

International Bank for Reconstruction and Development
International Development Association

**FIRST PROGRESS REPORT
ON THE IMPLEMENTATION OF MANAGEMENT'S ACTION PLAN
IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT
(REPORT INSP/170485-UG)**

**ON THE
REPUBLIC OF UGANDA
NORTH EASTERN ROAD-CORRIDOR ASSET MANAGEMENT PROJECT
(CREDIT 5434-UG)**

March 16, 2023

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ABBREVIATIONS AND ACRONYMS

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| ESMF | Environmental and Social Management Framework |
| GRC | Grievance Redress Committee |
| IDA | International Development Association |
| IPN | Inspection Panel |
| km | Kilometer |
| MAP | Management Action Plan |
| NERAMP | North Eastern Road-Corridor Asset Management Project |
| OP | Operational Policy |
| OPRC | Output and Performance-based Road Contract |
| PAP | Project-affected person/people |
| PMMC | Project Management and Monitoring Consultant |
| RPF | Resettlement Policy Framework |
| UNRA | Uganda National Roads Authority |

**Progress Report
on the Implementation of the Management Action Plan in Response to the
Inspection Panel Investigation Report on the Uganda
NORTH EASTERN ROAD-CORRIDOR ASSET MANAGEMENT PROJECT
(CREDIT 5434-UG)**

I. INTRODUCTION

1. On November 9, 2020, the Panel issued a [Notice of Registration](#) (RQ20/03) of the [Request for Inspection](#) (the “Request”) concerning the Uganda: North Eastern Road-Corridor Asset Management Project (P125590) (“the Project”) financed by the International Development Association (“IDA” or “the Bank”). The Request for Inspection was submitted by ten community members representing eight families in the Project area (“the Requesters”).
2. The Executive Directors and the President of IDA were notified by the Panel of receipt of the Request. [Management responded](#) to the claims in the Request on December 11, 2020. In its [Report](#) to the Board on February 26, 2021, the Panel found the Request eligible and recommended that the Board of Executive Directors (“the Board”) authorize an investigation. The investigation was authorized by the Board on March 12, 2021.
3. On May 3, 2022, the Panel issued its [Investigation Report](#) outlining the findings of the investigation. In the [Management Report and Recommendation](#) in response to the findings set out in the Investigation Report No. 170485-UG dated May 3, 2022, Management presented the Management Action Plan (MAP) agreed to with the Borrower. The Board approved the MAP on September 30, 2022.
4. This is the first Progress Report to the Board on the implementation of the MAP.

II. PROJECT BACKGROUND

5. ***The Project.*** An IDA Credit to the Republic of Uganda (“the Borrower”) to finance the Project was approved by the Board on April 30, 2014. The agency implementing the Project is the Uganda National Roads Authority (UNRA). The total cost of the Project is US\$255 million. IDA is financing US\$243.8 million equivalent as investment project financing through an IDA credit and the Recipient is contributing US\$11.2 million to the Project. The closing date of the credit is October 31, 2024.
6. ***Project Objectives.*** The Project Development Objective is to reduce transport costs, enhance road safety, and improve and preserve road assets sustainably by applying cost-effective, performance-based asset management contracts, along the Tororo-Kamdini road corridor. The Project includes financing of improvement and maintenance of the Northeastern Road Corridor through Output and Performance-based Road Contracts (OPRC).

7. **Project Components.** The Project has two components: Component 1 – Road Rehabilitation, Operations and Maintenance (US\$241 million) and Component 2 – Institutional Support to UNRA (US\$14 million).

- *Component 1 – Road Rehabilitation, Operations and Maintenance (US\$241 million).* This component finances long-term OPRC for rehabilitation and maintenance of the Tororo–Mbale–Soroti–Lira–Kamdini road (340 km). The works and services under the OPRC include: (a) the design and rehabilitation of sections of the road corridor; (b) routine and periodic maintenance of the whole corridor; and (c) operations which will include management of traffic, road safety, and axle-load control measures. This component also finances consultancy services for the Project Management Unit that is responsible for administering and supervising the OPRC.
- *Component 2 – Institutional Support to UNRA (US\$14 million).* To ensure sustainability, technical assistance to UNRA focuses on designing, awarding, and managing OPRC. This component includes asset management support and road safety (US\$7.5 million), support in contract supervision and management of OPRC (US\$5.5 million), and operating costs (US\$1 million).

III. IMPLEMENTATION OF THE MANAGEMENT ACTION PLAN

8. **MAP Status.** In summary, the actions in the MAP, which are reproduced in full in Annex 1, are as follows:

- (i) Payment of unaddressed damage at the Merok site (completion deadline: December 31, 2022);
- (ii) Advising the contractor of its breach of clause 10.1 of the contract and the proper interpretation of that clause (completion deadline: August 31, 2022);
- (iii) Updating the Project's framework safeguards documents (completion deadline: December 31, 2022), and
- (iv) Reviewing and updating the existing reporting system between UNRA, contractors, Project Monitoring and Management Consultants (PMMC), and the Bank (completion deadline: July 31, 2022).

As of this progress report, all four actions in the MAP have been completed, with required confirmation and clearances provided by the Bank. The actions are discussed in more detail in the following paragraphs and Annex 1 to this report.

9. **Unaddressed Damage at the Merok site.** Under the supervision and oversight of the Bank, UNRA successfully engaged with the Project-affected people (PAPs) from Merok to complete this action. All 13 PAPs have accepted to receive the disclosed compensation amounts as determined through the Environmental and Social Audit commissioned by the Bank. The Contractor, M/s Mota-Engil Engeharia E Construcão

Africa, transferred the compensation payments to the bank accounts of the PAPs on December 24, 2022. The Bank has received documentation of those transfers.

10. On December 30, 2022, a post-compensation survey targeting all PAPs who had claims of unaddressed damage at the Merok quarry was conducted to confirm receipt of funds by the PAPs. Management confirms that the PAPs and the area leadership of the Merok community stated that all PAPs had received their compensation payments and had no other complaints. In view of this, Management considers this action completed.

11. **Negotiated Clause 10.1.** The Bank clarified to UNRA the obligations imposed by Clause 10.1. To ensure that there can be no further misinterpretation of this clause by the Contractor for the remainder of the contract, UNRA advised the Contractor of the proper interpretation of Clause 10.1. UNRA also confirmed that the Contractor is in compliance with this provision at other sites under the Project.

12. UNRA reiterated to the Contractor that Clause 10.1 does not allow any execution of works until such a time as the Project Manager has confirmed in writing that the appropriate measures are in place to address environmental, social, health and safety risks and impacts. Consequently, even where exception was allowed for limited investigatory activities to identify suitable sites, UNRA re-affirmed that the Project Manager was still to grant the exception only after confirming that the interim management plans were adequate for those preparatory activities.

13. UNRA, in its communication to the Contractor, reaffirmed that sub-contracting does not alter or relieve the Contractor from any liability or obligation under the Contract. UNRA emphasized that the acts, defaults and neglects of any Sub-Contractor, its agents, or workers are the responsibility of the Contractor as if they were the acts, defaults or neglects of the Contractor, its agents, servants or workers. Following this, the Contractor was asked to notify current and future its Sub-Contractors (including suppliers) about the provisions of Clause 10.1 and its applicability to them. In view of this, Management considers this action completed.

14. **Quality of the Framework Documents.** This action required an update of the Project's framework safeguard documents, i.e., (i) the Environmental and Social Management Framework (ESMF); and (ii) the Resettlement Policy Framework (RPF). While the original framework documents had covered the basic applicable requirements, the Panel observed that they did not address the specific safeguard measures that the Contractor should apply to acquire quarry sites. The three key gaps concerned relevant Ugandan legal and policy frameworks, land acquisition by a private entity (and potential willing-seller-buyer transactions outside the scope of OP 4.12), and environmental and social safeguard management.

15. After several consultations with the Bank team, UNRA prepared the revised documents in line with OP 4.12. The Bank has reviewed and cleared both, the updated ESMF and the updated RPF. Management considers this action completed.

16. ***Effective Reporting and Monitoring Systems.*** The review which was conducted by UNRA noted that while reporting at the Project level has improved, there is still a need to improve grievance and incident reporting by UNRA. To address this, information on the Grievance Management System developed by UNRA, which to date has been for internal use only, was upgraded to accommodate external stakeholders as well. This will enable access to real time information on Project grievances by all external stakeholders. The Bank review was satisfied by the recommendations of the UNRA review towards improving the reporting and monitoring systems on the project. In view of this, Management considers this action completed.

IV. CONCLUSION

17. As all the actions in the MAP approved by the Board have been completed, no further Progress Reports are necessary.

Annex 1: Status of MAP Implementation

| <i>Issue/Finding</i> | <i>Borrower Action as agreed</i> | <i>Bank Management Action as agreed</i> | <i>Status (as of March 7, 2023)</i> |
|---|--|--|---|
| 1. Unaddressed Damage at the Merok site | UNRA will ensure compensation of unaddressed damage at the Merok site, informed by the Social Audit commissioned by the Bank and consultations with the affected community members. This will specifically include all affected persons who were not included in the original lease agreements, but nonetheless who suffered damage and disturbances as a result of Contractor activities at Merok, prior to the Contractor's demobilization from site. Date: December 31, 2022 | The Bank will oversee the consultations with the affected Merok community. The Bank will also follow-up with UNRA regarding any compensation payments as per the findings of the Social Audit. Date: December 31, 2022 | Completed. All 13 PAPs identified accepted to receive the compensation and were paid on December 24, 2022. UNRA conducted a post-compensation engagement on December 30, 2022 and PAPs confirmed receipt of the payments. The compensation completion report was sent to the Bank on January 17, 2023. UNRA has therefore compensated the previously unaddressed damages at the Merok site, as informed by the Social Audit commissioned by the Bank. The Bank has also overseen the consultations with the affected Merok community. <i>The Audit Report has been redacted in accordance with the Bank's Personal Data Privacy policy framework.</i> |
| 2. Negotiated Clause 10.1 | (a) UNRA will formally advise the Contractor of its breach of Clause 10.1 and of the contractual remedies that UNRA may invoke as a result of that breach. UNRA will instruct the Contractor in writing to comply with the clause for the remainder of the Project. (b) UNRA will also advise all subcontractors under the Project of the applicable reporting obligations and the requirements imposed by Clause 10.1. Date: August 31, 2022 | (a) Management will admonish UNRA to properly supervise contractors and to carefully examine the Contractor's breaches of contract in order to consider possible contractual penalties. The Bank will issue to UNRA a detailed clarification of the obligations imposed by Clause 10.1 to ensure that there can be no further misinterpretation of this clause by the Contractor for the remainder of the contract. Date: July 31, 2022 | Completed. UNRA formally advised the contractor of its breach of Clause 10.1 and of the contractual remedies that UNRA may invoke as a result of that breach. UNRA also instructed the Contractor in writing to comply with the clause for the remainder of the Project. The Bank issued a clarification to UNRA of the obligations imposed by Clause 10.1 to ensure that there can be no further misinterpretation of this clause by the Contractor for the remainder of the contract. |

| <i>Issue/Finding</i> | <i>Borrower Action as agreed</i> | <i>Bank Management Action as agreed</i> | <i>Status (as of March 7, 2023)</i> |
|---|---|---|---|
| | | (b) The Bank will review UNRA's report about this outreach and provide feedback and recommendations as may be needed. Date: September 30, 2022 | |
| 3. Quality of the Framework Documents | UNRA will review and update the Project's framework safeguard documents (RPF, ESMF) in line with OP 4.12, in order to provide more details on the process for acquiring quarries, including what qualifies as a willing-seller-willing-buyer transaction that falls outside the scope of OP 4.12, for Bank review and clearance. Date: December 31, 2022 | The Bank will review and clear the revised Project's framework documents. Date: January 31, 2022 | Completed. UNRA reviewed and updated the Project's framework safeguard documents (RPF, ESMF) in line with OP 4.12. The Bank has reviewed and cleared both the updated ESMF and the updated RPF. |
| 4. Effective Reporting and Monitoring Systems | UNRA will review the existing reporting system between UNRA, contractors, PMMC and Bank and identify areas for improvement. This will also include a review of the operations of the Grievance Redress Committee (GRC) and identifying ways they can be improved. Date: July 31, 2022 | The Bank will review UNRA's assessments, provide comments and recommendations, and eventually clear any changes. Date: September 30, 2022 | Completed. UNRA reviewed the existing reporting systems between UNRA, contractors, PMMC and Bank and identified areas for improvement. The Bank review was satisfied by the recommendations of the UNRA review towards improving the reporting and monitoring systems on the project and cleared them. |