key questions to be addressed and briefly describing the Investigation’s methodology.⁵ The Panel team visited Uganda November 22-26, 2021.

1.2. Contextual Information and Project Description

5. **Country Context and Project Rationale.** Uganda is a landlocked country in Eastern Africa with an area of 236,040 square kilometers. Its road network is the dominant transport system in the country, carrying more than 90 percent of passenger and freight traffic, and serving as the only means of transport for the rural population.⁶ Uganda serves as the land bridge for Africa’s Great Lakes region, and its road infrastructure connects landlocked neighbors – including Rwanda, Burundi, South Sudan, and parts of the Democratic Republic of Congo – to the Kenyan coast.⁷

6. At the time of Project approval, Uganda’s National Development Plan (NDP) for fiscal years (FY) 2011-2015 considered the transport sector a high priority. Investments in road connectivity, including rehabilitation of major transport corridors, were deemed “*essential for economic development, agricultural productivity, and poverty reduction*”⁸ in Uganda’s Vision for 2040 and the NDP then under preparation. In 2002, specifically for the Ugandan road sector, the Government of Uganda (GoU) adopted a National Transport Policy and Strategy that promoted “*less costly, efficient, and reliable transport services as a means of providing effective support to increased agricultural and industrial production, trade, tourism, social and administrative services.*”⁹ After implementing two 10-year Road Sector Development Programs (RSDPs), the GoU developed a third RSDP (FY 2012-2021) that prioritized “*the rehabilitation of maintenance of major road corridors*”¹⁰ to respond appropriately to rising transport demand on a timely basis, support national economic development, and foster growing regional trade in a sustainable manner. The north eastern corridor is a key element of the RSDP.¹¹

7. **Project Description.** The Board approved NERAMP on April 30, 2014. The total cost of the Project is US Dollars (USD) 255 million, of which USD 243.8 million is a credit from the International Development Association (IDA) and USD 11.2 million is GoU financing.¹² The Project is implemented by the Uganda National Roads Authority (UNRA) and is scheduled to close on October 31, 2024.¹³

8. The Project Development Objective is “*to reduce transport costs, enhance road safety, and improve and preserve the road assets sustainably by applying cost effective performance based asset management contracts, along the Tororo-Kamdini road corridor.*”¹⁴ There are two Project

⁵ Inspection Panel, [Uganda: North Eastern Road-corridor Asset Management Project \(NERAMP\) \(P125590\) Investigation Plan](#), April 8, 2021.

⁶ World Bank, [Project Appraisal Document on a Proposed Credit in the Amount of SDR 157.6 Million to the Republic Of Uganda for a North Eastern Road-Corridor Asset Management Project \(NERAMP\)](#), April 4, 2014 (the “PAD”), p. 2, para. 6.

⁷ PAD, pp. 1 and 2, paras. 5 and 6.

⁸ PAD, p. 1, para. 4.

⁹ PAD, p. 2, para. 8.

¹⁰ PAD, p. 3, para. 8.

¹¹ PAD, pp. 2 and 3, para. 8.

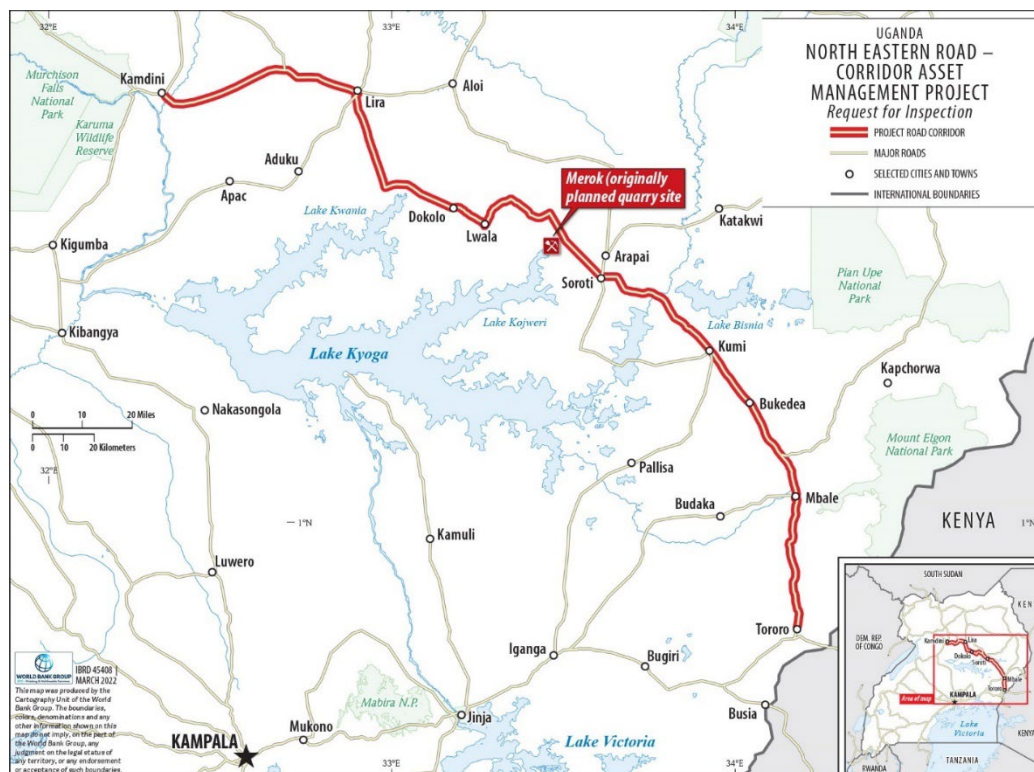
¹² PAD, p. 9, para. 26.

¹³ PAD, p. i.

¹⁴ PAD, p. 6, para. 20.

components: Component 1 pertains to road rehabilitation, operations, and maintenance (USD 241 million), and Component 2 provides institutional support to UNRA (USD 14 million).

9. Component 1 – Road Rehabilitation, Operations, and Maintenance – is financing the long-term (10-year¹⁵) OPRC for the Tororo-Mbale-Soroti-Lira-Kamdini Road (340 kilometers (km)) linking South Sudan, parts of the Democratic Republic of Congo, and northern and eastern Uganda to the Kenyan port of Mombasa. OPRC includes: (i) Design and rehabilitation of sections of the road corridor, (ii) routine and periodic maintenance of the whole corridor, and (iii) management of traffic, road safety, and axle-load control measures. Component 1 also finances consultancy services for the Project Management Unit responsible for administering and supervising OPRC.¹⁶ Under Component 1, the works were initially divided into three sub-sections: Tororo-Mbale-Soroti (151 km), Soroti-Lira (123 km), and Lira-Kamdini (66 km).¹⁷ The construction work in the road corridor was later divided into Lot 1 – the Tororo-Mbale-Soroti corridor (150 km), and Lot 2 – the Soroti-Lira-Kamdini corridor (190 km).¹⁸ The Rock is in the Lot 2 area.



Map 1: NERAMP Road Corridor (Source: The World Bank)

10. Component 2 – Institutional Support to UNRA – aims at ensuring sustainability and technical assistance to UNRA, and focuses on designing, awarding, and managing OPRC. It includes (i) asset management support and road safety, (ii) support for contract supervision and management of OPRC, and (iii) operating costs.¹⁹

¹⁵ PAD, p. 49, Annex 3, para. 49.

¹⁶ PAD, p. 7, para. 23.

¹⁷ PAD, p. 15, para. 47.

¹⁸ Implementation Status and Results (ISR) Report 3, March 2016.

¹⁹ PAD, pp. 7 and 8, para. 25.

11. Under the Project, the GoU decided to introduce the Output and Performance-based Road Contract (OPRC), which are road asset management contracts.²⁰ According to the Project Appraisal Document (PAD), OPRC “*promote[s] innovation, efficiency and effectiveness as contractors strive to achieve set performance standards with an optimally agreed contract price ... [and] helps to preserve road assets by protecting them from further deterioration through application of appropriate and timely interventions.*”²¹ OPRC requires contractors to design the rehabilitation works and, after approval by the employer (in this case UNRA), contractors are responsible for construction, maintenance, and operations activities.²² A more detailed explanation of the differences between a standard procurement of works contract (input-based contract) and an OPRC (output-based contract) is outlined in Box 1 in Chapter 2.

12. The Project was assigned Environmental Category B, and triggered Bank policies on Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Physical Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12).

13. According to the PAD, the Project’s Environmental and Social Management Framework (ESMF)²³ provides guidance for assessing potential environmental and social (E&S) impacts during implementation since the contract arrangements require the final design to be prepared by the contractor. A Resettlement Policy Framework (RPF)²⁴ was also developed to provide step-by-step procedures to prepare site-specific Resettlement Action Plans (RAPs) for activities involving involuntary resettlement, land acquisition, and loss of assets. Responsibility for preparing site-specific Environmental and Social Impact Assessments (ESIAs) and RAPs falls under the contractor.²⁵

14. **Project Context – the Uganda Transport Sector Development Project.** On September 11, 2015, the Panel previously received a Request for Inspection of the Uganda Transport Sector Development Project – Additional Financing (P121097) (TSDP) from three members of the Bigodi and Nyabubale-Nkingo communities in Uganda. The Requesters claimed the TSDP was causing them harm. Specifically, they alleged that harm attributable to the project and to project workers included sex with minors and teenage pregnancies, the spread of HIV/AIDS, sexual harassment of female employees by project laborers, child labor, increased school dropouts, nonexistent or inadequate compensation related to involuntary resettlement, lack of participation in resettlement activities, poor labor practices, inadequate road and workplace health and safety measures, and fear of retaliation.

15. Following submission of the TSDP Request for Inspection, Management suspended disbursements to the TSDP in October 2015 and subsequently canceled financing to the project in December 2015 “*due to the Borrower’s non-compliance with its obligation to carry out the Project*

²⁰ PAD, pp. 4 and 5, para. 14.

²¹ PAD, p. 5, para. 14.

²² PAD, p. 5, Box 1.

²³ COWI, [North Eastern Corridor Road Asset Management Project \(NECRAMP\) - Tororo-Mbale- Soroti-Lira-Kamdini Road Environmental And Social Management Framework](#), December 2013, (“ESMF”)

²⁴ COWI, [North Eastern Corridor Road Asset Management Project \(NECRAMP\): Tororo-Mbale-Soroti-Lira-Kamdini Road Resettlement Policy Framework](#), December 2013, (“RPF”)

²⁵ PAD, p. 18, para. 57; Annex 3, para. 58.

*under the appropriate environmental and social standards and practices.”*²⁶ In addition, Management suspended disbursements for the civil works components of two other projects managed by UNRA – Albertine Regional Sustainable Development Project (ARSDP) and NERAMP – for the same reason.²⁷ The Bank also decided to withhold new lending to Uganda, effective August 22, 2016.²⁸

16. In response to the Panel’s investigation of the TSDP,²⁹ Management presented a 15-point action plan dated October 13, 2016. The Bank stated it would continue to require satisfactory completion of all remedial measures as a precondition for reappraisal of UNRA and any future decision on lifting the suspension of the civil works components of ARSDP and NERAMP.³⁰ Four of the 15 points in the action plan are relevant to this Investigation: (i) The continued suspension of UNRA’s civil works portfolio while supporting UNRA build its E&S capacity and meet other “*reappraisal conditions*,”³¹ (ii) the payment of resettlement compensation, (iii) establishing adequate grievance mechanisms and consultation, and (iv) instituting anti-retaliation measures.³² On June 6, 2017, the Bank communicated to the GoU and UNRA its decision to lift the suspension of disbursement to NERAMP.

1.3. Terms Used in this Report

17. The Request for Inspection presents several terms from the perspective of the Requesters. Below are how these terms are defined in this report:

- The 10 signatories of the Request representing eight families, the Requesters, identify themselves as Project-Affected Persons (PAPs). However, in this Report, the term “affected people” refers to all community members who may be directly affected by the events raised in the Request.
- The Requesters identify Oruja Rock as the “quarry.” However, herein the Panel identifies it as “Oruja Rock” (the local name of the Rock) or the “Rock,” and refers to the Rock and the areas around it – including the buffer zone – as the proposed “Merok quarry site.” (Merok is the parish in which the Rock is located.)
- The Requesters say the Contractor’s subcontractor³³ (the “Subcontractor”) proposed a quarry site that included the Rock and a 30-meter “buffer zone.” However, the term buffer zone used in this Report refers to an area legally defined by the National Environmental Management Agency (NEMA), as analyzed in Chapters 2 and 3.

²⁶ World Bank, [Management Report and Recommendation in Response to the Inspection Panel Investigation Report of the Uganda Transport Sector Development Project – Additional Financing \(P121097\)](#), October 13, 2016, (“[TSDP Management Response and Recommendation](#)”), p. 2, para. 10.

²⁷ [TSDP Management Response and Recommendation](#), pp. 7 and 8, para. 42.

²⁸ [TSDP Management Response and Recommendation](#), p. 8, para. 45.

²⁹ Inspection Panel, [Republic of Uganda Transport Sector Development Project – Additional Financing \(P121097\) Investigation Report](#), August 4, 2016.

³⁰ [TSDP Management Response and Recommendation](#), p. 12, para. 54.

³¹ [TSDP Management Response and Recommendation](#), pp. 31 and 32, para. 108.

³² [TSDP Management Response and Recommendation](#), pp. 28-34, para. 108.

³³ The Subcontractor is Ruhore Company Limited.

1.4. Request for Inspection

18. The paragraphs below briefly introduce the issues raised in the Request. The Requesters cited harm due to alleged Project non-compliance with the Bank's operational policies on Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12). Their concerns pertain to four interlinked issues.

19. **Identification and Negotiation for the Quarry Site.** The Requesters stated that in June 2018 the Contractor approached them and informed them it would assess the Rock's suitability for exploitation as a quarry to produce stones needed for the Project. The Requesters expressed to the Contractor their initial willingness to allow such exploitation. They said that assessment was conducted in August 2018. According to the Requesters, the Project planned to extract 700,000 tons of stones and aggregates from Oruja Rock. The Requesters alleged that the valuation of the Rock was not done properly and that it was "*grossly undervalued*."

20. The Requesters claimed that in September 2018 the Subcontractor informed them the GoU was expropriating the Rock and a surrounding 30-meter buffer zone area to develop a quarry. In exchange, community members would receive "*courtesy compensation for the rock and money for the land*." According to the Requesters, in October 2018 the Subcontractor offered "*some money to 8 families*" and asked them to sign 10-year lease agreements for use of the Rock and its surrounding area. They asked the Subcontractor for the valuation report, which was not provided to them. Since the compensation seemed low to the Requesters, they initially refused to sign the lease agreements. They stated that they want to use their land and their Rock at will.

21. **Destruction of Property, Crops, and Structures at the Proposed Quarry Site.** The Requesters alleged that their crops, trees, and structures within the buffer zone surrounding the Rock were destroyed without prior notice or adequate compensation for the damage or losses, in violation of the World Bank's Policy on Involuntary Resettlement (OP/BP 4.12). The Requesters quoted the requirements of OP/BP 4.12 "*that land is acquired in close consultation with the PAPs, compensation provided at full replacement cost and that affected livelihoods are restored*" and claimed this process was not followed in their case. The Requesters filed their grievances in February 2019 with one of the Project's grievance management committees (GMCs) established by UNRA for the Project. The Requesters said the GMC "*registered 17 grievances related to the demolition*." The UNRA team met with the Requesters in May 2019 to discuss this incident. The Requesters asked for compensation at full replacement cost for the loss of their crops, trees, and structures.

22. According to the Requesters, UNRA consulted with them and committed to a fair settlement and full replacement cost for all affected assets, including graves, by July 2019. UNRA assured the Requesters that no further work would be conducted until an ESIA and a RAP were prepared by the Contractor and cleared by UNRA in consultation with the Requesters. In a follow-up meeting in May 2020, an UNRA delegation met with the community, assessed "*the remaining assets and land*," and informed them that in addition to the Rock – the valuation of which required further studies – the eight families were entitled to additional compensation.

23. **Lack of Assessment and Disclosure of Safeguard Documents.** The Requesters alleged that clearing land without an ESIA violates the Bank's Policy on Environmental Assessment (OP/BP 4.01). They claimed they were not provided Project information in a timely manner and meaningful consultations were not conducted. They added they were unaware the Subcontractor had signed a Memorandum of Understanding and a sub-lease agreement for a period of 10 years with the Contractor.

24. **Allegations of Coercion and Intimidation.** The Requesters raised concerns about intimidation and reprisals related to the above. They alleged that in December 2018 the Subcontractor began threatening the eight families to coerce them into signing the 10-year lease agreements. The Requesters said the Subcontractor appointed a "chairman" to represent the PAPs, but that this person was neither a PAP nor represented them. According to the Requesters, this person agreed, without the community's consent, to the terms the Subcontractor offered regarding the Rock. They added that the Subcontractor threatened they would be "*kicked [...] off their land*" and would "*not receive anything*" if they did not sign the lease agreements. The eight families claimed that in January 2019 they were coerced into signing 10-year lease agreements in exchange for compensation which the Requesters considered "*unfair*."

25. The Requesters stated that, after April 2019, various entities told them to withdraw their grievances and "*support [the Subcontractor] as their work is important for Uganda*." They alleged their grievances were raised through the grievance redress committee to the Subcontractor, the Contractor, and the World Bank. They alleged that a team from the Subcontractor visited their community in early May 2020 and threatened to "*kill*" them if they did not withdraw their grievances. The Requesters further alleged that on May 21, 2020, at another meeting attended by UNRA, the District Leadership and security chiefs, the Contractor, the Subcontractor, and the Resident District Commissioner, they were "*told*" to forgive the Subcontractor for the threats made, to withdraw all their grievances, and to refuse any additional compensation identified by UNRA. The Requesters claimed to have been threatened with "*severe consequences*" if they did not comply. They stated that, due to this intimidation, they signed a withdrawal agreement.

1.5. Management Response

26. On December 11, 2020, Management provided a response to the Requesters' allegations, acknowledging that it first learned of the proposed Merok quarry site and issues related to the lease of that site in April 2019, and that the proposed quarry site was acquired without its knowledge or approval and in disregard of its policy requirements.³⁴ Management added that in October 2019 it heard of significant disagreements between the landowners and the Subcontractor, notably over whether the leases were signed voluntarily, their valuation, and the areas the leases covered.³⁵

27. **Identification and Negotiation of the Quarry Site.** Management stated the site-specific Environmental and Social Management Plan (ESMP) review and clearance did not occur because "*UNRA failed*" to have the Contractor produce an acceptable document for the Bank's review.³⁶ In April 2019, during a supervision mission, Management asked UNRA to ensure that the

³⁴ [Management Response](#), p. 4, para. 16.

³⁵ [Management Response](#), p. 6, para. 25.

³⁶ [Management Response](#), p. 6, para. 24.

contractors prepare the necessary safeguard documents and submit these documents for clearance. It also asked UNRA to stop all activities at the proposed quarry site immediately.³⁷ Since these documents were not prepared, in November 2019 the Bank requested that UNRA stop works on the entire NERAMP road corridor until non-compliance issues (including those pertaining to other projects) had been addressed to the Bank's satisfaction.³⁸ On May 1, 2020, in light of the Contractor's "*continued non-compliance*,"³⁹ the Bank informed UNRA that the Merok site was not to be used in any form for the Project.⁴⁰ According to Management, since the Merok site was excluded, review and clearance of safeguard documents were no longer applicable to this site.⁴¹

28. Destruction of Property, Crops, and Structures in the Proposed Quarry Site. Management stated that during the April 2019 supervision mission, the Bank team noted the recent clearance of trees, crops, and possibly structures in the Merok site buffer zone area.⁴² The affected community members complained to the mission that they received insufficient compensation for the losses caused by the Contractor's clearance activities.⁴³ Management confirmed that in February 2020 it received a letter from representatives of the affected community members raising concerns about the lack of progress on the negotiations and compensation for the Rock, its surrounding areas, and the destroyed "*crops, houses, fruit trees, medical plants, etc.*"⁴⁴

29. According to Management, in April 2020 it raised with UNRA the outstanding compensation for the damage caused, and UNRA assessed the value of losses at Ugandan Shillings (UGX) 38,027,000 (approximately USD 10,305).⁴⁵ After the May 21, 2020, meeting UNRA provided a report to Management with a handwritten letter from the community showing that the affected community members forfeited any compensation for the damage in exchange for the Subcontractor agreeing not to seek any repayment of the lease payments from land owners.⁴⁶ Management said it requested UNRA to instruct the Contractor to proceed with the compensation payments based on UNRA's assessment, and indicated that the Bank would validate whether compensation was sufficient through a Bank-commissioned Environmental and Social Audit (the "Audit").⁴⁷

30. Lack of Assessment and Disclosure of Safeguard Documents. Management stated that neither the Contractor nor the Subcontractor completed an ESIA or a RAP despite several follow-up inquiries.⁴⁸ Management stated that the Subcontractor was to obtain all clearances and permits

³⁷ [Management Response](#), p. 4, para. 16.

³⁸ [Management Response](#), p. 4, para. 17.

³⁹ [Management Response](#), p. vi, para. vi.

⁴⁰ [Management Response](#), p. 7, para. 28 and p. 15, Annex 1.

⁴¹ [Management Response](#), p. 7, para. 30.

⁴² [Management Response](#), p. 13, Annex 1.

⁴³ [Management Response](#), p. v, p. iv

⁴⁴ [Management Response](#), p. 8, para. 32.

⁴⁵ [Management Response](#), p. 8, paras. 33 and 34.

⁴⁶ [Management Response](#), p. 8, para. 35.

⁴⁷ [Management Response](#), p. 9, para. 37.

⁴⁸ [Management Response](#), Annex 1, p. 15. According to the Management Response, Annex 3, pp. 24 and 25, the Bank received from Uganda National Roads Authority (UNRA) a draft ESIA for the Merok site for review on August 20, 2019. Management did not receive an updated ESIA after it sent the comments to UNRA on September 6, 2019. The Bank received from UNRA a RAP methodology report for the Merok site on March 6, 2020, and received an update

required from local authorities.⁴⁹ Management added that construction equipment was brought to the site, which was then cleared and leveled around the Rock without an approved ESMP, although such approval is required by national law, the Bank safeguard policies applicable to this Project, and the Project's ESMF.⁵⁰ Management said it should have reviewed and cleared a site-specific ESIA and other required safeguard documents prior to any Project activities at the quarry.⁵¹ As mentioned above, after its April 2019 supervision mission, the Bank requested all activities at the site stop immediately until the required safeguard instruments were submitted and approved in accordance with Bank requirements.⁵² In October 2019, during a later supervision mission, Management found that the Contractor had mobilized and stored the equipment at the Merok site in disregard of the stop order.⁵³ As a result, and due to lack of progress in preparing an ESMP and non-compliance issues, including those pertaining to other sites of the Project, the Bank requested UNRA to stop all works on the entire road corridor.⁵⁴

31. **Allegations of Coercion and Intimidation.** Management affirmed that it takes the allegation of intimidation raised in the Request very seriously, and it communicated to the highest levels of GoU and UNRA that, as a matter of principle, the Bank neither tolerates nor condones any form of intimidation or retaliation from any project stakeholder.⁵⁵ According to Management, after a representative of the affected community phoned the Bank team on May 8, 2020, alleging death threats by a Subcontractor representative against community members, Management asked UNRA to review the matter and to put appropriate measures in place.⁵⁶ UNRA informed the Bank it had referred the incidents to Uganda's Office of the Director of Public Prosecution (DPP). Management stated that UNRA submitted to the Bank on May 11, 2020, an investigation report on the matter, and that at a meeting on May 21, 2020, with the community members, UNRA's executive director requested local authorities protect the affected community members from any retaliation.⁵⁷ Management added that the DPP closed the case of the alleged death threats on May 19, 2020, for lack of evidence since the threats were reportedly made by a third party.⁵⁸

32. Management stated that on June 6, 2020, a representative of the affected community contacted the Bank claiming that, during the May 21, 2020, meeting with the UNRA delegation, community members had been pressured to withdraw their complaints and forego additional compensation.⁵⁹ Management said it reiterated to UNRA its position on retaliation and insisted that UNRA step up its efforts to address potential retaliation. On September 9, 2020, the Bank requested an update from UNRA on retaliation, and UNRA informed the Bank that it had secured a commitment from the relevant local government authorities that the affected community

from UNRA on April 13, 2020, stating that the RAP consultant was to reengage with the affected community members after the COVID-19-related restrictions are lifted.

⁴⁹ [Management Response](#), p. 2, para. 9.

⁵⁰ [Management Response](#), p. 3, para. 11.

⁵¹ [Management Response](#), p. 4, para. 16.

⁵² [Management Response](#), p. 4, para. 16.

⁵³ [Management Response](#), p. 4, para. 17.

⁵⁴ [Management Response](#), p. 4, para. 17.

⁵⁵ [Management Response](#), p. 9, para. 38.

⁵⁶ [Management Response](#), p. 9, para. 40.

⁵⁷ [Management Response](#), pp. 9 and 10, paras. 40 and 41.

⁵⁸ [Management Response](#), p. 10, para. 42.

⁵⁹ [Management Response](#), p. 10, para. 43; p. 20, Annex 1; and p. 26, Annex 3.

members would be protected.⁶⁰ UNRA placed a public notice in the newspapers expressing its opposition to intimidation and retaliation.⁶¹ According to Management, no further incidents have since been reported.⁶²

33. **Next Steps.** Management stated that some of the concerns of the PAPs regarding the Rock, the potential impact from quarry operations, and the intimidation from the Contractor's staff have been addressed, that the quarry will not be used for the Project, and that the Contractor's staff and equipment have been demobilized.⁶³ Management also said it informed UNRA that all works under the Project will remain suspended – with the exception of emergency works along the road corridor – until resolution to the Bank's satisfaction of: (i) Compensation paid for the property damage caused by the Contractor's actions, (ii) completion of the Bank-commissioned Audit to validate the adequacy of the compensation amounts, and (iii) completion by the DPP or another competent body of the review of the alleged coercion at the time of the lease agreements, and notification to the Bank of its findings.⁶⁴

34. In conclusion, Management stated that the Bank made every effort to apply its policies and procedures applicable to the points raised by the Request. Management added that it believes the Requesters' rights or interests have not been nor will be directly and adversely affected by a failure of the Bank to implement its policies and procedures. Management concluded by stating the Bank had reacted appropriately to the Borrower's non-compliance and had pursued specific steps for the Borrower to address relevant issues in line with its legal obligations.⁶⁵

1.6. Panel Investigation Process

35. The Panel's Investigation focused on questions relating to (i) E&S safeguard document preparation and implementation, and the project contracting modality (OPRC) in this context, (ii) the applicability and application of the Bank's Involuntary Resettlement Policy and allegations of coercion and intimidation, and (iii) the Bank's project supervision and due diligence regarding E&S safeguards.

36. The Panel's Investigation team was led by Panel Member Ramanie Kunanayagam, who subsequently assumed the Chair of the Inspection Panel, and supported by Senior Operations Officer Serge Selwan, Senior Environmental Specialist Nicolas Kotschoubey, Junior Professional Officer Ayako Kubodera, Research Assistant Rupes Dalai, and four expert consultants: Glen Armstrong, an environmental and social governance specialist; Kenneth Green, an environmental specialist; Ian Greenwood, a road transport specialist, and Kathryn Tomlinson, an anthropologist and social specialist (see biographies in Annex 3). The Investigation was conducted in two parts: The first phase included extensive examination of documents and individual interviews with Bank staff, the Borrower, and other Project stakeholders, including the Contractor and the Subcontractor. This phase was mainly conducted virtually, as travel was restricted due to the COVID-19 pandemic.

⁶⁰ [Management Response](#), p. 10, para. 43.

⁶¹ [Management Response](#), p. 9, para. 43; p. 20, Annex 1; and p. 23, Annex 2.

⁶² [Management Response](#), p. 9, para. 43.

⁶³ [Management Response](#), p. 10, para. 45.

⁶⁴ [Management Response](#), p. 11, para. 46.

⁶⁵ [Management Response](#), pp. 11 and 12, para 48.

The second phase involved a fact-finding field visit to Uganda as soon as travel restrictions were lifted.⁶⁶ The Panel made every effort to conclude the Investigation within nine months after the Investigation Plan was disclosed, taking into account delays resulting from the travel restrictions.

37. The fact-finding field visit to Uganda took place November 22-26, 2021. In Kampala, the Panel team met with officials from the Ministry of Finance, Planning and Economic Development, UNRA, and the Office of the Chief Government Valuer (CGV), as well as representatives of the Bank's Country Office and the Bank team. In Kampala, the Panel team also conducted a virtual meeting with COWI, a consulting firm hired by UNRA in the early phases of the Project. The team traveled to Soroti District and met with the officials from the Soroti District Government and the Katine Subcounty Government. The Panel team visited Omolokony Village and conducted separate meetings with representatives of the wider community around Oruja Rock, the Requesters, PAPs, and a group of women from the community. The Panel team examined and walked up and around the Rock, observed the layout of its surroundings and the location of the Rock in the center of the village, and its functionality for the community.

38. The Panel team is grateful to all those it met for sharing their views and providing information. The Panel also thanks the staff of the World Bank's Country Office in Kampala for its assistance with logistical arrangements and guidance on precautions regarding COVID-19.

39. In this Report the Panel assesses whether the Bank complied with its Operational Policies and Procedures, including:

- Environmental Assessment, OP/BP 4.01,
- Involuntary Resettlement, OP/BP 4.12, and
- the Bank Policy on Investment Project Financing and its related Directive.

40. This Report is structured as follows and describes the issues raised in the Request, the Bank's detailed response to each of them, and the Panel's in-depth analyses and findings:

- Chapter 1 (this chapter) introduces the Report and briefly presents the background of the case, the Project, and its context. It summarizes the Request and the Management Response, and outlines the Panel's Investigation process,
- Chapter 2 explores the Project's institutional arrangements, the appropriateness of OPRC as a contracting model in the context of E&S safeguards, the application of the E&S frameworks (ESMF and RPF), and whether the guidance on the acquisition and development of quarries in the frameworks conforms to Bank policy requirements,
- Chapter 3 examines the sociological background of the affected community, the claims of harm (relating to the Rock, the buffer zone, and meaningful consultation), disclosure and allegations of intimidation and reprisal, and the application of OP/BP 4.01 and OP/BP 4.12 in the context of this Request,

⁶⁶ Field visit was led by Panel Chairperson Ramanie Kunanayagam, and included team members Serge Selwan, Nicolas Kotschoubey, Ayako Kubodera, and Kathryn Tomlinson.

- Chapter 4 analyzes Management’s supervision of the Project and the specific actions it took in response to the concerns raised in the Request, focusing on the frequency of supervision, technical expertise, and quality of supervision, and
- Chapter 5 presents the Panel’s high-level observations and conclusions.

Chapter 2 – Institutional Arrangement, OPRC Modality, and Safeguards Approach

2.1. Introduction

41. This chapter (i) gives an overview of the Project’s institutional arrangements, contractual modality, and the safeguards approach, (ii) describes the roles and responsibilities of the implementing entities, (iii) explains the OPRC modality and examines the Contractor’s E&S obligations in the OPRC context, (iv) analyzes the suitability of the E&S framework approach under the Project and the adequacy of the framework documents, (v) analyzes the changes made in the contract during negotiations and their implications for the Omolokony Village community, and (vi) lists the Panel’s findings relating to the above.

2.2. Bank Policies

42. The Bank Policy on Investment Project Financing requires the Bank to monitor the Borrower’s or the Project Participants’ compliance with obligations set out in legal agreements with the Bank. The policy requires Management to provide implementation support to the Borrower by reviewing information on the progress of implementation and toward achieving project development objectives and related results, and by updating risks and related management measures.⁶⁷

43. The related Bank Directive states that, in providing implementation support, Management must assess the project periodically and review the Borrower’s monitoring of project performance and compliance with its contractual undertakings, as well as results, risks, and implementation status, updating project information and identifying any follow-up actions needed.⁶⁸

44. The Environmental Assessment Policy of the Bank, OP 4.01, requires “*environmental assessment (EA) of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable.*”⁶⁹ The EA process involves “*environmental screening [...] to determine the appropriate extent and type of EA.*”⁷⁰ A variety of instruments can be used to satisfy the Bank’s EA requirement: An environmental impact assessment (EIA), a regional or sectoral EA, a strategic E&S assessment, an environmental audit, hazard or risk assessment, an environmental management plan, or an E&S management framework.⁷¹

45. According to the policy, an ESMF examines the issues and impacts associated “*when a project consists of a program and/or series of sub-projects, and the impacts cannot be determined until the program or sub-project details have been identified.*”⁷² The ESMF sets out the principles,

⁶⁷ World Bank, [Bank Policy on Investment Project Financing](#) (IPF), December 1, 2021, para. 20. This policy replaced the Bank’s Operational Policy 10.00, which was approved in April 2013 and revised on July 1, 2014 (Bank Policy (BP) on IPF).

⁶⁸ World Bank, [Bank Directive on IPF](#), December 23, 2021, para. 43. The Bank Directive became effective on December 23, 2021, replacing Bank Directive on IPF, BP 10.00.

⁶⁹ Operational Policy on Environmental Assessment (OP 4.01), para. 1.

⁷⁰ OP 4.01, para. 8.

⁷¹ OP 4.01, para. 7.

⁷² OP 4.01, Annex A, para. 4.

rules, guidelines, and procedures to assess E&S impacts, and contains measures and plans to reduce, mitigate, and/or offset adverse impacts and enhance positive impacts.⁷³

46. The policy requires the EA to evaluate the project's potential environmental risks and impacts and improve the project by preventing, minimizing, mitigating, or compensating for adverse environmental effects and enhancing positive impacts.⁷⁴ The policy requires the EA to start as early as possible in project processing,⁷⁵ and the government is responsible for conducting it.⁷⁶

47. The Bank Policy on Involuntary Resettlement, OP 4.12, states that implementation of resettlement activities is linked to implementation of the project's investment component to ensure that displacement or restriction of access does not occur before necessary measures for resettlement are in place. It stipulates that the taking of land and related assets may occur only after compensation has been paid and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons.⁷⁷

48. For a Bank-assisted project having multiple sub-projects that may involve involuntary resettlement – and whose nature, design, and zone of impact cannot be determined at the time of appraisal – the Bank requires an RPF consistent with OP 4.12.⁷⁸ The RPF should clarify the resettlement principles, organizational arrangements, and design criteria to be applied to sub-projects, and that these should be prepared during project implementation.⁷⁹

2.3. Institutional Arrangements

49. The implementing agency for the Project is UNRA (on behalf of the GoU), with IDA and GoU financing.⁸⁰ UNRA, in turn, has a contractual agreement with the Contractor to carry out engineering and construction works, and a separate contract with a supervising engineer or Project Manager – the Project Management and Monitoring Consultant (PMMC)⁸¹ – to supervise and monitor the quality of the works. The PMMC's role is to oversee all aspects of the contract – from approving the Contractor ESMP (C-ESMP) to ensuring compliance with all contractual requirements and approving monthly claims. The PMMC ensures that contractors adhere to project specifications. The Contractor has a contractual agreement with the Subcontractor to negotiate with the communities and acquire the proposed Merok quarry site, and the Subcontractor has lease agreements with community members relating to the quarry site.

50. The World Bank direct relationship is with UNRA. While the Bank may engage with the Contractor, PMMC, the Subcontractor, or the communities, it has no contractual relationship with them. Any Bank requirements in the Financing Agreement, such as E&S safeguard requirements,

⁷³ OP 4.01, Annex A, para. 4.

⁷⁴ OP 4.01, para. 2.

⁷⁵ OP 4.01, para. 3.

⁷⁶ OP 4.01, para. 4.

⁷⁷ Operational Policy on Involuntary Resettlement (OP 4.12), para. 10.

⁷⁸ OP 4.12, para. 28.

⁷⁹ OP 4.12, Annex A, para. 23.

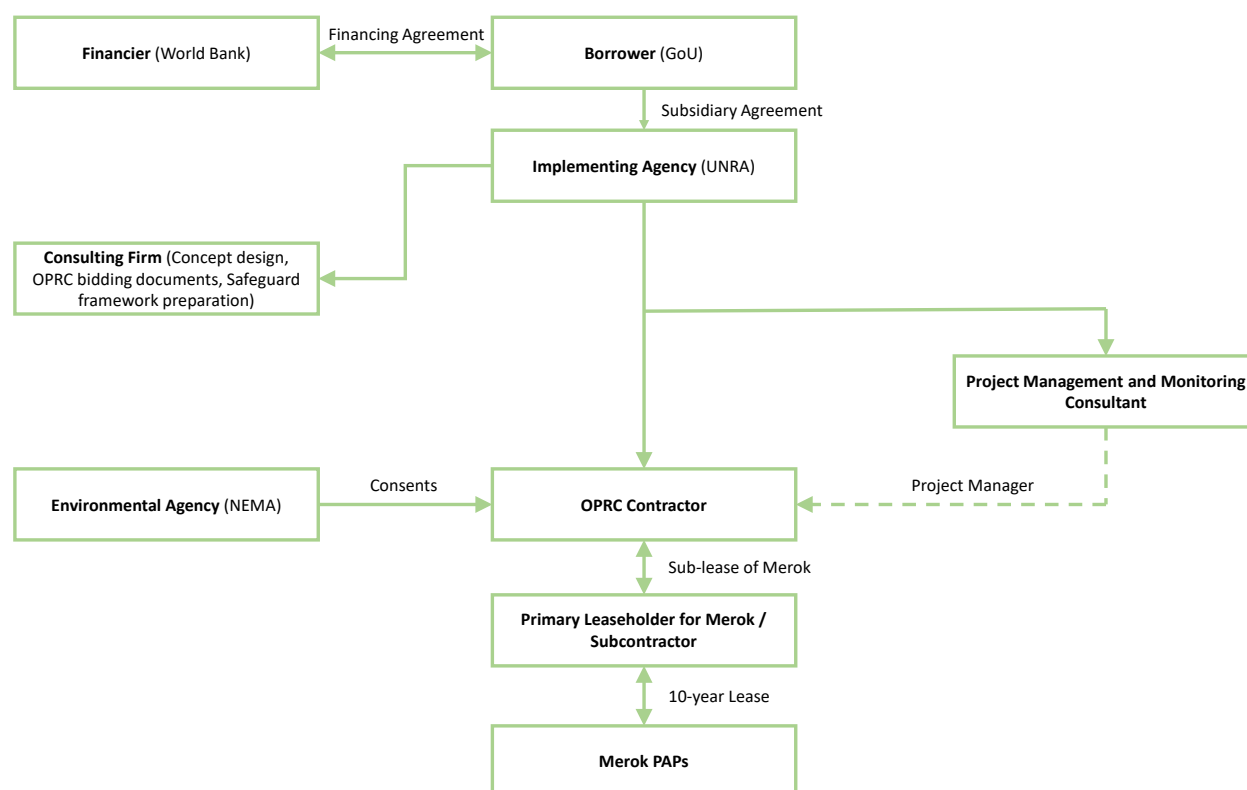
⁸⁰ PAD, p. i.

⁸¹ The Project Management and Monitoring Consultant (PMMC) is TNM Limited.

must be reflected in UNRA’s contracts with the Contractor and PMMC. To be effective, they should also be reflected in the Contractor’s agreement with the Subcontractor. Management stated *“the Borrower has obligations under the loan agreement to ensure that any contractor or Sub-contractor engaged for works or services under the Bank-financed Project acts in accordance with the loan agreement, including the Project’s safeguard instruments.”*⁸² It is primarily the Bank’s process of checks and approvals (“no-objection”) with UNRA that enables the Bank to ensure that works are delivered in accordance with the Financing Agreement and contract documents, and comply with Bank safeguard policies. Furthermore, the Bank must conduct regular oversight of UNRA and the Contractor through review and clearance of the safeguard documents and through regular supervision.

51. The Panel understands that – to ensure compliance with national legislation, including with E&S permitting – before the start of works NEMA approves the Contractor’s E&S plans and CGV approves valuation.

Figure 1: Institutional Arrangements



2.4. Contractual Arrangements

52. **The OPRC Modality for NERAMP.** In April 2012, before the start of the Project, the GoU informed the Bank of its interest in introducing an OPRC to the Uganda road sector. During the April 2013 identification mission, the GoU and Bank agreed that the next Bank Credit would

⁸² [Management Response](#), p. 3, para. 12.

fund an asset management operation applying the OPRC modality, to be implemented on the strategic transport corridors linking Uganda with neighboring coastal countries.

53. NERAMP therefore adopted the OPRC modality for financing road works “*in support of its strategy to mainstream road asset management practices.*”⁸³ As stated in the PAD, “*this contracting approach reduces the risks related with poor road design, quality control, and cost overruns as the contractor will be responsible for the design of the road and payments would be on a lump sum basis for a predefined level of performance and output.*”⁸⁴ Hence, under an OPRC modality, the implementing agency transfers several E&S risks to the contractor.⁸⁵ An OPRC modality is intended to improve quality, efficiency, and effectiveness, and reduce cost to the government.⁸⁶ In this contract modality, the road contractor is responsible for road design, as well as for managing a large portion of E&S risk associated with these roads.⁸⁷ According to the PAD, under the OPRC the contractor is to be paid monthly, subject to meeting the targets specified in the bidding document.⁸⁸

54. The Panel notes from its interviews with Bank staff that UNRA’s interest in the OPRC modality was driven by a desire to overcome issues with the input-based contract modality, where cost- and time-overruns were widespread, and to achieve better road asset management. The Bank’s April 2013 supervision document stated that an important source of value added to the Project by the Bank was its global experience in preparing and implementing OPRCs in major transport development projects.

Box 1: The OPRC Modality in Road Projects

OPRC is World Bank terminology for “outcome-based” or “performance-based” contracting in relation to road projects. It is a contract modality wherein payment for delivery of the initial improvement or rehabilitation works is based on an output (i.e., an amount per kilometer of work completed to the required standards), and thereafter routine maintenance payment is linked to the contractor meeting or exceeding defined performance indicators each month (with penalties for non-compliance), typically for 5-10 years. This contrasts with input-based contracts which usually employ labor to undertake specified works, with payment based on inputs. Input-based contracts leave little or no room for contractor innovation or efficiency savings, and the contractor is paid for labor by the hour and for materials by the quantity delivered.⁸⁹

Under OPRC, the contractor bears the risks associated with inefficiency, poor quality, and ineffectiveness, and must have the experience and capacity to undertake necessary interventions. Since the contractor is paid per month, subject to meeting specified performance standards, it is motivated to deliver the defined outcomes while minimizing input – in other words, to work

⁸³ [PAD](#), p. 4, para. 14.

⁸⁴ [PAD](#), p. 4, para. 14.

⁸⁵ [PAD](#), pp. 14 and 15, para. 46.

⁸⁶ [PAD](#), pp. 14 and 15, para. 46.

⁸⁷ [PAD](#), pp. 14 and 15, para. 46.

⁸⁸ [PAD](#), p. 5, Box 1.

⁸⁹ Gericke, Ben; Henning, Theuns; Greenwood, Ian. 2014. [Review of Performance Based Contracting in the Road Sector: Phase 1](#). Transport papers series; no. TP-42A. World Bank, Washington, DC. (Accessed May 2, 2022.)

effectively and efficiently. A 5-7 year contract is considered workable under OPRC.⁹⁰ Under this modality, the contractor is responsible for road maintenance as well as for road construction.

The advantages of using OPRC include: (i) Potential reduction in cost; (ii) improved services; (iii) transfers of risk to the contractor, and (iv) expedited implementation of works. These benefits must be weighed against the potential disadvantages of the OPRC approach, which include increased complexity, potential longer procurement process, and uncertainty concerning long-term contracting relationships.⁹¹

Critical factors that contribute to successful implementation of OPRCs include: Institutional buy-in; clarity of long-term availability of funding and financing costs; conducive legal frameworks; institutional knowledge within road agencies and lending institutions; a bidding process that takes quality, cost, and experience into consideration; the ability of road agencies to measure performance; clearly outlined consequences of non-conformance; the possibility of risk-sharing between contracting agency and contractor; a compressed procurement timeframe to maintain the momentum for OPRC implementation; sufficient technical support during OPRC implementation; the ability to control underpricing of bids, and the ability to monitor and control the minimum improvement work required to maintain levels of services in the long-term.⁹²

55. NERAMP includes, as part of road rehabilitation: (i) Design, construction, and rehabilitation of the roads, (ii) periodic routine and emergency maintenance, and (iii) safety enhancement measures and traffic management.⁹³ OPRC performance indicators are aggregated in three themes: (i) Road-user service and comfort (roughness, skid resistance, lane width, and vegetation control), (ii) road durability (pavement strength, cracking, paved shoulders, and sedimentation in drainage), and (iii) management performance measures (governance and tendering).⁹⁴ The contractor is responsible for designing the roads to the required road-user service, durability, and performance levels defined in the contract.⁹⁵ According to the PAD, the contractor is also responsible for preparing site-specific ESAs and RAPs, following guidance set forth in the ESMF and RPF.⁹⁶ The Financing Agreement requires the Borrower through UNRA to ensure the contractor carries out the Project in accordance with the safeguard frameworks (the ESMF and RPF) and safeguard instruments (the ESA or RAP).⁹⁷ The PMMC supervises and monitors implementation of the works and their quality.

⁹⁰ Gericke, Ben; Henning, Theuns; Greenwood, Ian. 2014. [A Guide to Delivering Good Asset Management in the Road Sector through Performance Based Contracting](#). Transport papers series; no. TP-42B. World Bank, Washington, DC. (Accessed May 2, 2022)

⁹¹ Gericke, Ben; Henning, Theuns; Greenwood, Ian. 2014. [A Guide to Delivering Good Asset Management in the Road Sector through Performance Based Contracting](#). Transport papers series; no. TP-42B. World Bank, Washington, DC. (Accessed May 2, 2022.)

⁹² Gericke, Ben; Henning, Theuns; Greenwood, Ian. 2014. [Review of Performance Based Contracting in the Road Sector: Phase 1](#). Transport papers series; no. TP-42A. World Bank, Washington, DC. (Accessed May 2, 2022)

⁹³ [Financing Agreement \(North Eastern Road-Corridor Asset Management Project\) between Republic of Uganda and International Development Association](#), February 16, 2015, (“[Financing Agreement](#)”) p. 5, Schedule 1, Part 1(a).

⁹⁴ [PAD](#), p. 29, Annex 2, para. 16. The PAD describes the performance indicators in more detail.

⁹⁵ [PAD](#), p. 15, para. 48.

⁹⁶ [PAD](#), p. 18, para. 57; Annex 3, para. 58.

⁹⁷ [Financing Agreement](#), p. 9, Schedule 2, Section I, D1(a).

56. The Panel notes that the Bank's identification mission assessed risks and issues associated with the Project. These included UNRA's implementation capacity, inadequate UNRA staffing, inadequate bases for planning and resource allocation, achievement of value for money during project implementation with constrained institutional capacity, and insufficient skills for preparing and evaluating bids for OPRC. The identification mission also identified weak monitoring, enforcement, and reporting of implementation of social and environmental aspects of projects by UNRA and supervising consultants, and poor implementation by contractors.

57. The Panel understands that mitigation measures were planned since Project approval, given the risks related to UNRA's inexperience managing an OPRC modality project and its gaps in E&S capacity. The Panel recognizes that mitigation measures were put in place through technical assistance to UNRA provided by other Bank projects, such as establishing a road database, a road asset management system, and a comprehensive training program.⁹⁸ The Panel notes the Bank provided training and capacity building workshops on OPRC upon commencing the Project to ensure that UNRA could effectively implement OPRC modality projects. Some of the training included Environment, Social, Health, and Safety (ESHS) workshops.⁹⁹

58. The Panel's view based on its OPRC expert's analysis of the Project documents is that in the case of NERAMP most factors for successful implementation for OPRCs described in Box 1 were either comfortably met, or if not met, suitable management strategies were put in place. An exception was the delayed start date caused by the extended procurement timeline, which might have led to a loss of momentum for OPRC implementation.

59. **Key Aspects of Safeguards under OPRC.** The Panel believes three aspects of the OPRC modality bearing on safeguards are especially important: (i) Transferring E&S risks from the implementing agency to the contractor (UNRA's delegation of safeguard document design and implementation); (ii) maintaining momentum during the procurement timeframe for OPRC, and (iii) assessing the contractor's quality and experience – focusing on its E&S capacity – during the bidding process. The contractor's E&S capacity is essential to ensure that safeguard requirements can be met from the onset and throughout the contract.

60. *Transfer of E&S Risk.* During the project's operational phase, responsibility for preparing and implementing ESMPs, ESIAs, and RAPs for the main works under an OPRC differs from an input-based contract. OPRC transfers this obligation from the implementing agency to the contractor. For auxiliary sites the process remains the same as under input-based contracts, i.e., the contractor identifies sites and prepares the site-specific safeguard documents per the safeguard frameworks.

⁹⁸ PAD, p. 12, para. 39.

⁹⁹ The Bank team organized a training workshop in August 2013 to provide legislators, industry leaders, and high-level decision-makers the experiences and lessons learned from other countries on OPRC, and to provide UNRA staff and its consultants practice and knowledge to implement projects under an OPRC modality. In 2014, a study tour to learn about best practices for OPRC implementations was conducted in Brazil and Australia. In May 2016, members of the UNRA project management team attended an OPRC workshop in Nigeria conducted by the International Road Federation, and in September 2016, OPRC training was given in Kampala to sensitize the stakeholders about the OPRC approach. In June 2017, a workshop on Environment, Social, Health, and Safety (ESHS) was held, after which UNRA retrofitted the contract with the new ESHS requirements as part of the follow-up from the workshop.

61. An OPRC modality transfers greater responsibility to the contractor, so the supervising engineer, the Borrower, and the Bank are further removed and are less involved in monitoring, evaluation, quality control, and supervision than under input-based contracts.

62. *Momentum During the Procurement Timeframe.* The Panel observes that under NERAMP, the OPRC procurement process was drawn out, due to internal and external factors. It took 15 months after Board approval for the Credit to become effective and the bidding process to start, although bids were prepared relatively quickly (in three months), including a site visit by bidders led by UNRA.

63. However, three months later, in December 2015, the TSDP-related cross-suspension halted progress on the tender process for two additional years. When the suspension was lifted in June 2017, it took two months to complete the Bid Evaluation Report. During this period, new ESHS clauses were retrofitted into the contracts. It was another seven months before contract negotiations with the selected Contractor began, a further four months to award the contract, and five more months until the agreed start date.¹⁰⁰ In short, procurement of the Contractor took more than four years from Board approval to the signing of the contract.

64. *Bank Assessment of E&S Capacity.* During appraisal, the Bank assessed the safeguard capacity of UNRA and concluded it had sufficient experience implementing Bank-financed projects and knowledge of the E&S safeguards requirements. The Bank noted there was an established Safeguards Unit, albeit one that was understaffed.¹⁰¹ The Bank understood that UNRA would recruit an additional environmental specialist, a sociology/social scientist and a right-of-way officer within a year of Project effectiveness.¹⁰²

65. The PAD stated that the contractor's team would include qualified staff to implement and report on safeguard aspects, including social aspects and RAP implementation. The PAD also stated the supervising engineer would be supported by a qualified sociology/social scientist and a right-of-way officer to monitor and report on progress implementing the RAP.¹⁰³

66. The two-year interval between tender submission and completion of the Bid Evaluation Report meant that personnel named in the contractor's bid were replaced by others during negotiations. In fact, every key person in the construction and maintenance task was changed. While the original names associated with E&S capacity in the bidding document had extensive, relevant experience with safeguards, including for Bank-funded projects, their replacements appeared to have less relevant experience. The Panel could find no evidence that the Bank team objected to the proposed changes in key personnel.

¹⁰⁰ The Management Response stated that the contract start was August 13, 2018. However, it was only in December 2018 that the Contractor presented a guarantee from its commercial bank allowing it to start work. See the [Management Response](#), p. 2, para. 8.

¹⁰¹ [PAD](#), p. 18, para. 58.

¹⁰² [PAD](#), p. 56, Annex 3, para. 60.

¹⁰³ [PAD](#), p. 17, para. 55.

67. However, the Panel notes a capacity evaluation that was included in the Project's ESMF, found that UNRA had limited experience developing and implementing safeguard documents, insufficient staff to supervise, monitor, and audit environmental and land acquisition aspects of its projects, and inadequate exposure to emerging international requirements. The ESMF concluded that UNRA's capacity needed improvement, and proposed safeguard-related capacity building for project screening, impact identification, analysis, and implementing ESMFs and ESMPs. The ESMF also recommended hiring and training environmental and land acquisition staff, and safety specialists.¹⁰⁴

68. The Panel believes the decision to use the OPRC modality in NERAMP was well-founded, given the context at the time of Project approval. The Panel also observes that during implementation, while the Project was suspended (until June 2017) because of external circumstances, staff capacity at UNRA suffered due to staff turnover.¹⁰⁵ In January 2017, Management reported that recruitment of additional key staff to support Project implementation, including E&S, was either awaiting final approval or contract signing. In October 2018, Management said UNRA had in place two environmental specialists, two social scientists, and two occupational health and safety specialists supporting Project implementation.

69. In the November-December 2021 supervision document, Management noted that the Contractor's safeguard team lacked detailed knowledge of safeguard requirements and clearance processes. Management emphasized that contractors and subcontractors should be familiarized with Bank policies and statutory approval processes in order to perform their roles in compliance and to the standards expected. Management noted that each stakeholder – including UNRA, the PMMC, and the Contractor – must understand and appreciate its role and responsibilities in terms of accountability. Nevertheless, the Panel notes that seven years after Project approval the E&S capacity of the implementing entities remained inadequate.

2.5. Appropriateness of the E&S Framework Approach

70. According to the PAD, *"because the contract arrangements require the final design to be prepared by the OPRC contractor,"*¹⁰⁶ UNRA prepared two framework instruments to manage E&S risks – the ESMF and the RPF.

71. The Panel notes that the framework approach is consistent with OP 4.01, which states that an ESMF is prepared when *"the impacts cannot be determined until the program or sub-project details have been identified."*¹⁰⁷ The approach is also consistent with OP 4.12, which requires that the RPF clarify *"resettlement principles, organizational arrangements, and design criteria to be applied to subprojects to be prepared during project implementation [...] after specific planning information becomes available."*¹⁰⁸ Both frameworks were ready by appraisal stage, and both provide guidelines and methodologies to prepare specific plans once sub-project(s) location and

¹⁰⁴ [ESMF](#), pp. 58 and 59, Table 4-1.

¹⁰⁵ World Bank, [Management Response to Request for Inspection Panel Review of the Uganda Transport Sector Development Project – Additional Financing \(P121097\)](#), December 17, 2015, (["TSDP Management Response"](#)), p. viii, para. xv.

¹⁰⁶ [PAD](#), p. 18, para. 57.

¹⁰⁷ OP 4.01, Annex A, para. 4.

¹⁰⁸ OP 4.12, Annex A, para. 23.

design are known. According to the PAD, both instruments “were developed in close consultation with [...] Government Central Agencies and [...] Local Government (Districts) through which the road corridor traverses.”¹⁰⁹

72. The Panel considers the decision to adopt a framework approach for this Project appropriate. The Panel believes the measures – for preparing ESMPs, and for UNRA and the Bank to approve RAPs before the start of any works – described in the PAD, should adequately safeguard the environment and PAPs.

2.6. The Adequacy of the ESMF and RPF

73. At appraisal, the Bank evaluated the E&S instruments. According to the PAD, the ESMF “established clear guidelines and methodologies for the identification and assessment of environment and social impacts.”¹¹⁰ The PAD also stated the ESMF gives clear guidance for the preparation of ESMPs and ESIAs before commencement of any civil/road works.¹¹¹

74. The RPF described specific steps for the preparation, review, and clearance of RAPs. According to the PAD, “[t]he RAP will be prepared by the contractor. It will be reviewed by the Project Manager who [...] will closely work with and be guided by UNRA’s Safeguards unit in the review and implementation of the RAP. The RAP [...] will also be reviewed by an independent consultant to ascertain [its quality]. The RAP report(s) will then be reviewed and agreed by the UNRA safeguard unit and cleared by the Bank for disclosure to the public prior to commencement of the civil works.”¹¹²

75. In addition to examining the overall E&S process, the Panel reviewed the contents of the ESMF and RPF, and noted that they are of mixed quality. The Panel believes some of the weaknesses discussed below contributed to the series of events that led to the poor consultation and to the lack of preparation of the ESIA and RAP for the proposed Merok quarry site, as described in Chapter 3.

76. The Panel observes that the ESMF and RPF include a basic identification of the E&S requirements, such as an explanation of the E&S process required by the GoU – specifically by NEMA – and the Bank. As described in the PAD and in OP 4.01, frameworks need to provide guidelines and methodologies to prepare the required specific plans (EIAs, ESMPs or RAPs) once final sub-project location and design are known.

77. In the ESMF, the EIA approval process in Uganda is summarized as follows:¹¹³ (i) The developer (who, in the case of NERAMP, is the Contractor) submits a Project Brief to NEMA, which screens and approves it, (ii) the Contractor then conducts a scoping of impacts and prepares

¹⁰⁹ PAD, p. 54, Annex 3, para. 58.

¹¹⁰ PAD, p. 54, Annex 3, para. 58.

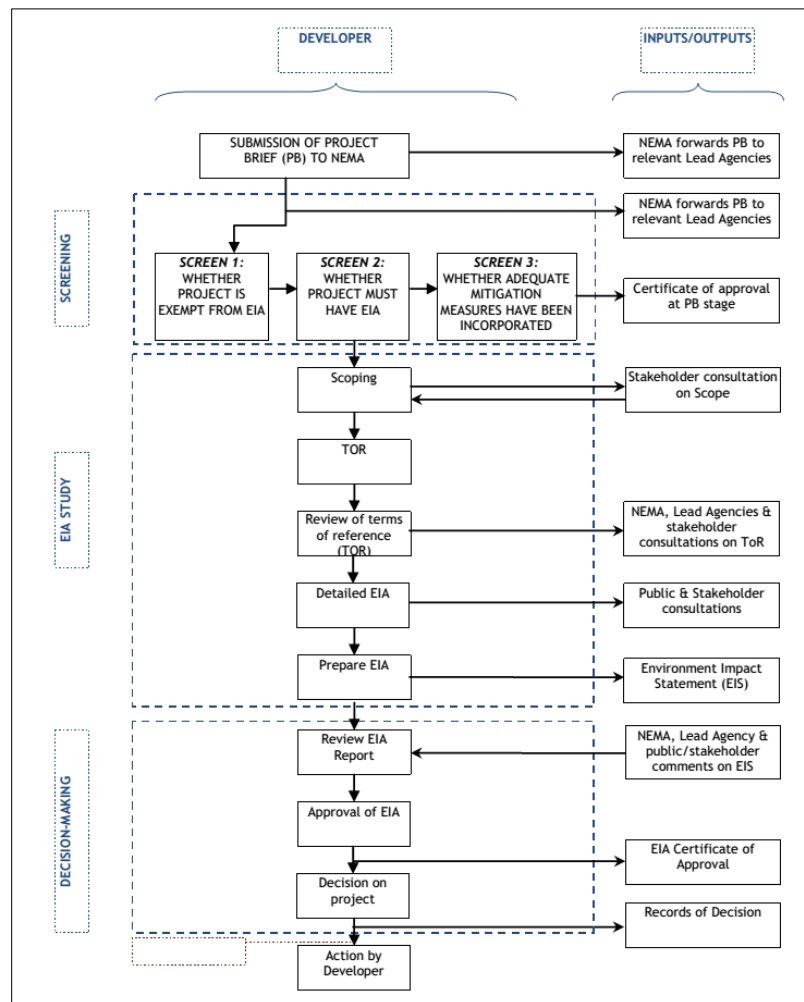
¹¹¹ PAD, p. 18, para. 57.

¹¹² PAD, p. 17, para. 55.

¹¹³ ESMF, p. 63.

the terms of reference (ToR) for an EIA, (iii) NEMA then reviews the Scoping Report¹¹⁴ and ToR for approval, and (iv) once they are approved, the Contractor prepares the EIA for NEMA's approval. This process is illustrated in Figure 2, which was included in the ESMF for contractors to follow during the preparation of site-specific ESIs. Both UNRA and the Bank should review and comment on the EIA, and the Bank would then normally provide its no-objection for UNRA to submit the EIA to NEMA for approval.

Figure 2: EIA Approval Process in Uganda¹¹⁵



78. The Panel notes that the ESMF describes screening, scoping, and site selection, and emphasizes the need for full E&S assessment of ancillary/associated facilities. The Panel observes

¹¹⁴ A scoping report is required to determine the extent and details of the environmental and social impact study per [The National Environment \(Environmental and Social Assessment\) Regulations, 2020](#), para. 2, Interpretations. According to NERAMP's ESMF, a scoping report or scoping project brief is submitted to NEMA for its review and approval before the environmental impact assessment can be conducted. Scoping will entail identification of potentially significant environmental impacts and/or elimination of insignificant impacts on physical, biological, social-economic, environment, and on project-affected communities. See: [ESMF](#), pp. 65-70.

¹¹⁵ [ESMF](#), p. 63.

that, at a basic level, the ESMF and RPF are generally consistent with the Bank's policies, notably OP 4.01 and 4.12.

79. The Panel believes that while the framework documents cover the basic steps, they do not address the specific safeguard measures that the contractor should apply to acquire quarry sites. Furthermore, both the ESMF and the RPF have three key gaps around the Ugandan legal and policy frameworks, land acquisition by a private entity (and potential willing seller/willing buyer scenario versus the application of OP 4.12), and E&S safeguard management. The Panel notes that for a road rehabilitation project within an existing right-of-way, the sourcing of construction materials from new quarry facilities is a major E&S risk and its impact is predictable; therefore, the framework documents should have included specific guidance on impact of quarries. These three gaps are particularly important for the land acquisition related to Oruja Rock.

80. **Ugandan Legal and Policy Framework.** Beyond passing mention of specific laws – such as the Mining Act – the ESMF and RPF barely addressed the Ugandan legal and policy frameworks regarding land acquisition and development for quarries. This substantial gap means that there is no explanation of the possible ownership structures of mineral rock deposits, the royalty distribution system relating to their development, the rules governing land acquisition, and the NEMA safety buffer zone requirements.¹¹⁶ For example, while both the ESMF and RPF mentioned the Ministry of Works and Transport General Specifications for Road and Bridge Works (2005), there was no discussion of land acquisition and development of quarries within these specifications.

81. Upon meeting with Government officials in the field, the Panel noted there were multiple interpretations of Ugandan laws on ownership of mineral assets – for instance, one view holds that the GoU owns all minerals, while another considers the clans own minerals through traditional rights. Ownership of minerals also depends on whether a quarry is exploited for commercial or artisanal purposes. The Panel heard the forthcoming Mining Bill will formalize such ownership and will recognize the rights of artisanal miners. A clear assessment in Project documents of the legal framework would have provided guidance on establishing the ownership of the Rock. This may have helped to clarify the acquisition process, agreements on valuation, and compensation for the asset. This point is further discussed in Chapter 3.

82. **Land Acquisition by a Private Entity.** Upon deciding to use the OPRC modality, it was known that the framework documents would be implemented by private sector entities. The Panel notes the guidance on how the Contractor should address land acquisition for quarries is not explained clearly in the ESMF and RPF, despite numerous references to the impacts and concerns relating to them. The guidance mentioned eminent domain by the GoU but does not address the issue of land acquisition by a private entity. Land acquisition for borrow pits, dump sites, and quarry sites was only superficially addressed in the ESMF, which states that it is the Contractor's responsibility to obtain all necessary permissions and pay compensation to all landowners and legal occupants.¹¹⁷ The PMMC was expected to verify and confirm that the Contractor locates and selects quarry sites and borrow pits, and that the process in doing so conforms to the ESMF.

¹¹⁶ According to the NEMA, a quarry must have a 500-meter buffer zone around it, free of people, measured from the edge of the rock.

¹¹⁷ [ESMF](#), pp. 154-156, Annex 7.

83. The Contractor informed the Panel that, because the lease agreements were voluntarily entered into by private parties and no state actors were involved, no eminent domain was involved; therefore, OP 4.12 did not apply and a RAP was not required. The Contractor believed it had complied with the requirements of the contract and Ugandan law in leasing the quarry site through the Subcontractor before carrying out the ESIA. Moreover, in its view, the contract with UNRA allowed it to enter into willing lease agreements to access land, implying that UNRA would not be involved in any such lease agreements.

84. **Environmental and Social Safeguard Management.** E&S safeguard management relating to quarries was inconsistently addressed in the ESMF. The ESMF, which outlined the potential impacts and proposed mitigation measures, identified 13 impact areas, but mentioned only three related to quarries – habitat destruction, potential damage to cultural resources, and increased malaria transmission.¹¹⁸ The sole mitigation measure proposed was to use existing quarries that would not impact sensitive habitats. In the ESMF, quarries were not linked to obvious and known impacts such as community health and safety, dust, noise, and vibration, or to land acquisition and livelihoods, despite Soroti area stakeholder concerns about some of these impacts at an existing quarry.¹¹⁹ Furthermore, although the ESMF included ToR for stone quarries, it only described generic steps for ESIA for quarry sites.

85. The NERAMP risk assessment identified quarries as likely to be the Project areas having the greatest social and environmental risks. The Panel therefore finds it concerning that quarries were not addressed more consistently, clearly, and thoroughly in the ESMF and RPF. Furthermore, the Panel learned that while quarry acquisition is common in Uganda, it had not occurred recently in Soroti District. Several parties involved, therefore, had little or no experience or knowledge of the steps required to acquire a quarry; greater clarity about such acquisition in Soroti District should therefore have been provided.

86. As a result, the Panel notes that while the framework documents give basic requirements for many Project activities and actions, they fell short in providing sufficient details for specific activities – such as the development of quarries and the leasing or acquisition of related land. The documents offer no clear direction to UNRA, the Contractor, the Subcontractor, or the affected community on how the Bank’s E&S safeguards and Ugandan law apply in the context of NERAMP for such activities. Further, while E&S clauses were faithfully transferred from the ESMF to the procurement documentation, the Panel notes that the ESMF and RPF omissions and weaknesses cited above were also reflected in the procurement documentation. Deficiencies in the early stages of Project preparation become an embedded problem as the preparation progresses. The Panel finds that the frameworks should have been more detailed and prescriptive, especially given the first use of the OPRC modality in Uganda, and this level of detail should have been reflected in the bidding documents.

2.7. Implications of Modifying the E&S Requirements in the Contract

87. The Panel observes that during implementation certain safeguard actions were only partially carried out. The Panel also notes that, because the process for acquiring quarries was not

¹¹⁸ [ESMF](#), pp. 100-107, Table 8.1.

¹¹⁹ [ESMF](#), pp. 166 and 167, Annex 9.

well guided by the framework documents and was understood differently by different parties, shortcomings occurred during implementation. This was compounded by other factors as discussed below.

88. **E&S Provisions in the Contract.** During the negotiation of the contract between UNRA and the Contractor – February-April 2018 – a key contractual clause (Clause 10.1 of the Particular Conditions, which covers the Contractor’s E&S obligations regarding preparatory works) was modified. This had implications for the responsibilities of the Contractor regarding the application of E&S requirements.

89. The original clause – from the January 2017 Standard Bidding Document – specified that the contractor could not carry out works, including mobilization and/or pre-construction, unless the supervising engineer was satisfied that appropriate E&S measures were in place. However, Management provided no-objection to the negotiated key contractual clause. The negotiated Clause 10.1 allows the Contractor to do preparatory works prior to approval of the C-ESMP, without an approved EIA or prior PMMC authorization. This clause specified that the Contractor could carry out mobilization and/or pre-construction activities without the PMMC’s authorization as long as the Contractor complied with the Interim Management Strategies (IMS).¹²⁰ The IMS are general E&S good practice requirements specified in the contract, which are analyzed further below. The Panel notes that at the time the contract was modified, the PMMC had not yet been recruited. The modification of this clause had implications in the events that unfolded later at Merok.

90. The original and negotiated Clause 10.1 are presented below:

- The original Clause 10.1 stated: Notwithstanding the Start Date as specified in this Sub-Clause, the Contractor shall not carry out any Works, including mobilization and/or pre-construction activities (e.g., limited clearance for haul roads, site accesses and work site establishment, geotechnical investigations or investigations to select ancillary features such as quarries and borrow pits), unless the Project Manager is satisfied that appropriate measures are in place to address environmental, social, health and safety risks and impacts. At a minimum, the Contractor shall apply the Management Strategies and Implementation Plans and Code of Conduct, submitted as part of the Bid and agreed as part of the Contract.¹²¹
- The negotiated Clause 10.1 stated in essence that the Contractor could carry out mobilization and/or pre-construction activities (e.g., limited clearance for haul roads, site accesses and work site establishment, geotechnical investigations, or investigations to select ancillary features such as quarries and borrow pits) without prior authorization from the supervising engineer.

¹²⁰ The Interim Management Strategies that the Contractor was to follow were prepared and submitted in parallel with the negotiation as they were required at the time of tender submission. They covered basic activities and the requirement to comply with all relevant Ugandan legislation.

¹²¹ World Bank. 2017. [Standard Procurement Document. Request for Bids, Roads, Output and Performance-Based Road Contracts \(With or Without Prequalification\)](#). (Accessed May 2, 2022).

91. In the Contractor's view, the limited work it did in March and April 2019 was permissible preconstruction activity allowed under the contract without an ESIA. It added that after all preparatory work at the quarry site, which was restricted to limited site clearance, it continued to work with Ugandan authorities to prepare an ESIA.

92. **Implications of Delays in Selecting and Mobilizing the PMMC.** The Panel notes that the PMMC contract was signed in June 2018 with a start date of August 2018, set to align with commencement of the OPRC modality. By June 2018, the Contractor had already approached the Omolokony Village community and identified the Rock as a proposed quarry site, six months before the PMMC fully mobilized in January 2019. The PMMC did visit the proposed quarry site twice in October 2018 – once with UNRA and once alone. However, the Panel found no record of regular (monthly) PMMC inspections of the proposed site between October 2018 and April 2019. The Panel notes that a core aspect of monitoring compliance is to conduct such inspections. There is no evidence that UNRA inspected the proposed Merok quarry site prior to the full PMMC mobilization, or that the Bank team asked if such inspections were occurring.

93. The Panel notes that the Contractor approached the community in June 2018, and the Subcontractor started negotiations with the community in September 2018. The Contractor hired the Subcontractor in October 2018 to act as primary negotiator for the lease agreements with the community. The Panel notes that the PMMC visited the Merok quarry site on October 9, 2018, after the Subcontractor had commenced negotiations with the community. The Panel also notes that the PMMC recorded several grievances from community members, including dissatisfaction with compensation amounts proposed for land and assets, and lack of consultations. The Panel believes the delay in mobilizing the PMMC may have contributed to the inadequate monitoring discussed above. The Panel notes that this deferred mobilization exposed the Project and the community to significant ESHS risks caused by unsupervised work.

94. The Panel recognizes that the events at the proposed Merok quarry site can be viewed from two different perspectives. The Contractor claimed it was only carrying out mobilization and preconstruction activities and did not require a C-ESMP or RAP. Alternatively, if these activities were considered to have substantial E&S impact, the Contractor should have prepared a C-ESMP, ESIA, and RAP for review and approval by all relevant entities.

95. **The Panel's Review of IMS.** Under the negotiated Clause 10.1, the Contractor still had to comply with the IMS. The Panel notes that the IMS were basic and contained only broad points covering two environmental aspects and 11 social aspects. Furthermore, the IMS included general E&S principles rather than specific actions to mitigate E&S impacts. The IMS stated that for environmental aspects EIAs are required for all facilities and project activities before the start of "civil works," the Contractor must adopt good international industry practice (GIIP), and it must comply with Ugandan law.

96. Regarding social aspects, the IMS required the Contractor to, among other things: Provide a safe and healthy work environment; ensure the respect of labor laws; tolerate no illegal activities, gender-based violence, exploitation, or harassment; consult and engage with all stakeholders, use willing lessor/willing lessee agreements to access land, and reinstate this land to an acceptable situation after use.

97. The Panel also notes that the IMS did not clarify the difference between “civil works” and “preparatory works.” The Panel finds that, owing to their vagueness, the IMS were harder to apply than well-defined requirements. The use of the IMS also presupposed that the Contractor had sufficient knowledge of GIIP, strong internal controls, and high E&S capacity.

2.8. Panel Findings

98. The Panel notes that the Bank determined the E&S capacity for the Project needed improvement. The Panel observes that despite the Bank’s initiatives – such as training – the E&S capacity for this Project was inconsistent, contributing to poor implementation of E&S safeguard requirements. **The Panel finds the Bank failed to (i) identify the risk resulting from the changes in the E&S capacity of the implementing entities throughout the duration of the Project and (ii) suggest follow-up actions to restore such capacity. This is in non-compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.**

99. The Panel observes that the decision to adopt an OPRC modality for NERAMP was well-founded and aligned with Project objectives. The Panel also finds the choice of frameworks to manage E&S risks was justified since – under OPRC – detailed project location, design, and impacts are unknown at the time of appraisal. **This is in compliance with OP 4.01, paragraph 7 and Annex A, paragraph 4, and with OP 4.12, paragraph 28 and Annex A, paragraph 23.**

100. The Panel finds that while the framework documents cover the basics, they do not address specific safeguard measures for acquiring quarry sites. The ESMF and RPF have key gaps around the description of the Ugandan legal and policy frameworks, land acquisition by a private entity (and potential willing seller/willing buyer scenario versus the application of OP 4.12), and E&S safeguard management. **The Panel finds the framework documents are not in compliance with OP 4.01, paragraphs 2 and 3 and Annex A, paragraph 4, or with OP 4.12, Annex A, paragraph 24.**

101. The Panel reviewed Clause 10.1 to determine whether the negotiated language was consistent with Bank policy and Project documentation, and whether it was acceptable for the Project to initiate activities at Merok without first preparing a C-ESMP, site-specific ESIA, and RAP.

102. The Panel notes that Bank policies require that safeguard documents (ESIAs and RAPs) be initiated as early as possible, and that an environmental assessment of potential risks and impacts be conducted when a project is proposed. The Panel also notes that, according to OP 4.12, project-related displacement or restriction of access should not occur before necessary measures for resettlement are in place. This includes providing compensation and other assistance required for relocation prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required.

103. The Panel finds that the Bank’s no-objection to the negotiated Clause 10.1 enabled the Contractor to carry out activities and works at the proposed quarry site at Merok prior to the

preparation of safeguard documents, adversely affecting the community. **The Panel finds that negotiated Clause 10.1 circumvents the intent of Bank policies and Management's no-objection to it was in non-compliance with OP 4.01, paragraphs 2 and 3.**

Chapter 3 – Land Acquisition, Stakeholder Engagement, and Reprisals

3.1. Introduction

104. This chapter reviews the Requesters' claims relating to land acquisition, compensation, consultation and disclosure, and intimidation and reprisals, and how they relate to any potential non-compliance by Management, particularly regarding OP/BP 4.12 on Involuntary Resettlement. This review summarizes the social characteristics of the Omolokony Village, describes the key events concerning the proposed Merok quarry site and Oruja Rock (for more details see Annex B) and presents facts explaining the Panel's understanding of these events, describes the agreements relating to the Rock and the surrounding land, examines the areas of contention during the events, and analyzes compliance with Bank policy concerning the Requesters' allegations.

3.2. Request for Inspection

105. According to the Requesters, the Contractor informed them in June 2018 of its desire to assess the suitability of Oruja Rock as a quarry to produce stones needed for the Project. They stated they were initially willing to allow exploitation of the Rock and that in September 2018 another company of which they had no prior knowledge, the Subcontractor, told them the GoU was "*expropriating the Rock*" and surrounding land to create a 30-meter buffer zone. According to the Requesters, the Subcontractor stated the community would receive "*courtesy compensation for the rock and money for the land*"; in October 2018, it asked eight families to each sign 10-year lease agreements for the use of the Rock and its surrounding area.

106. The Requesters alleged that the Subcontractor threatened they would be "*kicked [...] off their land*" and would "*not receive anything*" if they did not sign the agreements. They stated that in January 2019 the eight families were coerced into signing the agreements in exchange for compensation considered "*unfair*" by the Requesters. They filed grievances in February 2019 with a Project GMC established by UNRA for the Project. They added that in April 2019, without any prior notice, bulldozers arrived and began clearing the land – including trees and crops – and destroyed houses within the buffer zone around the Rock. The Requesters claimed the clearing of their land violated the World Bank's Policy on Involuntary Resettlement. UNRA registered 17 grievances lodged with the GMC relating to the destruction of crops, trees, and structures. The Requesters also alleged that several instances of intimidation and reprisal took place between October 2018 and May 2020.

107. The Requesters have asked, through the Panel, that i) they receive full replacement cost for the damage they have suffered, and ii) the lease agreement with the Subcontractor be canceled so they can use the Rock as they see fit.

3.3. Management Response

108. In its Response, Management stated it first learned of the proposed Merok quarry site and the Contractor's actions there during its April 3-17, 2019, supervision mission. Management stated the Bank team met with a group of affected community members who complained that i) their land had recently been acquired and cleared, ii) they were discontented with the acquisition and

compensation processes, including the amount of compensation, and iii) the acquisition and compensation processes were being carried out by a third party – the Subcontractor – and not by the Contractor. Management noted the recent clearance of trees, crops, and possibly structures, and the presence of two bulldozers bearing the Contractor’s logo near the Rock. Management acknowledged that neither a site-specific ESIA nor a RAP had been prepared for the site as required by the Project’s ESMF and RPF, nor had the required clearances and permits been obtained.¹²²

109. Management stated it requested UNRA to stop all activities at the quarry site immediately and ensure preparation of the required ESIA and RAP in order to assess and address any impact on the affected community. The Bank reiterated this in a letter to the GoU on May 22, 2019, requesting that: i) The Contractor stop all works on the quarry site until the site complied with the requirements of the Project ESMF and RPF – i.e., that a site-specific ESIA/ESMP and RAP be prepared, cleared, and disclosed, ii) UNRA investigate the land acquisition process and give the Bank a report evaluating the landowners’ complaint and outlining the remedial actions that would be taken to rectify the situation, and iii) UNRA review the overall appropriateness of the quarry site, given its proximity to homes and businesses, potential disruption to local rock-mining activities, and the possible use of the Rock for cultural ceremonies.¹²³

110. Management observed during an October 14-25, 2019, supervision mission that the Contractor had mobilized large quarrying equipment to the site contrary to the measures that had been agreed after the April 2019 supervision mission. It noted the presence of security forces and the reluctance of the community to engage with the Bank team. Management added that, since there was no progress on the preparation of the required ESIA and RAP, on November 6, 2019, it requested UNRA to stop works on the entire NERAMP road corridor until all non-compliance issues – including those at other Project locations unrelated to the Request – had been addressed to the Bank’s satisfaction. Management added that despite several follow-up inquiries to UNRA by the Bank, the Contractor and Subcontractor failed to complete an ESIA or RAP. It added that consequently, on May 1, 2020, the Bank informed UNRA that the proposed Merok quarry site was not to be used in any form for NERAMP by the Contractor or its Subcontractor and asked the Contractor to withdraw from the site. According to Management, the Contractor removed all equipment from the site and fully demobilized by June 18, 2020.¹²⁴

111. Management stated that it takes the allegation of intimidation raised in the Request very seriously, and it communicated to the highest levels of the GoU and UNRA that, as a matter of principle, the Bank neither tolerates nor condones any form of intimidation or retaliation from any Project stakeholder.¹²⁵ Management added that it received a call on May 8, 2020, from the community’s representative regarding alleged death threats made by a Subcontractor representative against community members, and it asked UNRA to review the matter and to put appropriate measures in place.¹²⁶ UNRA informed the Bank it had referred the incidents to Uganda’s Office of the DPP, which closed the case of the alleged death threats on May 19, 2020,

¹²² [Management Response](#), p. 13, Annex 1, Response to Claim No. 1.

¹²³ [Management Response](#), p. 14, Annex 1, Response to Claim No. 1.

¹²⁴ [Management Response](#), p. 15, Annex 1, Response to Claim No. 1.

¹²⁵ [Management Response](#), p. 9, para. 38.

¹²⁶ [Management Response](#), p. 9, para. 40.

for lack of evidence since the threats were reportedly made by a third party.¹²⁷ Management stated that UNRA submitted an investigation report on the matter to the Bank on May 11, 2020, and that at a meeting on May 21, 2020, with the community members, UNRA's executive director requested local authorities protect the affected community members from any retaliation.¹²⁸ Management reiterated to UNRA the Bank's position on retaliation after a representative of the affected community members told the Bank team in June 2020 that at the May 21 meeting they had been pressured to sign a letter stating they were withdrawing their complaints and foregoing additional compensation claims.¹²⁹ UNRA placed a public notice in the newspapers expressing its opposition to intimidation and retaliation.¹³⁰

112. Management stated it could not verify the reports of coercion since it did not witness the negotiations. In its Response, Management suggested the DPP or another competent body review these allegations.¹³¹

113. Management stated it informed UNRA that all works under the Project would remain suspended until the issues of concern were resolved to the Bank's satisfaction. These included, among other things, the compensation for property damage caused by the Contractor's actions. Management added that, given the dispute about compensation, the Bank commissioned the Audit to validate the adequacy of amounts offered for community members' damaged property (structures, crops, and other assets), and to suggest additional measures if the Audit found those amounts insufficient. Management stated that the date for completion of the audit was February 15, 2021.¹³²

3.4. Bank Policies

114. The Bank's Policy on Environmental Assessment (OP 4.01) requires an environmental assessment (EA) of projects proposed for Bank financing to help ensure they are environmentally sound and sustainable, and to improve decision-making.¹³³ The EA Policy requires consultation with project-affected groups and local non-governmental organizations about a project's environmental aspects and takes their views into account. Such consultations are initiated as early as possible.¹³⁴ It also states that, for consultations to be meaningful, relevant material must be provided to stakeholders in a timely manner prior to consultation and in a form and language that are understandable and accessible to the groups being consulted.¹³⁵

115. The Bank's Policy on Involuntary Resettlement (OP 4.12) applies when direct economic and social impacts of Bank-assisted investment projects are caused by the involuntary taking of land that results in relocation or loss of shelter, loss of assets or access to assets, or loss of income sources or means of livelihood, whether or not the affected persons must move to another

¹²⁷ [Management Response](#), p. 10, para. 42.

¹²⁸ [Management Response](#), pp. 9 and 10, paras. 40 and 41.

¹²⁹ [Management Response](#), p. 10, para. 43.

¹³⁰ [Management Response](#), p. 10, para. 43.

¹³¹ [Management Response](#), p. 7, para. 30.

¹³² [Management Response](#), p. vii, para. xi.

¹³³ OP 4.01 para. 1.

¹³⁴ OP 4.01 para. 14.

¹³⁵ OP 4.01 para. 15.

location.¹³⁶ For the purpose of this policy, “*involuntary*” means actions that may be taken without the displaced person’s informed consent or power of choice.¹³⁷ The policy requires the borrower to prepare a resettlement plan to address the involuntary resettlement impacts.¹³⁸ It also requires that displaced persons be meaningfully consulted and have opportunities to participate in planning and implementing resettlement programs.¹³⁹

116. The Bank Policy on Investment Project Financing requires the Bank to monitor the borrower’s or the project participants’ compliance with obligations set out in the legal agreements with the Bank. The policy also requires Management to provide implementation support to the borrower by reviewing information on the progress of implementation and toward achieving project development objectives and related results, and updating risks and related management measures.¹⁴⁰

3.5. Overview of the Social Context

117. The events pertaining to this Investigation relate mainly to the community living around Oruja Rock in Omolokony Village, Merok Parish, Katine Subcounty, Soroti District. The following overview of the social context of Omolokony Village is based on information shared by the community and other stakeholders – such as local government and UNRA, the Panel’s site visit observations, and the draft ESIA submitted by the Contractor, as well as documents reviewed during the Investigation.

118. According to the community members interviewed, Omolokony Village is largely populated by the Akariwok Ojirin Clan – approximately 1,700 people from about 300 families/households – although clan members say “*outsiders*” also inhabit the area. The clan comprises seven zones (or subclans), which are essentially subdivisions of the clan. The people who live around and claim customary ownership of the Rock and the surrounding land are members of Zone 1, known as the Engengu Subclan. According to the clan, Zone 1 includes 160 families and is the largest subclan. The Panel notes that in the draft ESIA of August 2019, the population of Omolokony Village is given as 331 people, based on the 2014 National Population and Housing Census.¹⁴¹

119. People from the village, and specifically those in the area surrounding the Rock – appear to live in extended family units made up of different households. A family could include a group of households with a family head. As a patrilineal society, customary land ownership is vested in the clan and transferred through the male head of the extended family, who parcels out land to his sons and their families to build their houses and to cultivate. This translates in practice into households living in groups of small, hut-like houses made of wattle and daub with straw roofs, surrounded by their crops and trees.

¹³⁶ OP 4.12, para. 3.

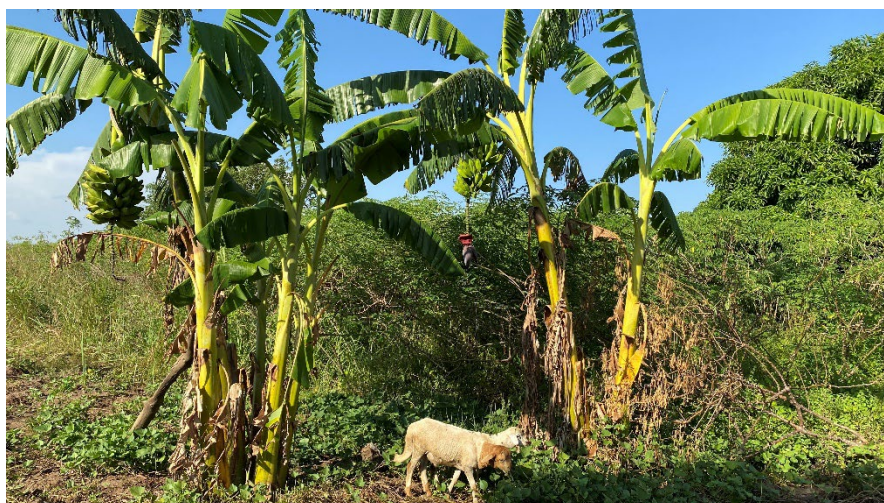
¹³⁷ OP 4.12, para. 3, footnote 7.

¹³⁸ OP 4.12, para. 6.

¹³⁹ OP 4.12, para. 2(b).

¹⁴⁰ [Bank Policy on Investment Project Financing](#), para. 20.

¹⁴¹ It was not possible for the Panel to verify some of the demographic data concerning the size of the community.

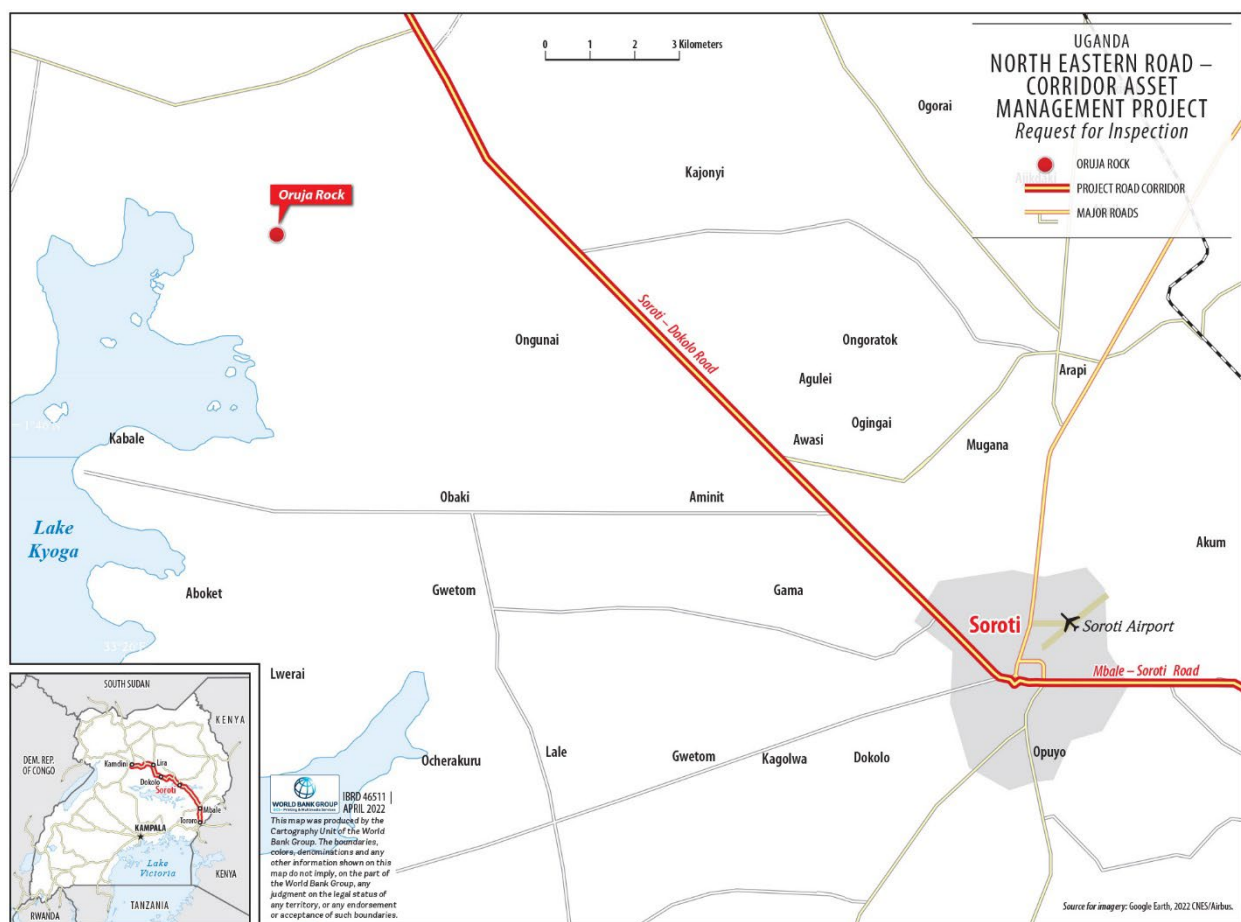


Picture 1: Community crops and livestock at Omolokony Village

120. Overall, people's primary livelihood is subsistence agriculture, and the whole family is involved in farming activities. The main crops cultivated in the area are casava, potato, millet, sorghum, sim-sim,¹⁴² groundnuts, beans, maize, mango, jack fruit, orange, and banana. Their staple food is casava. Harvests for perennial crops take place in June and in November-December, although in drought years there is only one harvest. Most households have some animals for personal consumption – usually chickens, goats, or pigs – and those with greater means have some cattle. Men also fish in a nearby lake for food. Other livelihood activities include petty trading, casual labor, and artisanal mining at the Rock.

121. Oruja Rock is located approximately 26 km from Soroti, the District capital, and is about six km down a dirt road off the northeastern road corridor. According to the land survey conducted by the Subcontractor in September 2018, the area of the Rock is 4.9 hectares (12.1 acres). During its visit, the Panel observed that the area surrounding the Rock was covered by vegetation, orchards, small-scale farming, and what used to be the houses of the PAPs. According to clan members, the Rock and the surrounding land are the ancestral lands of the Engengu Subclan. They claim that most of the land is therefore under the customary ownership of the families who constitute the subclan. Families can sell ancestral land with the clan's permission, which accounts for the people from outside the area who have bought plots from the customary owners.

¹⁴² Sim-sim is an oil seed crop.



Map 2: Oruja Rock in relation to Soroti (Source: The World Bank)

122. The Rock serves various needs of the surrounding community. Women use surface water springs in the rainy season to wash clothes, and Rock’s surface to dry them. The Rock is also used to dry local crops such as sorghum. As mentioned above, there is artisanal quarrying at the Rock, mainly carried out by women of the village to supplement income. In the past, there were ancestral shrines on the Rock, where members of the community carried out rituals and ceremonies. However, the community informed the Panel that this is no longer the case.

3.6. Panel Observations and Analysis

123. The analysis below covers three areas of concerns, relating to: 1) The Rock, 2) the buffer zone, and 3) meaningful consultation, intimidation, and reprisal.

3.6.1. Alleged Harm Related to Oruja Rock

124. The Requesters claimed they experienced three types of harm in relation to the Rock:

- The failure to recognize clan ownership of the Rock created a flawed process for acquiring what they consider an important economic asset; they believe they should have received an acquisition payment rather than the “*appreciation*” payment;

- there was no transparent valuation process for the Rock that would have helped determine adequate compensation, and
- the Bank’s eventual objection to Project use of the Rock which deprived them and the wider community of an opportunity to exploit it for commercial purposes.

125. **Ownership of the Rock.** Ownership of mineral rock deposits above ground in Uganda is ambiguous. All stakeholders – PAPs, the wider clan members, the Contractor, the Subcontractor, and UNRA – agree the PAPs and the wider clan were generally willing to host a quarry at the proposed Merok site. However, the stakeholders hold divergent views over the ownership of the Rock, the process to acquire it, and the outcomes of the negotiations.

126. The Akariwok Ojirin Clan believes it owns the Rock. The PAPs and the wider clan claim the Rock belongs to them, with those clan members who live adjacent to the Rock – the Engengu Subclan – having the strongest claim. The clan’s view is that its members collectively own the Rock, which is why they initially sought a UGX 6 billion (USD 1.7 million) payment from the Contractor and Subcontractor to acquire it. The Contractor and Subcontractor refused, concluding the amount was too high.

127. UNRA believes the clan owns the Rock. UNRA claims there are some examples of community ownership and other examples of Government ownership. In UNRA’s view, since the community accepted the “*courtesy compensation*” for the Rock, it entitled the Contractor to use it.

128. According to local government officials from Soroti District and Katine Subcounty, the Rock belongs to the GoU and the clan only have user rights to it and rights to the land surrounding it. Hence, when this type of rock is mined or quarried, royalties are distributed among the central, district, subcounty, and village authorities. The District described the payment for the Rock – the “*courtesy compensation*” – the Subcontractor made to the clan as simply a gesture of appreciation, acknowledging the clan’s ancestral ties to the Rock, but not acknowledging a legal claim over it since, according to the District, the Government owns the Rock. Local officials told the Panel that selling the Rock “*was as if someone who had no rights over something, selling it to someone who had no rights buying it.*”

129. The Subcontractor stated that in Uganda ownership of the Rock was legally vague. It took the view that royalty rights to exploit the Rock belong to the GoU. The Subcontractor believes the idea of clan owning the Rock is unrealistic. Therefore, it only made an “*appreciation*” payment to the community, rather than a lease or acquisition payment, and it maintained that there is no lease over the Rock. However, the Contractor said the Subcontractor clearly informed the PAPs that it wanted to lease the land for use as a quarry, and never represented itself as acting on behalf of the GoU.

130. The Panel notes that there is no lease agreement with the clan over the Rock. Rather, the Subcontractor paid UGX 150 million¹⁴³ to the clan as “*courtesy compensation*” for Oruja Rock and a 30-meter buffer zone around it. The clan acknowledged this payment by a letter dated January 18, 2019, in which they said, “*We the Clan of Akariwok Ojirin has today 18/01/2019*

¹⁴³ Approximately USD 40,392 using the Bank of Uganda interbank average exchange rate (the average of buying and selling rates) on January 18, 2019.

received with thanks the sum of money UGX 150 million in cash for the compensation of the Omolokony Rock from [the Subcontractor]. We therefore, authorize [the Subcontractor] to begin its activities in the project land.” During the Panel’s visit, the clan said this payment was divided among the clan members, the Engengu Subclan, and the PAPs, each receiving a share based on assessment of ownership and impact.

131. On March 1, 2019, the Subcontractor signed an agreement with the Contractor giving the Contractor use of the Rock and a buffer zone for a period of 10 years. The Contractor said the leased land was to be used to install the stone-crushers, deploy their equipment, and store materials.

132. **Valuation of the Rock.** In October 2018, prior to the agreements between the community and the Subcontractor and between the Contractor and the Subcontractor, the community brought several grievances to the PMMC relating to the valuation of the Rock. The clan was concerned about the lack of information on compensation valuation, consultation, and land acquisition processes, and the relationship between the Contractor and the Subcontractor. Between November 2018 and May 2020, the community repeatedly raised these grievances including intimidation and coercion with the Contractor, UNRA, the PMMC, and Management, both directly and through their lawyer. In April 2019, Management noted non-compliance at two Project locations, including the proposed Merok quarry site. As discussed in Chapter 2, the Bank did not receive satisfactory safeguard documents, which would have clarified some of these issues. In November 2019, Management issued a “Stop the Works” order on the entire NERAMP road corridor¹⁴⁴ until all non-compliance had been addressed to the Bank’s satisfaction.

133. **Bank Objection to Using the Rock for the Project.** On May 1, 2020, Management communicated to UNRA its objection to the proposed use of Merok quarry by the Project. As a result, Management considered further review and clearance of Merok-related safeguard documents were no longer relevant. During interviews with Bank staff, the Panel learned the Bank decided to object to use of the Rock on E&S grounds.

134. During the Panel’s visit, District and Subcounty stakeholders and the clan reiterated their desire that the proposed Merok quarry proceed so they could benefit from royalties, jobs, and the related infrastructure that the Contractor had promised. The Requesters and local officials said Management’s objection to the proposed quarry led to bitterness and recriminations in the wider community. According to the Subcounty, some blamed the Subcounty for the outcome, while others pointed fingers at their neighbors and the PAPs.

135. Stakeholders told the Panel they wished to have the Merok site used by the Project, provided all related issues could be resolved. They believed such a resolution could have been reached had Management not decided to object. The Contractor said it would have paid additional compensation if the PAPs met certain conditions. UNRA believed that the parties were close to resolving the issues to the PAPs’ satisfaction.

136. Local officials said Bank objection to using the Rock in the Project meant there was less incentive for either UNRA or the Contractor to resolve matters. Furthermore, once the Rock was

¹⁴⁴ The Panel notes that the “Stop the Works” order for the Lot 2 portion of the NERAMP corridor was lifted at the time of drafting this Report, and that ESIA for both Lots 1 and 2 were finalized and cleared.

no longer considered as a proposed quarry site for NERAMP, it became harder for UNRA to require the Subcontractor to address the alleged harm. The PAPs made clear from the start their desire for the proposed quarry, but wanted fair compensation and they did not want to engage with the Subcontractor, whom they claimed had been intimidating and coercing them. Therefore, the Requesters' complaints were not about using the Rock as a quarry, but rather aimed at the land acquisition process, the inadequate compensation provided for both the Rock and the buffer zone, and the alleged coercion into signing lease agreements.

137. After the Rock was excluded from the Project, UNRA met with the PAPs at Merok on May 21, 2020. According to Management, this meeting was “*to help finalize the compensation issue in accordance with the assessment undertaken by UNRA.*”¹⁴⁵ UNRA said the meeting was intended to provide a “*peaceful exit*” from the proposed Merok quarry site and to reconcile the Contractor with the PAPs. During the meeting, UNRA asked the PAPs to forgive the Subcontractor's employee who allegedly intimidated and threatened them. UNRA told the PAPs that neither the Contractor nor the Subcontractor sought return of their payments, that the leases would remain, and that the Subcontractor might use the Rock for another purpose at a later date. The PAPs were then asked to confirm their acceptance of these terms in a letter to UNRA.

138. The PAPs said they felt intimidated at the meeting by the presence of many officials from UNRA, local government, and police and security services, and felt they had no choice but to withdraw their grievances and agree to what was asked of them.

139. The Panel believes the Bank's objection to using the Rock left the PAPs with uncertainty and disappointment regarding such issues as: i) The status of the lease agreements and the appreciation payments relating to the Rock, ii) who could claim use of the Rock, iii) the lost opportunity to monetize what they perceived as a major economic resource they owned, and iv) resentment from the wider community that blamed them for this loss.

3.6.2. Alleged Harm Related to the Buffer Zone

140. According to NEMA and the CGV, a quarry buffer zone is usually a 500-meter radius measured from the boundaries of the rock mass. If no blasting is proposed, the buffer zone can be as small as a 100-meter radius, but both NEMA and the CGV said this is rare, and that blasting should be assumed when developing a quarry. NEMA explained that a contractor starts with a scoping phase for a proposed quarry development, during which the buffer zone is identified together with a geological assessment and a feasibility study. Once the scoping phase and ToR for the ESIA are approved by NEMA, the contractor can then proceed with developing the ESIA and acquiring the land in the buffer zone.

141. **The Lease Agreements.** On January 18, 2019, the Subcontractor signed separate 10-year lease agreements for land for the buffer zone with eight male heads of families who are the customary owners of a section of land next to the Rock in Omolokony Village, excluding the 30-meter radius directly bordering the Rock. These lease agreements paid UGX 15-70 million (approximately USD 4,230-19,743), depending on acreage, and the cost of leasing all 26.57 acres totaled UGX 312 million (approximately USD 88,000).

¹⁴⁵ [Management Response](#), p. 8, para. 35.

142. The PAPs claimed there was little consultation on the acquisition of their land, and felt coerced into signing these lease agreements. They said the Subcontractor did not identify everyone in the leased area, and only signed leases with the customary owners of that land whom it identified as the heads of certain families. While it is common practice in rural Uganda to negotiate over land with the head of a family, there were other agricultural users and residents on the land who said they were either overlooked or not considered part of the families and therefore received no compensation. The PAPs added that no livelihoods assessment or full impact assessment was carried out for all agricultural users and residents. They claimed they received insufficient compensation for the loss of property and crops.

143. The Panel notes the following concerning the lease agreements between the Subcontractor and the eight families:

- The leases are all in English, a language most PAPs do not speak. They speak Kumam;
- the agreements are for either 10 years or 10 years and 2 months, commencing January 18, 2019;
- each agreement mentions only the total area being leased, and the amount to be paid to the PAP in question. There is no further indication on what the payment corresponds to, other than as payment for the area;
- the land is leased for the purposes of developing a stone quarry;
- the signing of the agreements by the PAPs and by the director of the Subcontractor was witnessed by the clan chairperson and an employee of the Subcontractor, and
- each agreement was also signed by the respective spouses of the PAPs.

144. The process undertaken by the Contractor and Subcontractor to use the Rock and acquire the land surrounding it differs from the process prescribed by the Ugandan authorities (NEMA and UNRA). It is unclear how the 26.57 acres leased from the PAPs relates to NEMA's recommended 500-meter buffer zone, since the leased area roughly translates to a 300-meter buffer zone that does not cover the entire circumference of the Rock (there is almost no leased land on its eastern side). The Subcontractor excluded from the lease agreements a 30-meter buffer zone around the Rock which, according to NEMA, is not the usual practice for quarry developments.

145. **Clearance of the Land.** The PAPs claimed that clearance of their land and destruction of crops, trees, and structures took place without prior notice and that they were forced to flee. The Requesters said the Contractor brought bulldozers in April 2019 after the PAPs had signed the leases, and without warning they were "*forcefully evicted from [their] land, with minimal time to gather [their] belongings.*" During its visit, the Panel heard eyewitness testimony from PAPs and wider clan members living in the area. Numerous people spoke of a chaotic and traumatic day in which the Contractor's bulldozers destroyed houses, latrines, graves, crops, and trees, while people rushed to gather their belongings, and of "*children running away crying or climbing trees to see what was going on.*"

146. UNRA's Incident Investigation Report (IIR) of the proposed Merok quarry site, submitted to the Bank on April 10, 2019,¹⁴⁶ confirmed that from March 18 to April 8, 2019, the Contractor cleared the land around the Rock and established preliminary camp site facilities and "*grabbed earth works*" for the quarry access road.

147. The Contractor claimed it gave the PAPs approximately two months after signing the lease agreements (January 18, 2019) to harvest their crops, dismantle their homes, and clear the land before it took occupancy. The Contractor said that by late March and early April 2019, when it arrived with the bulldozers, the PAPs had already harvested their crops, cut down trees, and dismantled homes and structures before any clearing work began. It added that it started superficial clearing of the site by flattening the land and removing small plants left behind by the community so that they could use the area to store their equipment and machinery. The Panel notes that neither the Contractor nor the Subcontractor have provided evidence of any communications or consultation meetings with the PAPs to give notice of the land clearance date.

148. The CGV and NEMA say a buffer zone should be only temporarily vacated of residents during quarry development and operations. The Panel notes the Contractor's claim that a buffer zone exists to safeguard equipment and machinery.

149. **Inadequate Compensation for the Buffer Zone.** The PAPs told the Panel they received less compensation than the amounts to which the Subcontractor had agreed during negotiations. They added that they never understood what the lease payments corresponded to and that when they asked for the valuation report regarding their properties, it was never disclosed to them. The Contractor and Subcontractor contended the PAPs received the amounts agreed by each of them during the negotiations and that these payments exceeded the actual values.



Picture 2: Crops left on the Rock to dry

150. The Panel notes it is difficult to assess whether the compensation paid to the eight PAPs' heads of families fully corresponds to replacement value for the land, assets, crops, and trees lost after the Contractor cleared the land in March and April 2019. This is because the survey and the

¹⁴⁶ Incident Investigation Report (IIR) was resubmitted on May 11, 2019.

valuation reports carried out for the Subcontractor do not provide a clear inventory of assets and numbers of affected people, and do not describe the methodology used to calculate the compensation amounts. The lease agreements only mention a lump sum and the leased area, with no other explanation of the payments.

151. The Panel also notes that according to the CGV, the Subcontractor had not followed due process in valuing the land. The CGV informed the Panel that its May 2019 approval for the final valuation report was withdrawn a month later because the land acquisition process was marred by procedural flaws. The CGV added that the Contractor cleared the land before verification and a site visit by the CGV, and that the 500-meter buffer zone requirement was not considered by the surveyor and consequently not fully assessed by the valuation consultant.

152. The Panel observes there were problems and discrepancies between what was paid and what should have been paid, and these were assessed by both UNRA and the consultants who carried out the Audit commissioned by the Bank. The Panel notes that the Ugandan Land Act says the PAPs were entitled to receive a supplementary 30 percent disturbance allowance as additional compensation since they were forced to vacate the land in fewer than six months following the lease agreement.¹⁴⁷

153. The Panel considers the testimony from five families who claimed they received no compensation for the loss of their crops, trees, and structures to be credible. These families either lived in the 30-meter buffer zone around the Rock, had land and assets on the footprint of the access road, or in one case had a female head of household who said she was told she did not qualify for compensation because “*land only belongs to men.*” The record of the local UNRA GMC in May 2019 supports these claims and contains grievances from people alleging non-payment of compensation for destroyed assets.

154. In their meeting with the PAPs in October 2018, several months before the leases were signed, the PMMC learned 13 families were concerned about not receiving proper compensation. These families – and in particular the female-headed household – told the Panel they endured significant hardship and difficulties when reestablishing their homes and subsistence agriculture after being evicted from the land. They said without compensation they faced hunger, loss of their land forced them to buy more food than normally, and they have had to take on casual labor work and quarrying at the Rock to provide income. The female head of household reported she relied on charity from the local church to help rebuild her house.

155. On April 5, 2022, the Requesters informed the Panel that UNRA met with the PAPs on April 1, 2022. The Requesters said UNRA agreed to compensate damage to crops, trees, access roads, and cleared graves, to revalue property of those who were underpaid, and to compensate three of the five families not compensated previously. According to the Requesters, other two families would not be compensated since one is within the 30-meter buffer zone on “*land [that] is for the government,*” and the other “*shares the family with his same father which they won’t agree to compensate [sic].*”

¹⁴⁷ Government of Uganda, [Land Act \(Chapter 227\) – Computation of Compensation Para. 77\(2\)](#). (Accessed May 2, 2022).

156. **The Gendered Impact of the Leases.** The Subcontractor signed lease agreements with the male heads of eight families and their spouses. During its visit to the community the Panel held a separate focus group discussion with women from the community and made several observations. Women were never asked about their use of the Rock and what its loss could mean to their daily lives. Most of the women said they cannot read English. The wives who co-signed the leases did not understand what they were signing. One woman claimed she was excluded from lease negotiations and denied compensation because she was a female head of household – a story corroborated by all present at the various meetings. While customarily the male head of the family is considered the custodian of the land, women do use the land for various agricultural activities and make economic contributions to the overall livelihood of the family. Women in the community use the spring water in the Rock to wash clothes and dry them on the Rock. They also use the Rock for artisanal mining. Loss of access to the Rock would have forced them to walk an hour to and from the nearest lake to clean clothes and denied them one of their sources of livelihood. None of these potential losses were reflected in the compensation payments; in fact, the Subcontractor paid no compensation directly to the women.

157. **Restoration of Land.** Management said the Contractor completed demobilization at the proposed Merok quarry in June 2020, and by November 2020 had repaired the road damaged by its equipment.¹⁴⁸ All stakeholders involved stated that the PAPs have not used the land since the Contractor's demobilization, and there has been no substantial communication between the community and the Contractor and Subcontractor. According to UNRA, it told the PAPs they could return and use the land. However, the PAPs told the Panel that the land is no longer suitable for agriculture because the Contractor removed the topsoil when they cleared it, and failed to adequately rehabilitate the land after they demobilized and vacated it. A local official confirmed the land's current unsuitability for agriculture, but UNRA contended the land did not need rehabilitation and believed the PAPs refrained from using it in fear that such use might affect their compensation. The Panel notes that since the Subcontractor's lease over the land remains in effect, it is perhaps unsurprising that the PAPs would hesitate to use the land.



Picture 3: Washed clothes left on the Rock to dry

¹⁴⁸ [Management Response](#), p. 5, para. 20.

3.6.3. Meaningful Consultation, Intimidation, and Reprisal

158. The Requesters alleged having been subjected to pressure, intimidation, and threats from some stakeholders. They claimed they faced coercion both during the negotiations and at the signing of the lease agreements. They also cited pressure to withdraw their complaints and cease asking for adequate compensation.

159. **Lack of Transparency and Consultation.** The PAPs said they did not participate in any proper consultation meetings, and that the Subcontractor withheld from them the findings of the survey and valuation reports. The Requesters claimed that neither the ESMF nor the RPF were disclosed to them. The PAPs raised several grievances and concerns over the whole land acquisition process months before they signed the leases with the Subcontractor. They brought their concerns about Subcontractor treatment and compensation amounts directly to the PMMC on October 9, 2018, and to the Contractor on November 7, 2018.

160. While the Contractor and the Subcontractor disputed these claims, the Panel saw no records of consultation meetings between them and the PAPs. Although the Contractor provided to the Panel photographs of meetings and surveying activities, the Panel notes these were undated and cannot be considered a record.

161. **Coercion During Negotiations.** The PAPs and members of the wider clan claimed the Subcontractor said the Rock was not theirs – it belonged to the GoU – and that the Subcontractor was working on GoU's behalf. Hence, PAPs believed they had no real choice but to accept the Subcontractor's terms and payments. They claimed the Subcontractor threatened that they would lose their land and receive nothing if they rejected these payments. The PAPs said the Subcontractor displayed pictures of "*refugees fleeing with their possessions on their heads*" and people being rendered homeless to show what might happen to them if they did not agree to the leases.

162. The Contractor and the Subcontractor denied applying coercion during the negotiations. They said the PAPs were willing participants, citing an occasion when the Subcontractor walked away which prompted the PAPs and the clan to ask it to resume negotiations.

163. **Coercion About Signing the Leases.** The PAPs claimed there was significant coercion from the Subcontractor on the day the leases were signed, that they received no help with interpretation nor understanding what they were signing, that the amounts offered differed from those agreed during negotiations, and that they were threatened with losing everything if they did not sign. The PAPs stated they had no legal representation, and there was no independent, third-party witness when the leases were signed. Finally, the leases are in English and most PAPs speak Kumam and cannot read English. They claimed their translator was asked to leave by the Subcontractor for failing to translate the documents in the way the Subcontractor wanted, and they needed an independent translator to explain what they were signing.

164. The Contractor and the Subcontractor denied these claims and stated that due process was followed in good faith during the negotiations and at the time of the signing the leases. They added

that the Katine Subcounty approved and witnessed the signing of the lease agreements between the PAPs and the Subcontractor.

165. The Panel notes that Katine Subcounty wrote a letter to the Subcontractor dated January 9, 2019, approving the Subcontractor's request to lease a section of Oruja Rock for quarrying stones for the road construction. However, when interviewed, officials from the District and Subcounty claimed to have no knowledge of the lease payment details, and denied witnessing their signing. The letter from the Katine Subcounty stated that the Subcounty expected details about royalties and terms of payments to be specified in a memorandum of understanding (MoU) between the Subcontractor and Katine Subcounty. According to the Subcounty, no such MoU was signed.

166. **Threats and Intimidation.** The Requesters claimed they experienced instances of intimidation, including a death threat. They claimed they were intimidated by the Subcontractor and local political leaders several times between September 2018 and January 2019, when they signed the leases. They claimed that between February 2019 – when they raised their grievances with UNRA – and their meeting with UNRA on May 21, 2020, they were asked numerous times to withdraw the grievances in “*the interest of the project and the country.*”

167. The Requesters said an employee of the Subcontractor threatened to kill certain PAPs in early May 2020. They claimed that at the May 21, 2020, meeting they were intimidated by the presence of UNRA and local political and security officers, and pressured to forgive the employee who had allegedly threatened them to withdraw their grievances and refuse the additional compensation identified by UNRA. District-level authorities interviewed by the Panel believed the PAPs were manipulated and did not receive fair treatment.

168. The Panel notes that Management took the Requesters' allegations of intimidation very seriously, especially the alleged death threats made by the Subcontractor's employee against community members. The Panel observes that Management asked UNRA to review the matter and put appropriate measures in place. The Panel notes that Management reiterated to UNRA the need to address potential retaliation. UNRA informed the Bank it had referred the incidents to Uganda's DPP. Management stated UNRA submitted to the Bank an investigation report on the matter on May 11, 2020, and at the May 21, 2020, meeting with community members UNRA's executive director asked local authorities to protect the affected community from any retaliation.

169. On September 9, 2020, the Bank requested an update from UNRA, which informed the Bank that it had secured a commitment from the relevant local government authorities to protect affected community members. UNRA added that it had placed a public notice in newspapers expressing its opposition to retaliation and intimidation. The notice was attached to the Management Response. Management stated that the DPP closed the case of the alleged death threats on May 19, 2020, for lack of evidence since the threats were reportedly made by a third party. During the Panel visit and in regular calls with the Requesters, the PAPs told the Panel they no longer felt threatened or intimidated.

3.6.4. Willing Seller/Willing Buyer and the Applicability of OP/BP 4.12

170. **Applicability of OP/BP 4.12 to Land Acquisition for Quarries.** The Panel notes the differing views and strongly held positions by the Contractor, UNRA, the CGV, and the Bank on whether the proposed quarry site should have been acquired on the basis of involuntary resettlement (the application of OP/BP 4.12) or by using a willing seller/willing buyer transaction.

171. The Contractor believed from the start that, as a private entity, eminent domain did not apply to the acquisition of auxiliary sites, as it was responsible for acquiring such land and that lease agreements were voluntarily entered into without involving any state actor. Therefore, in the Contractor's view, OP/BP 4.12 did not apply to this land acquisition and a RAP was not required. In a letter to UNRA dated May 2, 2019, the Contractor stated that it believed it had complied with the requirements of the contract and Ugandan law in subleasing the quarry site through the Subcontractor before carrying out the ESIA. The Contractor also mentioned that NEMA required copies of land ownership or leasing arrangements be appended to the EIA before granting permits.

172. The Contractor added that its contract with UNRA allowed it to enter into private lease agreements to access land not acquired by UNRA, implying that UNRA would not be involved in any such lease agreements. Therefore, it concluded – and continues to believe – OP/BP 4.12 was not applicable to the quarry acquisition process and a RAP was not required prior to beginning limited site clearance work.

173. UNRA believes involuntary resettlement always occurs in 500-meter buffer zones around quarry sources because quarrying affects agricultural and other residents who are not necessarily part of the lease or purchase agreement between a contractor and the land users. In meetings, UNRA explained the importance in such cases to supervise livelihood restoration for all land users displaced by a buffer zone.

174. Since the events at the Merok site came to light in April 2019, UNRA has prepared a "*Procedure for Acquisition and Management of Material Sites*," which requires the contractor to develop a RAP, an ESIA, and an ESMP for quarry sites, and details the step-by-step activities for properly acquiring and managing proposed sites. In these activities, the consultant supervising the construction and UNRA must carry out the social and environmental screening of the site and must issue a no-objection to using the site before the contractor can acquire any form of lease or purchase agreement with the landowners of the selected site.

175. According to the CGV, the buffer zone around a quarry is normally acquired on a temporary basis. The CGV agrees with UNRA that in rural Uganda, in buffer zones, there are always people who will be affected by physical or economic displacement and who would not have been included in a willing seller/willing buyer transaction. As a result, an ESIA and RAP are needed to understand how and for how long all people in the buffer zone will be affected by the proposed quarries. The CGV's role in this process is to assess and approve the surveying and valuation methodologies used by a contractor to compensate all people affected by land acquisition for the buffer zone. The compensation paid should take place only after the assessment of displacement impacts is done through the ESIA and RAP, including an assessment of how

livelihoods will be affected by the proposed quarry, and the surveying and valuation methodologies have been approved by the CGV.



Picture 4: Dwellings at Omelokony Village

176. Management’s Response confirmed that a RAP was required for the proposed quarry site.¹⁴⁹ The PAD mentioned that OP/BP 4.12 is triggered in cases of land acquisition for quarry sites because such acquisitions could have substantial social impact.¹⁵⁰ The RPF stated the opening of new quarry sites project activities to which the RPF will be applied,¹⁵¹ and the RPF is itself described as “a guiding document for use by the contractor in preparing Resettlement Action Plans for individual sub-projects once their location and scope are known.”¹⁵²

177. Furthermore, after the April 2019 Bank mission to the Merok site, the Bank asked the Contractor to develop a RAP for the proposed quarry, and continued to request it until April 2020. This was corroborated in a number of the Panel’s interviews with Bank staff, as well as in the April and October 2019 supervision documents. Management observed two instances of non-compliance (including the clearance activities at Merok) and reported the incidents to UNRA. Management recommended that the land acquisition and compensation processes for the proposed quarry site be fully investigated, as interactions with PAPs seem to suggest the process had been carried out without a RAP and that some communities might have been negatively affected. Management recommended the preparation of the RAP be treated with utmost urgency.

178. However, during interviews the Panel heard different views among Bank staff. Some said there was confusion in April 2019 and that they only realized a few months later that this was a willing seller/willing buyer situation and not an involuntary resettlement – as per OP/BP 4.12 – since there was no eminent domain. Others said the Bank does not get involved in private commercial arrangements such as this one between the Subcontractor and the landowners. Yet other Bank staff believed the leases were commercial transactions and therefore outside the scope

¹⁴⁹ [Management Response](#), p. 14, Annex 1.

¹⁵⁰ [PAD](#), p. 16, para. 53.

¹⁵¹ [RPF](#), p. 34.

¹⁵² [RPF](#), p. 2.

of OP/BP 4.12, but that the Bank asked the Contractor to produce a RAP due to claims of coercion concerning the transaction.

3.6.5. Implications of a Willing Seller/Willing Buyer Approach versus OP/BP 4.12

179. The Panel believes the question of whether OP/BP 4.12 applies to acquisition of quarry sites by the Contractor is important as it has implications for the approach required, for affected communities, and for how the issue of livelihoods is treated.

180. In applying OP 4.12 the following steps are required:

- Identify the landowners and land users of the proposed area to be acquired;
- identify the different types of land use – from residential use to agricultural use to other forms of livelihood or food security use, paying particular attention to land use by women;
- identify vulnerable groups (e.g., female-headed households) and develop targeted measures to assist them in reestablishing their livelihoods and standard of living;
- conduct meaningful consultation with all PAPs, starting with disclosure of all relevant information, including surveying and valuation reports, in a language and form understandable to them; the consultation should also ensure that PAP views have been considered in the design and implementation of any resulting RAP;
- give PAPs opportunities to participate in the planning and implementation of RAPs;
- identify and implement measures to improve or restore the livelihoods and living standards of all PAPs, including resettlement assistance and transitional support;
- compensate – at full replacement cost – losses of assets (including crops, trees, etc.), as well as loss of land for landowners;
- develop a transparent process for resolving potential conflicts and grievances;
- develop a RAP documenting these measures;
- submit the RAP for Bank approval;
- disclose the RAP to the PAPs, and
- develop a monitoring process to ensure that implementation of resettlement complies with the plan.

181. The Panel notes that the World Bank Involuntary Resettlement Sourcebook provides good practice guidance for willing seller/willing buyer transactions (“voluntary resettlement”). The Sourcebook states OP 4.12 “*does not apply if land is acquired through voluntary sale at market price*”¹⁵³ or in cases of voluntary resettlement. The guiding principles in the Sourcebook, in the context of voluntary resettlement, include “*informed consent and power of choice*.”¹⁵⁴ According to the Sourcebook, “*power of choice*” means that people have the option to agree or disagree with the land acquisition, without adverse consequences.¹⁵⁵

¹⁵³ World Bank. 2004. [Involuntary Resettlement Sourcebook: Planning and Implementation in Development Projects](#) (“[Involuntary Resettlement Sourcebook](#)”). Washington, DC. p. 20. Available at: (Accessed May 2, 2022).

¹⁵⁴ [Involuntary Resettlement Sourcebook](#), pp. 20 and 21.

¹⁵⁵ [Involuntary Resettlement Sourcebook](#), pp. 20 and 21.

182. The Panel believes the particular social context of the proposed quarry site in Omolokony Village, and the complexities and contestations about customary ownership over both the land and the Rock, indicated that the requirements of OP 4.12 did apply to this particular land acquisition. The Sourcebook states that in open-market land acquisition “*the land in question is to be free of rival claims or encumbrances,*”¹⁵⁶ and if “*resident agricultural laborers or others with customary claims to the land are involved, OP 4.12 would apply, and the claimants would be provided with alternative opportunities to earn their livelihood.*”¹⁵⁷

183. However, the Panel observes that neither the ESMF nor the RPF refer to these guiding principles and open-market purchases for project land. The nuances of when OP 4.12 applies were not discussed in these documents. The Panel also notes divergent Bank staff views on whether OP 4.12 applied to the acquisition of the proposed Merok quarry site.

184. The Panel notes that even when OP/BP 4.12 does not apply, and there is a willing seller/willing buyer arrangement, the Sourcebook states that there should be informed consent and power of choice. This implies that the Contractor would have to demonstrate that people have the option to agree or disagree with leasing of the land, without adverse consequences. The Panel notes that the Contractor has not provided appropriate evidence of meaningful consultation with – or disclosure of information to – the PAPs, that the PAPs themselves said they were not properly consulted or informed, and that the CGV believed the Subcontractor did not follow due process when acquiring the land.

185. In a willing seller/willing buyer situation there is no requirement to ensure that land users are compensated at full replacement cost, that vulnerable groups are taken into consideration, or that all livelihoods and standards of living are restored or improved. Much of the harm affecting the PAPs at Omolokony Village is directly linked to the absence of these requirements.

186. The Panel notes that, for land acquisition of quarries where there is no eminent domain, there is a lack of clarity in the Project’s framework documents (the ESMF and RPF) as to whether OP/BP 4.12 applies. This lack of clarity seems to have been compounded by a lack of understanding of the national legal and policy contexts for land acquisition at the Rock (i.e., the deposits) versus land acquisition for the buffer zone. The Panel observes there are various requirements from different ministries and government departments, as well as in legislation, that should have been reflected in the framework documents, as noted in Chapter 2.

187. The Panel believes OP/BP 4.12 did apply in the case of the Merok site. There are complexities and contestations over ownership, including claims of customary rights over the Rock, which meant that, unlike in open-market land acquisition, the land in question was not free of rival claims or encumbrances. Other affected agricultural users and residents on the land were either not compensated or considered part of the families receiving compensation. As for the buffer zone area, the legislation requires it to be clear of human habitation before any quarrying activities can take place. It is important to note that UNRA believes that involuntary resettlement always applies to buffer zones around a quarry source because there are usually agricultural residents and other users of that land. Finally, the Requesters claimed they were coerced into signing the lease

¹⁵⁶ [Involuntary Resettlement Sourcebook](#), p. 20.

¹⁵⁷ [Involuntary Resettlement Sourcebook](#), p. 20.

agreements and therefore the transactions took place in the absence of informed consent and power of choice.

3.7. Panel Findings

188. The Panel observes that no assessment was conducted to determine ownership of the Rock and rights to the surrounding land (owner rights, customary rights, user rights, and collective rights) prior to the Contractor's engagement with the community. Uganda's legal context for land and minerals was, according to officials, not well understood by the contracting parties (the Contractor and Subcontractor).

189. The lack of assessment resulted in confusion over the basis for, and the terms of, the appreciation and lease payments to the PAPs. The Panel notes the survey and valuation reports do not provide the detail necessary to be able to assess what was enumerated or how the compensation was calculated. The Panel observes there was no assessment to identify the different categories of affected people – such as those owning or occupying the land, including land acquired for the access road and camp site, vulnerability among community members, or the impact on food security. According to the PAPs, this caused several types of harm – including inadequate compensation or no compensation at all, displacement of vulnerable people without any safeguards, and loss of livelihoods.

190. **The Panel finds that the particular social context of the proposed quarry site in Omolokony Village and the complexities and contestations about customary ownership of both the land and the Rock meant that OP/BP 4.12 did apply to the proposed Merok quarry site.** The Panel observes there were conflicting and confusing views among the various stakeholders and among Bank staff as to whether OP 4.12 should have applied. The Panel notes that Management stated in its Response that when it learned Merok was a proposed quarry site it requested UNRA to ensure that the Contractor prepared a RAP.

191. The Panel notes the lack of clarity in the framework documents concerning the application of the Involuntary Resettlement Policy for quarry sites. The Panel notes that Management, once it became aware of the proposed quarry site and the lack of site-specific safeguard documents (ESIA and RAP), determined there was non-compliance. The Bank requested preparation of these documents and asked that activities at the proposed quarry site stop. **Notwithstanding the lack of clarity in the framework documents, the Panel finds Management is in compliance with the Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 3, for deciding that the policy applied to the proposed Merok quarry site. The Panel also finds the Bank is in compliance with OP 4.01, paragraph 1, and with OP 4.12, paragraph 6, for requesting a site-specific ESIA and RAP for the proposed Merok quarry site.**

192. The Panel accepts as credible evidence the PAP claims that no proper consultation occurred during the process of acquiring the Rock and adjacent land. The Panel observes that the Project's ESMF, RPF, and the valuation report were not shared with the community. The Panel notes that the Contractor and the Subcontractor provided no records of meaningful consultation meetings.

193. Furthermore, the Panel believes there is a strong linkage between the lack of an environmental assessment process and the absence of meaningful consultations. The Panel finds the lack of consultations resulted in the community entering into lease agreements without the benefit of sufficient information concerning their rights. **This is in non-compliance with OP 4.01, paragraphs 14 and 15, and OP 4.12, paragraph 2(b).**

194. The Panel notes that the lack of consultations created an environment in which the PAPs felt intimidated and coerced into certain actions. **The Panel finds that Management, upon learning about the allegations of intimidation, reprisal, and coercion, took appropriate action to protect the affected parties. The Panel finds that Management is in compliance with the Bank Policy on Investment Project Finance, paragraph 20.** The Panel appreciates that there have been no further reported incidents of intimidation and reprisal to the date of this Report, indicating that Management's reaction was both timely and effective.

195. The Panel believes Management's decision to object to the use of the Rock in the Project may have ultimately caused further harm to the PAPs. Such harm includes i) insufficient compensation for destroyed assets, ii) lost opportunities to benefit from the Rock, iii) continued resentment from the wider community against the PAPs for the quarry cancellation, iv) reduced incentives for either UNRA or the Contractor to resolve matters in a timely and satisfactory manner to all stakeholders, and v) uncertainty regarding the status of the leases agreed by the PAPs and the Subcontractor.

196. During interviews with the Panel, stakeholders said the problems relating to the proposed Merok quarry site could have been resolved had Management not objected to the use of the Rock. The Panel observes that Management neither consulted with the PAPs nor with the Contractor on the objection to use the Rock.

197. **The Panel finds that, given the harm listed above, Management's decision to object to using the Rock in the Project without consulting with the community is in non-compliance with OP 4.01, paragraphs 14 and 15.**

Chapter 4 – Project Supervision and Bank Response to the Request

4.1. Introduction

198. This chapter reviews Bank supervision of the Project and its response to concerns raised in the Request. It examines the frequency of, and the technical expertise deployed during, supervision. It also explores the quality of supervision and how challenges were identified and whether the Bank's actions addressed them adequately.

4.2. Request for Inspection

199. The Requesters stated that in February 2019, following the incidents at Merok, they complained directly to the nearest GMC along the road corridor. They added that from April 2019 onwards, they copied the Bank Country Office in their correspondence. They said they were told *“the World Bank has no interest in the issue [...] and that we should withdraw our grievances.”* The Requesters said in essence, that, although they raised concerns about Bank supervision of the Project and the implementation of its safeguard policies, they were *“not treated fairly.”*

4.3. Management Response

200. The Management Response stated that its supervision responsibilities include *“carrying out due diligence on the Borrower’s oversight of the proper execution of [its] contractual arrangements. This includes the Borrower’s enforcement of the contractual provisions governing the works and services contracts that are required for the Project.”*¹⁵⁸ It also noted that, as is standard practice in Bank legal agreements, the Borrower has a direct, legal, contractual relationship with contractors and/or subcontractors, and the Borrower *“has obligations under the loan agreement to ensure that any contractor or Sub-contractor engaged for works or services under the Bank-financed Project acts in accordance with the loan agreement, including the Project’s safeguard instruments.”*¹⁵⁹

201. As described above, Management learned in April 2019 of the proposed Merok quarry site and related issues. Management asked UNRA to investigate the compensation process to ensure compliance with Bank policy and requested UNRA to have all activities at the proposed quarry site stopped immediately until the required safeguard instruments had been submitted and approved in accordance with Bank policy. In November 2019, because of the continued non-compliance at the proposed Merok quarry site and the lack of safeguard documents, along with a number of problems unrelated to the Request at other Project locations, Management issued a “Stop the Works” order on the entire corridor. On May 1, 2020, Management communicated to UNRA its objection to using the Merok quarry site under the Project.

202. Management stated in its response that the COVID-19 restrictions imposed by the GoU on travel and movement of staff delayed the Bank's ability to supervise and independently ascertain facts on the ground. Beginning March 18, 2020, Uganda introduced a countrywide lockdown, and the Bank suspended mission travel, including in-country. Nevertheless, the Bank team continued

¹⁵⁸ [Management Response](#), p. 3, para. 13.

¹⁵⁹ [Management Response](#), p. 3, para. 12.

to follow up virtually with the Borrower on various actions, as evidenced by the actions discussed above. The Bank team also undertook two missions – in October and November 2020, respectively – that were cleared on an exceptional basis.¹⁶⁰

4.4. Bank Policies

203. The Bank Policy on Investment Project Financing requires the Bank to monitor the Borrower's and the Project Participants' compliance with obligations set out in the legal agreements with the Bank. The policy also stipulates that Management support the Borrower by reviewing information on the progress of implementation and toward achieving project development objectives and related results, and by updating risks and relevant management measures.¹⁶¹

204. The Bank Directive on Investment Project Financing states that in providing implementation support, Management must review the Borrower's monitoring of project performance and compliance with its contractual undertakings. It requires Management to assess the project periodically and review the Borrower's monitoring of results, risks, and implementation status, updating project information and identifying any follow-up actions needed.¹⁶²

4.5. Panel Observations and Analysis

4.5.1. Frequency of Supervision and Technical Expertise

205. **Frequency of Supervision.** The Panel analyzed the frequency of supervision in separate periods: prior to the submission of the Request (April 2014 to October 2020) and after the submission of the Request (October 2020 to the drafting of this Report). This allowed it to assess the adequacy of the Bank's response to the claims raised in the Request and measures taken to address them. The prior period includes a 17-month hiatus owing to a cross-suspension, which took effect approximately six months after Project effectiveness, from December 28, 2015, to June 6, 2017.¹⁶³ As noted in Chapter 1, the Bank suspended disbursement of NERAMP due to "*failure of the Recipient to carry out the Transport Sector Development Project (TSDP) in accordance with appropriate social standards and practices.*"¹⁶⁴

206. In accordance with Bank policy, the Bank team conducts implementation support missions, commonly called supervision missions, on a regular basis. These missions typically occur every six months to review the progress of project implementation. The Bank team also conducts interim and technical missions. Interim missions are undertaken outside the regular schedule of the supervision missions.

¹⁶⁰ [Management Response](#), p. 5, para. 22.

¹⁶¹ [Bank Policy on Investment Project Financing](#), para. 20.

¹⁶² The [Bank Directive on IPF](#), para. 43.

¹⁶³ A cross-suspension is when the World Bank suspends – in whole or in part – the recipient's right to make withdrawals under any agreement with the Bank due to a failure by the recipient to perform any of its obligations under such agreement or any other agreement with the Bank (Section 6.02 (d) of the International Development Association General Conditions for Credits and Grants dated July 31, 2010).

¹⁶⁴ [Implementation Status and Results \(ISR\) Report 3](#), March 2016.

207. The Panel notes that the Bank team consistently conducted supervision missions for NERAMP roughly every six months prior to and after submission of the Request. Prior to the Request, Management also undertook four interim missions. One of these was taken in September 2014 by a Bank staff member with OPRC expertise. Three took place during the Project suspension period and were conducted by high-level Bank staff in January-February 2016, September 2016, and March 2017. These missions were undertaken to discuss with the GoU actions proposed to address key issues identified in the Panel’s findings in the TSDP investigation.

208. After the Request was submitted, three supervision missions took place, two of which were virtual after the onset of the pandemic. The Panel recognizes that on-site supervision was limited after March 2020 due to COVID-19 travel restrictions.

209. Additionally, Management indicated in the June 2018 Implementation Status and Results (ISR) Report that the Bank team conducted supervision in the field and monthly meetings with UNRA management. The frequency of these meetings changed from monthly to “*as required*” in the subsequent ISR Reports.¹⁶⁵ The Response added the Bank team followed up virtually with the Borrower on various actions during the GoU countrywide lockdown, as well as with the Contractor and the Subcontractor. However, the Panel found no records of these monthly and virtual meetings. The Response indicated that the Bank team conducted on-site missions to Omolokony Village in October and November 2020 during the lockdown, having received exceptional permission from Bank Management. The Panel could find no documentation of these two missions.

Table 1: Frequency of supervision missions after Project approval

Key Events	Duration	Interim	Regular	Total
<i>Prior to Submission of the Request</i>				
Project Approval until the Beginning of Suspension	April 2014 to December 2015 (1 year, 8 months)	1	4	5
Suspension Period	December 2015 to June 2017 (1 year, 5 months)	3	2	5
After Lifting the Suspension until Submission of the Request	June 2017 to October 2020 (3 years, 4 months)	0	5	5
Total Prior to Submission of the Request	April 2014 to October 2020 (6 years, 5 months)	4	11	15
<i>After Submission of the Request</i>				
Total After Submission of the Request	October 2020 to the drafting this Report (1 year, 6 months)	0	3	3
Overall Total	7 years, 11 months	4	14	18

210. Prior to the suspension, the frequency of Project supervision averaged one mission every four months. During the suspension, the frequency increased slightly to one mission every 3.4-

¹⁶⁵ [ISR Report 9](#), June 2019; [ISR Report 10](#), December 2019; [ISR Report 11](#), June 2020.

months on average. High-level Bank staff attended three of the five missions during this period. After the suspension was lifted, supervision missions dropped to one every eight months.

211. The Panel observes there was no increase in the frequency of supervision after the Bank, in its April 2019 regular supervision visit, learned about the potential Merok quarry site, the land being cleared, and community complaints about insufficient compensation. The Bank noted during that visit that the Contractor had submitted no ESIA or RAP. Despite Bank awareness of these concerns, frequency of supervision did not increase between April 2019 and October 2019, when the next regular supervision visit occurred. The Panel also observes that no increased supervision took place between April 2019 and February 2020 when mission travel was still possible prior to the COVID-19 pandemic.

212. The Panel recognizes the challenges posed by COVID-19 travel restrictions that started in March 2020, which overlaps with the period after submission of the Request and may have contributed to the limited on-site supervision going forward.

213. **Technical Expertise Deployed for Supervision.** The Panel analyzed the technical expertise deployed for supervision missions prior to and after submission of the Request.¹⁶⁶ During the approximately seven year and eleven months between Project approval and submission of the Request, Management conducted 18 missions. Of these, only two did not include environmental and social¹⁶⁷ specialists – one mission prior to Project effectiveness, and a technical audit mission composed of the co-task team leaders and an independent transport consultant. After the Request was submitted on October 1, 2020, Management conducted three supervision missions, one on-site and two virtual. All of these included at least one environmental and one social specialist.

214. While the Panel notes there are no specific criteria for the number of participants with a particular expertise on supervision missions, the Panel observes that E&S safeguard specialists have been consistently included in Bank supervision missions on this Project.

4.5.2. Quality of Bank Supervision

215. The quality of Bank supervision from Project approval (April 2014) to the drafting of this Report is examined in three areas: (i) The Bank's no-objection to the negotiated Clause 10.1 in the contract between UNRA and the Contractor, (ii) Bank assessment and monitoring of ESIA and RAP preparation, and (iii) the Bank's reaction concerning the proposed Merok quarry site.

216. **The Bank's No-objection to the Negotiated Clause 10.1 in the Contract between UNRA and the Contractor.** The procurement process of the contractor was paused due to the Project suspension (April 2014 to December 2015). Tenders were received in September 2015 and the bid evaluation was completed after 23 months, in August 2017. Negotiations of the contract between UNRA and the Contractor occurred between February and April 2018. The Panel recognizes that the Bank was not a party to the negotiation, but that the Bank team is typically kept

¹⁶⁶ BP 4.12, para. 14.

¹⁶⁷ Bank staff with expertise related to child protection are identified as social scientists or social specialists and included as part of social safeguards specialists for the purpose of this Report.

informed throughout the negotiation process, as its no-objection is required for the contract to be finalized.

217. As noted above, during the negotiation process, Clause 10.1 of the Particular Conditions of the contract between UNRA and the Contractor in the January 2017 Standard Bidding document was modified.¹⁶⁸ The Panel observes that the Bank's no-objection to the alternative language of Clause 10.1 allowed a different approach to permitted works. The modified language permitted a wide range of physical works associated with mobilization or pre-construction activities to occur without the PMMC's approval or site-specific safeguard documents, as long as the Contractor complied with the IMS it submitted during contract negotiations.¹⁶⁹ The Panel notes that the Financing Agreement between the Bank and the GoU stipulates that ESIA and RAPs should be prepared in accordance with the ESMF and RPF, receive Bank approval prior to commencement of any work, and that all measures required under a RAP be implemented before initiation of the works.¹⁷⁰

218. The language of the negotiated Clause 10.1 had direct impact on the alleged harm. UNRA's IIR identified interpretation of the Clause 10.1 as one of the root causes of the April 2019 non-compliance. During interviews with Bank staff, the Panel was not given a convincing justification as to why the Clause 10.1 language deviated from the January 2017 Standard Bidding document and the Financing Agreement.

219. The Panel believes the Bank's no-objection to the negotiated Clause 10.1 allowed circumvention of OP 4.01. As a result, pre-construction activities took place without an ESIA and this was one of the causes of the incidents at the proposed Merok quarry site.

220. **Bank Assessment and Monitoring of ESIA and RAP Preparation.** During the Panel's eligibility phase of the TSDP case in 2015, the Bank suspended financing for the civil works components of all road projects implemented by UNRA, including NERAMP. Management stated that the Bank would require satisfactory completion of all remedial measures as a pre-condition for the reappraisal of UNRA and for lifting the suspensions.¹⁷¹

221. The missions undertaken during the suspension period (December 2015 to June 2017) covered TSDP, NERAMP, and ARSDP, and assessed the progress under the GoU Action Matrix¹⁷² and criteria for the reappraisal of UNRA.¹⁷³ A March 2017 mission, comprising high-

¹⁶⁸ Details of Clause 10.1 are included in Chapter 2 of this Report.

¹⁶⁹ The interim management strategies the Contractor was to follow were prepared and submitted in parallel with the negotiation since they were required at the time of tender submission. They covered basic activities and the requirement to comply with all relevant Ugandan legislation.

¹⁷⁰ [Financing Agreement](#), Schedule 2, Project Implementation Plan, Safeguards, Section I.D.1.(a) and (b).

¹⁷¹ [TSDP Management Response and Recommendation](#), p. 12, para. 54.

¹⁷² The GoU Action Matrix consists of five issue areas containing 31 action points. Issue areas relevant to the allegations raised in the Request are: The grievance redress mechanism, anti-retaliation, and progress in advancing conditions for reappraisal of UNRA's capacity.

¹⁷³ A matrix of reappraisal of UNRA consists of seven areas of appraisal with 25 actions. The areas outline UNRA's capacities in: (i) Strategy, scope and proposed implementation of UNRA restructuring; (ii) project and contract management; (iii) environmental and social capacities; (iv) land acquisition; (v) financial management; (vi) procurement, and (vii) communications and citizen/stakeholder engagement strategy and work plan. This matrix also

level Bank staff from the Transport and Social Global Practices of the Bank, reappraised UNRA and concluded it had strengthened its capacity, and was now capable of managing World Bank-financed projects according to the required E&S standards. Management determined that UNRA had expanded its E&S, and land acquisition units, and improved its Environmental and Social Management System and Land Acquisition System. Management determined that the actions specific to NERAMP were substantially completed. On June 6, 2017, the Bank communicated to the GoU and UNRA its decision to lift the suspension concerning NERAMP.

222. After the lifting of the suspension, Management's supervision of NERAMP focused on the procurement of the contractor and the supervising engineer, recruitment of project and contract management specialists, establishment of Grievance Redress Committees along the corridor, and establishment of a safeguards team at UNRA. The latter would oversee the preparation and clearance of safeguard documents. Management outlined the review and approval processes of such documents in the September 2018 supervision document.¹⁷⁴

223. The contract between UNRA and the Contractor laid out the expected timeline for the preparation of safeguard documents. It stated that the preparation and clearances of these documents should occur three months after the start of the contract. The Response gave this start date as August 13, 2018, which meant the safeguard documents should have been cleared by mid-November 2018. There were significant delays in the Contractor's preparation of the documents. It was only in October 2019, 14 months after the agreed contract start date (i.e., a delay of 11 months), that the Bank team pressed for the completion of these documents – including six ESIs, two RAPs, and two Project Briefs for auxiliary sites (asphalt plants, campsites, borrow pits, and quarry). This came after Management observed the Contractor's failure to prepare and obtain clearance of relevant safeguard instruments (ESMPs and RAP) for the work on the proposed Merok quarry site. The Panel notes Management's further acknowledgement of the delay in preparing the NERAMP safeguard instruments. Management stated that the ESIs or Project Briefs for six of the seven auxiliary sites under NERAMP were prepared retroactively or were pending at the time of its Response (26 months after contract start, a delay of 23 months).¹⁷⁵ By then, only one Project Brief for one auxiliary site had been cleared and approved by the Bank on time.

224. The Panel notes that in the ISR Report dated June 2018 (two months prior to the contract start date), ratings for overall safeguards – including environment assessment and involuntary resettlement – rose from “Moderately Satisfactory” to “Satisfactory.” Environmental safeguards performance improved because, among other things: (i) Related requirements were included in the bidding process and the contract was retrofitted with the new standard bidding ESHS performance

includes action points for TSDP, ARSDP, and NERAMP respectively. Under NERAMP, there are three action points: (i) UNRA is to confirm an UNRA Project Manager for NERAMP; (ii) UNRA is to assign one of the two environmental specialists and one of the two social specialists, and (iii) UNRA is to commitment to implementing the project in a manner consistent with the Framework for Managing General Social and Environmental Risks in Road Projects in Uganda.

¹⁷⁴ The document states that the Contractor is to prepare the necessary ESIA and ESMPs guided by the Project's [ESMF](#) covering all the works in the contract. It also states that ESIs and ESMPs for different facilities and activities under the contract should be submitted to UNRA for quality assurance review, and thereafter to the Bank for final review prior to submission to NEMA for approval.

¹⁷⁵ [Management Response](#), p. 27, Annex 4.

requirements, (ii) UNRA developed an internal Environmental and Social Management System and continued to build internal capacity to handle safeguards management, and (iii) the Project recruited an environmental specialist. The rating for involuntary resettlement improved because: (i) No resettlement activities were identified or had taken place, (ii) UNRA was proactive in addressing the potential legacy issues along the road, and (iii) a social development specialist commenced services in UNRA to support its work.

225. The Panel observes that the Bank maintained the “Satisfactory” rating for overall safeguards during the following supervision exercise (ISR Report of January 2019) even though safeguard documents were delayed according to the aforementioned timeline. The Panel notes that it was only after the Merok incidents that the Bank urged completion of all safeguard documents, and continued to press for this even during this Investigation.

226. In the ISR Report dated June 2019, Management downgraded the overall safeguard ratings from “Satisfactory” to “Unsatisfactory” after the Contractor had started activities at the quarry and camp site before the finalization and clearances of the ESMP and the RAP. In November-December 2021, Management noted that the E&S performance of the Project was rated “Unsatisfactory” because the social challenges on the ground – including issues with stakeholders’ engagement, the GRM action plans, and preparation and implementation of the RAP in line with the World Bank standards – persisted. It added that the preparation and review of the ESIAs for the linear rehabilitation works was incomplete. The overall safeguard rating remained “Unsatisfactory” until February 2022, during the drafting of this Report.

227. **Bank Reaction to the Proposed Merok Quarry Site.** The analysis below is divided into three parts covering: i) Bank awareness of Oruja Rock as the proposed Merok quarry site, ii) the Bank’s initial response to the non-compliances at the Rock, and iii) Bank actions to address the impact caused by these non-compliances.

228. *Bank Awareness of Oruja Rock as the Proposed Merok Quarry Site.* According to Management, the proposed quarry site was acquired without the Bank’s knowledge and the Bank team first learned of the site during its April 2019 supervision mission. However, the Panel understands that, according to the PMMC’s October 2018 summary of findings at Omolokony Village quarry, as early as August 2018 the Contractor had informed UNRA and the PMMC it had identified a quarry site 6 km from its proposed main campsite in Katine Subcounty. In fact, the Contractor approached the Merok community about a quarry even earlier, in June 2018. Furthermore, the Panel notes that the community raised grievances to the PMMC in October 2018.

229. During its September-October 2018 supervision mission, the Bank team – together with UNRA, the PMMC, and the Contractor – visited the proposed sites for camps including in Katine Subcounty, the asphalt plant, and a quarry. However, this mission did not include the proposed Merok quarry site. It is unclear to the Panel why the Bank team was not made aware of the proposed Merok quarry site earlier, since the Contractor had approached the community in June 2018 and both UNRA and the PMMC were made aware of it in August 2018.

230. The Panel considers the Bank’s existing reporting and monitoring systems inadequate, as they failed to report that the Contractor identified the proposed quarry site in a timely manner. The

Panel requested the PMMC reports from Management but had not received them by May 2022, as of the drafting of this Report.

231. *The Bank's Initial Response to the Non-compliances at the Rock.* During the April 2019 supervision mission, the Bank team observed that the Contractor had cleared three to five acres at the proposed Merok quarry site with neither prior authorization nor preparation of safeguard documents. The incident was reported through the Bank's Environment and Social Incident Response Toolkit (ESIRT) and the mission advised UNRA to stop all activities at these sites and to ensure that required safeguard documents were in place prior to the commencement of works. Accordingly, the PMMC instructed the Contractor on April 10, 2019, to suspend all activities at the Merok quarry site.

232. On April 10, 2019, UNRA submitted to the Bank an IIR of the Merok site incident.¹⁷⁶ The IIR detailed the event, made findings, identified root causes, and recommended follow-up actions. It confirmed the Request's allegations regarding the destruction of crops and structures, and shed light on the events leading to the Contractor's pre-construction activities. The IIR indicated that the PMMC and the Contractor had communicated since February 2019 about acquiring the land for the Merok quarry site and the need to submit an ESIA and a RAP in accordance with the policies and procedures of the GoU and the Bank. It also indicated that on April 8, 2019, the Contractor informed the PMMC that it was preparing to undertake the pre-construction activities, although they had been clearing and building earth works for a quarry access road as early as March 18, 2019. The IIR considered the root causes of the incident to be the interpretation of Clause 10.1, the Contractor's lack of adherence to guidance provided by PMMC and UNRA, and the role of the Subcontractor.

233. The Panel notes that the Bank team's follow-up actions to the non-compliant activities at the Merok site included reporting to Bank Management through ESIRT and agreeing with UNRA on seven key actions listed in the April 2019 supervision document. These actions included i) expediting the Contractor's finalization of necessary safeguard instruments for the Bank's clearance, ii) drafting a Contract Management Plan, and iii) conducting a safeguards orientation workshop for the staff of the PMMC and the Contractor.

234. The Panel notes Management's initial response was mixed. The Bank took strong, decisive steps to prevent future harm from occurring before the necessary safeguard measures were in place. This included advising UNRA to i) stop all activities at these auxiliary sites; ii) expedite the finalization of the necessary safeguard documents; and iii) conduct safeguard workshops for the PMMC and the Contractor. However, the Panel observes the Bank did not act immediately to ensure that community grievances were addressed. The initial discussion about commissioning an E&S Audit took place six months after the community informed the Bank of the harm it experienced.

235. *Bank Actions to Address the Impact Caused by the Non-compliance.* Four months after non-compliance was observed at the Merok site, the Contractor submitted to NEMA a scoping report of the proposed Merok quarry site. On August 20, 2019, the Bank team received from UNRA a draft ESIA on the Merok site for review. The Bank reviewed the ESIA and shared its

¹⁷⁶ The IIR was resubmitted on May 11, 2019.

comments with UNRA within a month.¹⁷⁷ On March 6, 2020, 11 months after the clearing of the land, UNRA submitted to the Bank a RAP methodology report of the proposed Merok quarry.¹⁷⁸ At the end of May 2020, by the time the Bank objected to the Merok site as a quarry, the ESIA and RAP had been delayed for more than a year and were still not finalized.

236. On October 16, 2019, during a supervision mission, the Bank observed additional non-compliance at the Merok quarry site – notably that the Contractor had proceeded to mobilize and store equipment there prior to finalization of the ESIA. Management believed the situation exacerbated the Project’s E&S non-compliance and stated that the Bank team’s interactions with the community led it to suspect intimidation. The mission recommended that an alternative site be assessed with relevant safeguard instruments. On November 6, 2019, approximately seven months after the first observed non-compliance, the Bank issued a letter to UNRA highlighting the key issues and identifying the Contractor’s failures. The letter said the “Stop the Works” order was being expanded to apply to the entire NERAMP corridor, with the exception of emergency works. The letter emphasized that a no-objection to resume work would be given once the Bank assessed the effectiveness of the Contractor’s actions to address the non-compliances. On February 11, 2022, the Bank informed UNRA that, following the satisfactory preparation and approval of key safeguard instruments outlined in the “Stop the Works” order, it considered the key deficiencies identified for Lot 2 had been addressed, and Management lifted the “Stop the Works” order for Lot 2.

237. In the November 2019 letter, Management mentioned that the Bank would hire an independent consultant to carry out an E&S Audit at the Merok project site to assess the impact of the Contractor’s non-compliance and advise UNRA on next steps. The Panel’s interviews with Bank staff verified the Bank team’s intention to conduct such an Audit after April 2019 and prior to the submission of the Request. However, it was only after the Request was registered by the Panel in November 2020 (a year after the letter informing UNRA of the Bank’s intent to hire an E&S auditor) that Management commissioned the Audit. The Audit’s objective was to “*validate the adequacy of compensation amounts for community members’ damaged property (structures, crops and other assets), and suggest additional measures if compensation is found insufficient.*”¹⁷⁹ The Panel notes that as of the drafting of this Report – more than two years after the Bank informed UNRA it would conduct the Audit – that Audit is not yet finalized. On February 23, 2022, Management informed the Panel that finalizing the Audit continues to be a challenge mainly due to the Requesters’ unwillingness to engage and provide required information.

238. In a February 19, 2020, letter, the PAPs shared their concerns with the Bank about the lack of action by UNRA and the Contractor. The PAPs claimed there were no positive steps toward resolving the Oruja Rock situation and the compensation for the destroyed crops, houses, and medicinal plants. The Bank responded in a letter dated March 11, 2020, that its staff are “*aware of the issue and regret the delay in the compensation process and any inconvenience caused to*

¹⁷⁷ [Management Response](#), p. 24, Annex 3.

¹⁷⁸ [Management Response](#), p. 25, Annex 3.

¹⁷⁹ [Management Response](#), p. 11, para. 46. During its meeting with the Panel, UNRA officials stated they received a confidential draft of the Audit report in November 2020. UNRA shared with the Panel its views concerning the two-volume report. As of completion of this Investigation, Management had not shared with the Panel the Audit report or a draft of it, despite multiple Panel requests throughout the Investigation.

affected individuals and communities.”¹⁸⁰ This came almost a year after the Bank team first observed the non-compliance at the Merok Quarry site in April 2019 and the harm was confirmed in UNRA’s IIR.

239. The Panel notes the several months of delay in preparing the safeguard documents, as detailed above, and the slow-paced preparation and implementation of the Audit. The Panel further notes the Bank characterized the continuing harm caused by destruction of properties, homes, crops, and structures, its fundamental impact on livelihoods mentioned earlier, and the inadequate compensation paid as an “*inconvenience*.” The Panel considers these delays – taken as a whole – indicate a lack of urgency on the part of Management toward the seriousness of the adverse impact on the PAPs.

4.6. Panel Findings

240. The Panel finds the Bank’s deployment of environmental and social expertise since Project approval in April 2014 to be adequate. **The Panel finds the Bank is in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and with the Bank Directive on Investment Project Financing, paragraph 43.**

241. Nevertheless, the Panel notes there was no increase in the frequency of supervision after the Bank learned about the potential Merok quarry site in April 2019, despite knowing that harm had already occurred there. This was inadequate.

242. Concerning the quality of supervision, the Panel finds the Bank’s no-objection to the negotiated Clause 10.1 allowed the Contractor to circumvent requirements of OP 4.01, and to conduct pre-construction activities without safeguard documents. The Panel finds this to be contrary to the requirements of the Bank Policy on Investment Project Financing, which requires the Bank to monitor the implementing entities’ compliance with their E&S obligations. **The Panel finds Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20.**

243. The Panel observes that by June 2018 the Contractor had identified Merok as a quarry site, in October 2018 the PMMC had recorded several grievances from the community regarding this site, and in September-October 2018 the Bank conducted a field visit to Katine Subcounty. Although the implementing entities had access to this information, the Bank failed to identify issues at Merok or visit the proposed Merok quarry site until April 2019. The Panel notes that the available supervision reports did not capture the relevant information. **The Panel finds Management failed to ensure effective reporting and monitoring systems and as a result, there was a lack of timely knowledge of the Merok site until as late as April 2019. The Panel finds that Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.**

244. The Panel notes that until June 2019 the Bank maintained the overall E&S rating as “Satisfactory” despite delays in preparing safeguard documents. The Panel also notes the Bank

¹⁸⁰ Attachment to [Request for Inspection](#). Compensation to Persons Affected by the Construction/Tarmacking of Soroti Lira Kamdini Road – Compensation for the Value of Oruja Rock, March 11, 2020.

characterized the continuing harm suffered by the Merok community as an “inconvenience” and the slow pace of follow-up actions, including the two-year delay of the Audit – all of which demonstrated a lack of urgency to rectify the harm. **The Panel finds that Management did not ensure that systemic problems or violations were addressed in a timely and effective manner, and that Management failed to review information on the progress of implementation adequately. The Panel finds that Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.**

Chapter 5 – Conclusions

245. The Panel recognizes the pivotal role of road transport in supporting the economic and social development of Uganda, a landlocked country that serves as a land bridge connecting neighboring nations to the coast. The Panel notes NERAMP was affected by – and should have benefited from – the lessons of the 2015-2017 suspension of the World Bank Uganda’s transport portfolio. Although capacity building for implementation was a key objective during that suspension (and should have been all the more important for NERAMP given the OPRC modality), significant capacity deficits down the contracting line contributed in part to the events relating to the proposed Merok quarry site. The two-year lag between tender submissions and completion of the Bid Evaluation Report meant that individuals named in the Contractor’s bid were not the personnel confirmed during negotiations. While those originally named had extensive, relevant experience with the World Bank safeguards, a combination of those ultimately confirmed appeared to have less relevant experience.

246. The Project’s lack of compliance with the World Bank’s safeguards is acknowledged by Management and occurred not just at Merok but along the road corridor. The Panel appreciates the actions taken by Management requesting UNRA to stop works at the proposed Merok quarry site until the required safeguard documents were submitted and cleared, and asking the Borrower to issue a “Stop the Works” order to the Contractor for works on the entire road alignment until various non-compliance issues were addressed. The Panel’s Investigation, in part, attempted to understand the factors contributing to the events and issues of non-compliance described herein.

247. In the Panel’s view, the incidents relating to the proposed Merok quarry site produce important lessons for Bank operations. The Project, in relation to the incidents at Merok, show how a range of seemingly and comparatively small issues reveal systemic failures in processes. These failures accrued due to progressive missteps – some minor, some major – that generated interlinked and compounded effects, which in turn caused harm from the perspective of the Requesters and remained unaddressed for years. Although the number of affected persons in this case is not large, from the PAPs’ perspective the harm caused by the Project was significant and had a fundamental impact on their quality of life.

248. This case illustrates how harm can materialize in a multi-level contracting structure when there is an unclear delineation of accountability. The Panel believes the OPRC modality and the framework approach were appropriate. However, the Panel notes that both the OPRC modality and a framework approach have inherent risks with regard to safeguard management, and the combination of the two meant that greater vigilance was required when applying safeguards. Furthermore, where responsibility for implementing safeguards lies with various entities at different levels down the contracting line, a clear process is needed if each of these entities is to understand the E&S risks and obligations pertaining to Bank policies. It also requires adequate capacity throughout the contracting line, and a robust monitoring system for which responsibility cannot be abdicated. The lack of proper contract management and the lack of an early warning system led to gaps in ownership of responsibilities, leading to non-compliance with the Bank’s safeguard requirements, and ultimately causing harm to the PAPs.

249. The Panel’s analysis identified a number of these issues, the most significant of which are explored further below.

250. Early risk identification and risk analysis were not followed through with clarity or precision during Project preparation and implementation. The E&S framework documents did not account for the key risks and were too generic, lacking detail even when such information could have been anticipated. In a road rehabilitation project with a defined and known right-of-way and where the unknowns were the exact location, source, and ownership of aggregate material – the frameworks (ESMF and RPF) failed to include specifics relating to new quarries, despite this being a risk area acknowledged in the PAD, later compounded by the lack of appropriate site-specific ESIA and RAP documents. The framework documents were weak on whether to apply a willing seller/willing buyer approach or comply with requirements under the Policy on Involuntary Resettlement. The Panel finds that the focus on both the preparation and the clearance of the framework documents was template-driven rather than case-specific and was neither project-specific nor tailored to its key risks.

251. During contract negotiations, the Panel found the modification of Clause 10.1 in the main works contract circumvented the reason why Bank safeguard policies are needed. The modified clause led the Contractor to believe it could undertake early mobilization activities at auxiliary sites without safeguards in place. Indeed, such works were undertaken without the required engagement of affected people or clear planning and oversight – even though these were risks clearly identified in Project preparation.

252. The lack of urgency and timely intervention to address community grievances constituted an ineffective response. Management resorted instead to repeated requests for documents, rather than focusing attention on the real-time impact on the community through appropriate interventions. This reinforces the Panel’s view that elements of Project preparation and implementation were mechanical, and procedure-driven. The Bank’s supervision activity was not recalibrated after the emergence of harm to PAPs and other Project realities. As a result, even two years after the events at Merok, the harm experienced by the Requesters has yet to be addressed.

253. The Bank’s objection to the proposed Merok quarry site lacked basic analysis of the potential impact on the PAPs and was not done in consultation with the affected parties. The absence of a responsible disengagement or exit strategy further exacerbated the harm felt by the Requesters.

254. The Panel notes Management did not ensure the maintenance of an adequate and consistent E&S capacity throughout the life of the Project. Had this capacity been ensured at all phases of the Project and among the different contracting entities, risks may have been reduced and harm avoided. The events at Merok led the Bank to request UNRA stop all activities at the proposed quarry site immediately, and then issue a “Stop the Works” order along the entire road corridor due to both Merok and other problems, which lasted until February 11, 2022.

255. Clarity over responsibility for E&S issues and sufficient, associated capacity within a multi-level contracting structure are critical. The Bank approach seeks to ensure this, recognizing that implementation can potentially take place several layers removed from the initial deployment

of funds. However, leverage decreases in proportion to the number of layers. The Panel acknowledges and understands this reality. However, the Bank remains accountable for the application of its safeguards and associated policy requirements. The structure of OPRC projects introduces additional organizational complexity which carries higher risk – including reputational risk for the Bank – requiring more careful supervision by Management.

256. In the case of NERAMP, a series of interlinked missteps – such as lack of an informed E&S framework, a weak E&S management system, and no early warning system to alert Management of incidents – contributed to project delays which, in turn, resulted in significant costs to the Project and harm a community.

Annex 1 – Table of Findings

Issue Area	Panel Observations and Findings
Chapter 2 – Institutional Arrangement, OPRC Modality, and Safeguards Approach	
Capacity Assessment	The Bank determined the E&S capacity for the Project needed improvement. Despite the Bank’s initiatives – such as training – the E&S capacity for this Project was inconsistent, contributing to poor implementation of E&S safeguard requirements. The Panel finds the Bank failed to (i) identify the risk resulting from the changes in the E&S capacity of the implementing entities throughout the duration of the Project and (ii) suggest follow-up actions to restore such capacity. This is in non-compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.
Choice of Frameworks in the Context of OPRC Modality	The decision to adopt an OPRC modality for NERAMP was well-founded and aligned with Project objectives. The Panel also finds the choice of frameworks to manage E&S risks was justified since – under OPRC – detailed project location, design, and impacts are unknown at the time of appraisal. This is in compliance with OP 4.01, paragraph 7 and Annex A, paragraph 4, and with OP 4.12, paragraph 28 and Annex A, paragraph 23.
Quality of the Framework Documents	The Panel finds that while the framework documents cover the basics, they do not address specific safeguard measures for acquiring quarry sites. The ESMF and RPF have key gaps around the description of the Ugandan legal and policy frameworks, land acquisition by a private entity (and potential willing seller/willing buyer scenario versus the application of OP 4.12), and E&S safeguard management. The Panel finds the framework documents are not in compliance with OP 4.01, paragraphs 2 and 3 and Annex A, paragraph 4, or with OP 4.12, Annex A, paragraph 24.
Negotiated Clause 10.1	The Panel finds that the Bank’s no-objection to the negotiated Clause 10.1 enabled the Contractor to carry out activities and works at the proposed quarry site at Merok prior to the preparation of safeguard documents, adversely affecting the community. The Panel finds that negotiated Clause 10.1 circumvents the intent of Bank policies and Management’s no-objection to it was in non-compliance with OP 4.01, paragraphs 2 and 3.
Chapter 3 – Land Acquisition, Stakeholder Engagement, and Reprisals	
Applicability of Bank Policy on Involuntary	The Panel finds that the particular social context of the proposed quarry site in Omolokony Village and the

Issue Area	Panel Observations and Findings
Resettlement OP/BP 4.12 and Request for Safeguard Documents	<p>complexities and contestations about customary ownership of both the land and the Rock meant that OP/BP 4.12 did apply to the proposed Merok quarry site. There were conflicting and confusing views among the various stakeholders and among Bank staff on whether OP 4.12 should have applied. Management stated in its Response that when it learned Merok was a proposed quarry site it requested UNRA to ensure that the Contractor prepared a RAP.</p> <p>The Panel notes the lack of clarity in the framework documents concerning the application of the Involuntary Resettlement Policy for quarry sites. Management, once it became aware of the proposed quarry site and the lack of site-specific safeguard documents (ESIA and RAP), determined there was non-compliance. The Bank requested preparation of these documents and asked that activities at the proposed quarry site stop. Notwithstanding the lack of clarity in the framework documents, the Panel finds Management is in compliance with the Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 3, for deciding that the policy applied to the proposed Merok quarry site. The Panel also finds the Bank is in compliance with OP 4.01, paragraph 1, and with OP 4.12, paragraph 6, for requesting a site-specific ESIA and RAP for the proposed Merok quarry site.</p>
Disclosure of Information and Meaningful Consultations	<p>The Panel accepts as credible evidence the PAP claims that no proper consultation occurred during the process of acquiring the Rock and adjacent land. The Project's ESMF, RPF, and the valuation report were not shared with the community. The Contractor and the Subcontractor provided no records of meaningful consultation meetings.</p> <p>Furthermore, there is a strong linkage between the lack of an environmental assessment process and the absence of meaningful consultations. The Panel finds the lack of consultations resulted in the community entering into lease agreements without the benefit of sufficient information concerning their rights. This is in non-compliance with OP 4.01, paragraphs 14 and 15, and OP 4.12, paragraph 2(b).</p>
Intimidation, Reprisal, and Coercion	<p>The Panel notes that the lack of consultations created an environment in which the PAPs felt intimidated and coerced into certain actions. The Panel finds that Management, upon learning about the allegations of intimidation, reprisal, and coercion, took appropriate action to protect the affected parties. The Panel finds that Management is in compliance with the Bank Policy on Investment Project Finance,</p>

Issue Area	Panel Observations and Findings
	<p>paragraph 20. The Panel appreciates that there have been no further reported incidents of intimidation and reprisal to the date of this Report, indicating that Management’s reaction was both timely and effective.</p>
Bank Objection to Using the Rock for the Project	<p>Management’s decision to object to the use of the Rock in the Project may have ultimately caused further harm to the PAPs. Such harm includes i) insufficient compensation for destroyed assets, ii) lost opportunities to benefit from the Rock, iii) continued resentment from the wider community against the PAPs for the quarry cancellation, iv) reduced incentives for either UNRA or the Contractor to resolve matters in a timely and satisfactory manner to all stakeholders, and v) uncertainty regarding the status of the leases agreed by the PAPs and the Subcontractor.</p> <p>Stakeholders informed the Panel that the problems relating to the proposed Merok quarry site could have been resolved had Management not objected to the use of the Rock. The Panel observes that Management neither consulted with the PAPs nor with the Contractor on the objection to use the Rock.</p> <p>The Panel finds that, given the harm listed above, Management’s decision to object to using the Rock in the Project without consulting with the community is in non-compliance with OP 4.01, paragraphs 14 and 15.</p>
Chapter 4 – Project Supervision and Bank Response to the Request	
Deployment of Environmental and Social Expertise	<p>The Panel finds the Bank’s deployment of environmental and social expertise since Project approval in April 2014 to be adequate. The Panel finds the Bank is in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and with the Bank Directive on Investment Project Financing, paragraph 43.</p>
Frequency of Supervision	<p>There was no increase in the frequency of supervision after the Bank learned about the potential Merok quarry site in April 2019, despite knowing that harm had already occurred there. This was inadequate.</p>
No-Objection to the Negotiated Clause 10.1	<p>Concerning the quality of supervision, the Panel finds the Bank’s no-objection to the negotiated Clause 10.1 allowed the Contractor to circumvent requirements of OP 4.01, and to conduct pre-construction activities without safeguard documents. The Panel finds this to be contrary to the requirements of the Bank Policy on Investment Project Financing, which requires the Bank to monitor the implementing entities’ compliance with their E&S obligations. The Panel finds Management is not in compliance</p>

Issue Area	Panel Observations and Findings
	with the Bank Policy on Investment Project Financing, paragraph 20.
Effective Reporting and Monitoring Systems	By June 2018 the Contractor had identified Merok as a quarry site, in October 2018 the PMMC had recorded several grievances from the community regarding this site, and in September-October 2018 the Bank conducted a field visit to Katine Subcounty. Although the implementing entities had access to this information, the Bank failed to identify issues at Merok or visit the proposed Merok quarry site until April 2019. The Panel notes that the available supervision reports did not capture the relevant information. The Panel finds Management failed to ensure effective reporting and monitoring systems and as a result, there was a lack of timely knowledge of the Merok site until as late as April 2019. The Panel finds that Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.
Bank Reactions to Address the Impact Caused by Non-Compliance	The Panel notes that until June 2019 the Bank maintained the overall E&S rating as “Satisfactory” despite delays in preparing safeguard documents. The Panel also notes the Bank characterized the continuing harm suffered by the Merok community as an “ <i>inconvenience</i> ” and the slow pace of follow-up actions, including the two-year delay of the Audit – all of which demonstrated a lack of urgency to rectify the harm. The Panel finds that Management did not ensure that systemic problems or violations were addressed in a timely and effective manner, and that Management failed to review information on the progress of implementation adequately. The Panel finds that Management is not in compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 43.

Annex 2 – Chronology of Events

Date	Event
December 1, 2013	ESMF disclosed on the World Bank website.
April 30, 2014	The World Bank Board approved the Project.
February 16, 2015	Financing Agreement signed.
July 1, 2015	Project became effective.
July 30, 2015	UNRA issued bidding documents for the procurement of works and services under OPRC.
December 28, 2015	The Bank suspended disbursement of NERAMP, as part of the TSDP-related cross-suspension.
June 6, 2017	Suspension of disbursement lifted for NERAMP.
June 27, 2018	Contract signed between UNRA and the Contractor.
June 27, 2018	Contract signed between UNRA and the PMMC.
June 2018	The Contractor approached the community to discuss using the Rock as a quarry for NERAMP.
August 13, 2018	Start date of the contract between UNRA and the Contractor; the Contractor presented a guarantee from its commercial bank in December 2018, allowing it to start the work from then.
September 2018	The Subcontractor initiate working in the community to start negotiating access to the Rock and a section of adjacent land; surveying and valuation of the land around the Rock were carried out by two firms for the Subcontractor.
September-October 2018	The Bank team, UNRA, the PMMC, and the Contractor visited the proposed camp sites, asphalt plant, and a quarry site under NERAMP, including the proposed Katine Subcounty campsite; however, the field visit did not include the proposed Merok quarry site.
October 9, 2018	The PMMC visited the proposed Merok quarry site and recorded grievances from community members, including dissatisfaction with compensation amounts being proposed for land and assets, lack of understanding of compensation and land acquisition process, lack of consultation, questions over who the Subcontractor was and its relationship to the Contractor, fear that 13 families would lose their homes and livelihoods, and concern over the loss of the Rock water source and other activities around the Rock; the PMMC recommended that the Contractor communicate better with the PAPs and implement RAP guidelines, including a detailed valuation survey of assets owned by the PAPs in accordance with current rates provided by the District Lands Office.
October 16, 2018	The Contractor engaged the Subcontractor through an MoU to identify and acquire a quarry that the Subcontractor would then sublease to the Contractor.

Date	Event
November 7, 2018	PAPs wrote to the Contractor expressing dissatisfaction with the compensation offered for the land and Rock by the Subcontractor and asked to deal directly with the Contractor.
January 18, 2019	Lease agreements signed between the PAPs and the Subcontractor; the Subcontractor made appreciation payments for the Rock.
January 22, 2019	The Contractor's law firm submitted their land ownership due diligence report for the lease agreements.
February 13, 2019	The Contractor informed UNRA and the PMMC that it acquired all the required land at the proposed Merok quarry site for the purpose of the campsite, extraction of stone, and installation of a stone-crushing plant and an asphalt plant.
February 2019	PAPs submitted a complaint to UNRA and were told to set up a local GMC.
February 2019	The PMMC and the Contractor communicated about acquiring the land for the Merok quarry site and the need to submit an ESIA and a RAP in accordance with the policies and procedures of the GoU and the Bank.
February 28, 2019	The Contractor submitted a draft valuation methodology to the office of the CGV for approval.
March 1, 2019	The Subcontractor subleased the proposed Merok quarry site – including the land of the PAPs under lease and the Rock – to the Contractor; the agreement stated that the Contractor is paying the Subcontractor USD 350,000 to rent the land under lease (26.57 acres) and the Rock for 10 years.
March 18- April 8, 2019	The Contractor mobilized construction equipment and cleared and leveled the land area under lease; according to the UNRA IIR, the Contractor conducted these activities for the quarry camp and access road under its weekly work program for the weeks of March 18, 25, and 29, 2019.
April 8, 2019	The Contractor informed the PMMC that it was preparing to undertake the pre-construction activities.
April 9, 2019	The Bank team visited the proposed Merok quarry site, and noted recent clearance of trees, crops, and possibly structures in the Merok site buffer zone area; the team met community members who said the land was cleared but that they were not properly compensated; the team noted that no ESIA or RAP had been submitted by the Contractor.
April 10, 2019	<p>The PMMC instructed the Contractor to suspend all activities at the proposed Merok quarry site until an ESIA was approved by NEMA and the Bank.</p> <p>UNRA submitted to the Bank an IIR of the Merok site incident, detailing the event, made findings, identified root causes, and recommended follow-up actions. The IIR considered the root causes of the incident to be the interpretation of Clause 10.1, the</p>

Date	Event
	Contractor's lack of adherence to guidance provided by PMMC and UNRA, and the role of the Subcontractor. It also indicated that on April 8, 2019, the Contractor informed the PMMC that it was preparing to undertake the pre-construction activities, although they had been clearing and building earth works for a quarry access road as early as March 18, 2019.
April 12, 2019	Management issued a "Stop the Works" order on the proposed Merok site.
April 12, 2019	CGV approved the methodology report submitted by the Contractor in February 2019.
April 15, 2019	The PAPs submitted a letter of complaint to the Contractor – copying UNRA and the Bank team – claiming inadequate compensation by the Subcontractor for the land and the Rock.
May 2, 2019	CGV approved valuation submitted by the Contractor.
May 10, 2019	UNRA met with PAPs, the Contractor, and PMMC at the proposed Merok quarry site to hear grievances and UNRA advised all PAPs that the method of compensation would be reviewed and that it would ensure that PAPs get full compensation for their properties in accordance with the policies and procedures of the GoU and World Bank.
May 11, 2019	UNRA submitted the updated IIR.
May 25, 2019	Multiple grievances were registered with the NERAMP GMC, including allegations of undervalued payment and no payment for land, crops, trees, graves, and assets.
June 5, 2019	CGV withdrew approval because the land acquisition process was marred by procedural flaws.
August 12, 2019	The Contractor submitted a draft ESIA to UNRA and the Bank for review.
September 6, 2019	Management provided comments on the draft ESIA for the proposed Merok quarry site to UNRA.
October 16, 2019	The Bank mission conducted a site visit to Merok, where the Bank team noticed that the Contractor had proceeded with the mobilization and storage of equipment at the proposed quarry site despite being told to stop work there on April 10, 2019.
November 6, 2019	Management requested UNRA to stop all works on the entire NERAMP road corridor until non-compliance issues (including those pertaining to other Project locations) had been addressed to the Bank's satisfaction; in the same letter, Management mentioned that the Bank would hire an independent consultant to carry out an E&S Audit at the Merok quarry site to assess the impact of the non-compliance and advise UNRA on next steps.
February 19, 2020	The PAPs sent a letter of complaint to the Bank.
March 11, 2020	Management responded in writing to the PAPs' letter of February 19, 2020.

Date	Event
April 28, 2019	The Bank and UNRA met to discuss the proposed Merok quarry site; they agreed that, to resolve the PAPs' complaint, UNRA would reach out to the community and the Contractor would initiate a valuation process for the damage.
May 1, 2020	The Bank communicated to UNRA its objection to using the proposed Merok quarry site for the Project.
May 8, 2020	The Bank country team received a call from a representative of affected community members alleging that an employee of the Subcontractor threatened community members with death unless they withdrew from the local grievance redress committee their complaints about compensation.
May 15, 2020	UNRA and the PMMC visited the site and met the PAPs to report that they had calculated the value of uncompensated crops/assets at UGX 38,027,000 (approximately USD 10,305); PAPs raised concerns UNRA and the PMMC including on how the compensation and payments could be resolved as the Contractor was leaving the site, and potential retaliation from the wider community due to the Project leaving the site.
May 21, 2020	UNRA and its delegation traveled to the Merok site to inform the PAPs that the proposed Merok quarry site would not be included in NERAMP, and to close out the grievances from the PAPs; the PAPs were asked to forgive the Subcontractor's employee who allegedly threatened them, were told that neither the Contractor nor the Subcontractor would ask for their money back and that the leases would remain, and that the Subcontractor might use the Rock for another purpose at a later date; the PAPs were then asked to confirm their acceptance of these terms in a letter to UNRA.
May 22, 2020	The PAPs wrote to UNRA stating that they forgave the Subcontractor's employee who allegedly threatened to kill some of them, that the Subcontractor owed the PAPs nothing, and that the PAPs owed the Subcontractor nothing; they also asked that the Project continue so the community could benefit from the development.
June 6, 2020	A representative of the affected community members contacted the Bank team by phone, claiming they had signed the letter withdrawing the complaint under duress.
June 18, 2020	The Contractor completed the demobilization from the proposed Merok quarry site.
October 1, 2020	The PAPs submitted the Request to the Panel.
December 2020	Management commissioned an E&S Audit to validate the adequacy of compensation amounts for community members' damaged property (structures, crops, and other assets), and suggested additional measures if the compensation was found to be insufficient.
February 11, 2022	The "Stop the Works" order on Lot 2 was lifted.

Annex 3 – Biographies of Inspection Panel Members and Expert Consultants

Ramanie Kunanayagam, Panel Chairperson. Ms. Kunanayagam, a Sri Lankan-born Australian citizen, was appointed to the Inspection Panel on December 16, 2018, and became Panel Chair on January 1, 2022. She brings to the Panel three decades of experience across diverse geopolitical and multicultural environments in the private and public sectors. Ms. Kunanayagam spent more than 10 years doing fieldwork in a remote part of East Kalimantan, Indonesia. She has held leadership positions in sustainability in both the private sector (working for two FTSE 10 companies) and the nonprofit sector. Most recently, before joining the Panel she was the Global Head for Social Performance and Human Rights for BG Group. She has been a member of the boards of two international, non-profit development organizations – RESOLVE and the Institute of Human Rights and Business. Ms. Kunanayagam has strong operational experience working across the entire project cycle. Her experience with multinational and international organizations and valuable experience living and working in more than 30 countries make evident her people skills and ability to broker trust relationships. Her appointment as a secondee to the World Bank early in her career also gives her insight into and knowledge of the organization’s operations that complement the expertise she has developed working alongside civil society, multilaterals, bilaterals, and communities affected by World Bank projects. She earned a master’s degree in anthropology from Monash University, Australia. Her Panel term runs through December 15, 2023.

Imrana Jalal, Panel Member. Ms. Jalal was appointed to the Inspection Panel on January 1, 2018, and served as Panel Chair from December 16, 2018, through December 31, 2021. A Fiji national, Ms. Jalal brings to the Panel more than 30 years of experience across diverse geopolitical and multicultural environments in the private and public sectors. As a Principal Social Development Specialist (Gender and Development) for the Asian Development Bank from 2010 to 2017, Ms. Jalal gained intimate knowledge of multilateral development bank operations in various sectors and demonstrated her ability to engage, build rapport, and foster trust with stakeholders around various and complex issues. She was Chief Technical Advisor at the Pacific Regional Rights Resource Team Office from 1995 to 2010. A lawyer by profession, Ms. Jalal was a Commissioner from 1999 to 2001 on the inaugural Fiji Human Rights Commission, the first of its kind in the Pacific Island countries. She is the author of “Law for Pacific Women: A Legal Rights Handbook,” architect of the Fiji Family Law Act 2003, and was a founding member of the Fiji Women’s Rights Movement. She was elected Commissioner to the Geneva-based International Commission of Jurists (ICJ) in 2006 and served on the Commission’s Executive Board from 2011 to 2017. The ICJ was established to protect the independence of judges and lawyers. Ms. Jalal earned a master’s of arts degree with a focus on gender and development from the University of Sydney, and an LL.B. and LL.M. (Hons.) in international law from the University of Auckland. Her term as a Panel member runs through December 31, 2022.

Mark Goldsmith, Panel Member. Mr. Goldsmith, a British citizen, was appointed to the Inspection Panel on November 17, 2019. He brings to the Panel more than 25 years of experience managing complex projects and teams across the financial services, development, strategy consulting, and energy sectors. His leadership extends to both the public and private sectors, where he has demonstrated the ability to manage multi-stakeholders, understand complex issues, and lead the implementation of industry-wide and sector-leading solutions. Through his work in both emerging and developed economies, Mr. Goldsmith has dealt with a wide portfolio of complex

and sensitive matters, including environmental, social, sustainability, safety, risk management, and governance issues – experience that provides great value to the Panel. Before creating his own sustainability consultancy – “FiveOak” – in 2015, Mr. Goldsmith was Director, Responsible Investment for Actis for more than 10 years. During that time, he was a leader in environmental and social governance (ESG) thinking on the emerging markets. In this capacity he developed and promoted world class standards in business integrity, health and safety, social, environmental, and climate change areas across all investment areas and companies and implemented robust corporate governance standards and transparent practices. From 2014 to 2019, Mr. Goldsmith was a non-executive director of ENEO, the power company of Cameroon, and chaired the board subcommittee on ESG for four of those years. Mr. Goldsmith has led several assignments, including developing environmental and social training for the CDC Group (the UK’s developmental finance institute) on the International Finance Corporation’s Performance Standards and providing ESG expert advice to an East Africa private equity fund and its portfolio companies. He has a bachelor’s degree in manufacturing engineering from the University of Nottingham and a master’s degree in environmental pollution control, with distinction, from the University of Leeds. His tenure on the Panel runs through November 16, 2024.

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Glen Armstrong, Environmental and Social Governance Specialist. Mr. Armstrong is an independent sustainable development advisor, and Visiting Professor at University College London, where he teaches environmental and social sustainability risk in natural resource projects. He also serves as a Strategic Advisor to the Compliance Advisor/Ombudsman Office of the International Finance Corporation (IFC). His interests focus on the potential for sustainable private sector business practices to protect the environment, support social cohesion, and enhance development outcomes, particularly in relation to the SDGs. Mr. Armstrong has more than 30 years of experience at the interface between sustainable development and business. He has a broad background as a senior ESG advisor with large and small businesses, financial institutions of all types, multi-lateral development banks, and non-governmental organizations. His experience spans multiple sectors including extractives and natural resources, energy, infrastructure, and agribusiness. He has worked extensively across Africa, Asia, and Latin America as well as in Europe. Previously, he led the Environmental and Social Development Team at the IFC during its emergence and preeminence as a standard-setting group for sustainability issues in the private sector globally. He led its restructuring and growth during a period of change. Mr. Armstrong was a co-leader of the development of transformational initiatives at the IFC to make concepts of sustainable financing central to its private sector development mandate. He co-founded Sustainable Finance Ltd and served as a Managing Director of Aspinwall and Company, one of the most successful, UK-based environmental consultancy firms. In the early 2000s, Mr. Armstrong facilitated the elaboration of the “Equator Principles” – a set of environmental and social investment principles adopted by numerous financial institutions and investors worldwide. Mr. Armstrong holds a professional diploma in Public Health and a master’s degree (M.Sc.) in Environmental Pollution Science from Brunel University in London, UK.

Kenneth Green, Environmental Specialist. Dr. Green has 50 years of experience as an environmental scientist and policy analyst researching and analyzing natural resource and environmental issues. He has worked for the USEPA, the World Bank, IFC, USAID, DFID,

AusAID, IDB, ADB, UNDP, the Smithsonian, CIDA, and the OAS. He has conducted field work in Latin America and the Caribbean, Africa, Eastern and Central Europe, and East Asia. Dr. Green has lived in Colombia, Venezuela, Saint Lucia, and Bangladesh. During the past 30 years, he has designed, implemented, and evaluated hundreds of frameworks including for social funds, rural infrastructure, financial intermediaries, and CDD projects across Latin America, the Caribbean, Africa, and Asia. He first led activities for USAID and the World Bank in innovative approaches for screening environmental and social impact and risks for Social Funds in El Salvador, Honduras, Pakistan, Egypt, and Ethiopia in the early 1990s. Requests followed to design environmental frameworks for the World Bank in Eritrea, Angola, Nigeria, Tanzania, and Uganda. His professional efforts cover the entire project cycle for Environmental and Social due diligence – from planning and design, through implementation, to supervision and evaluation – for host country clients as well as donors. Dr. Green has helped craft detailed and comprehensive ToRs for hiring consultants, assisted borrowers in completing entire Request for Proposal packages for procurement, and facilitated contract negotiations between government contracting agencies and consulting firms. He has worked directly with framework design teams and/or independently drafted frameworks as a direct hire for projects. Beyond delivering acceptable frameworks, Dr. Green is also adept at converting these often cumbersome and impractical products into sub-project application and approval provisions in the Operational Manual. Dr. Green has produced numerous framework guidelines for the World Bank. He has conducted comprehensive framework evaluations, and lead safeguard trainings at the World Bank and the Inter-American Development Bank. Dr. Green is also an expert on safeguards, performance standards, and environmental and social standards.

Ian Greenwood, Road Transport Specialist. Dr. Greenwood is a New Zealand citizen who holds B.E. and Ph.D. degrees in civil engineering from the University of Auckland. Since 2013 he has been a self-employed consultant, providing expert input to development projects around the world – with a focus on transport infrastructure projects. Prior to 2013, Dr. Greenwood was a Partner and Technical Principal of Asset Management in a multinational consulting firm, working on major assignments across the developed and developing world. Dr. Greenwood was selected to join the NERAMP Inspection Panel team to provide specialist input on Output and Performance-based Road Contracts (OPRC) and general civil engineering advice. He has (co-)authored numerous technical guidance documents and delivered many training workshops on performance-based contracting and wider topics pertaining to infrastructure asset management, including being the lead technical author for the 2001 World Bank review of performance-based road contracts, and co-author of the 2011 International Infrastructure Management Manual. He regularly lectures on post-graduate infrastructure asset management at the University of Auckland and has published numerous technical papers over his career. Dr. Greenwood has advised the World Bank, the Asian Development Bank, the Caribbean Development Bank, and the European Bank of Reconstruction and Development in more than 35 countries. For his work, he has received the Individual Achievement Award from the Institute of Asset Management, the NAMie Award for Technical Excellence in asset management from the Institute of Public Works Engineers of Australasia, and was elected a Fellow of Engineers New Zealand for his work in advancing engineering knowledge in the field of infrastructure asset management.

Kathryn Tomlinson, Anthropologist and Social Specialist. Dr. Tomlinson is a British citizen who holds a Ph.D. in anthropology from the University of Sussex, an M.Sc. in international politics

from the University of Wales Aberystwyth, and an B.A. in archaeology and anthropology from the University of Cambridge. Her Ph.D. research explored indigenous peoples' land rights in Venezuela during the development and aftermath of a conflict over the building of a power line through indigenous territories. Dr. Tomlinson has been working for the last 16 years as a consultant and expert advisor to organizations in the private, public, and multilateral sectors on managing social and human rights impacts and risks in projects. With many years of experience in the oil and gas and mining sectors, she has also worked on renewable energy, infrastructure, transport, agricultural, health and conservation projects, and is highly skilled in translating international social and human rights safeguard standards into practice in diverse project contexts. Her project work has included social and human rights assessments and due diligence, resettlement planning and reviews, implementing stakeholder engagement and community agreements, developing company policy and management processes, as well as in-house training and capacity building around social and human rights management, and developing sector tools and guidance. She has served as a long-term advisor to a mid-sized British oil and gas company and is highly versed in helping companies understand the leadership challenges and obligations around sustainability and human rights. She also has particular expertise in indigenous rights and land, and has worked on numerous projects dealing with the intersection between indigenous and customary land rights, and private and public sector development.