

**MANAGEMENT RESPONSE TO  
REQUEST FOR INSPECTION PANEL REVIEW OF THE  
UGANDA: NORTH EASTERN ROAD-CORRIDOR ASSET MANAGEMENT  
PROJECT (P125590)**

Management has reviewed the Request for Inspection of the Uganda: North Eastern Road-corridor Asset Management Project (P125590), received by the Inspection Panel on October 1, 2020 and registered on November 9, 2020 (RQ20/03). Management has prepared the following response.

**DEC 11, 2020**



## CONTENTS

<b>Abbreviations and Acronyms .....</b>	<b>iv</b>
<b>Executive Summary .....</b>	<b>v</b>
<b>I. Introduction.....</b>	<b>1</b>
<b>II. The Request .....</b>	<b>1</b>
<b>III. Project Background .....</b>	<b>1</b>
<b>IV. Management's Response .....</b>	<b>4</b>

### **Annexes**

Annex 1.	Claims and Responses
Annex 2.	UNRA Public Notice on Retaliation
Annex 3.	NERAMP Merok Quarry Timeline
Annex 4.	Status of NERAMP Safeguard Instruments

### **Map**

Map 1.	IBRD No. 45408
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## **ABBREVIATIONS AND ACRONYMS**

DPP	Director of Public Prosecutions
ED	Executive Director (UNRA)
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
GoU	Government of Uganda
GRC	Grievance Redress Committee
IDA	International Development Association
IPN	Inspection Panel
ISM	Implementation Support Mission
INT	Integrity Vice Presidency
MEA	Mota-Engil Africa
NERAMP	North Eastern Road-corridor Asset Management Project
OP	Operational Policy
OPRC	Output and Performance-based Road Contracts
PMMC	Project Management and Monitoring Consultant
RAP	Resettlement Action Plan
RPF	Resettlement Planning Framework
UNRA	Uganda National Roads Authority

## **Currency Unit As of December 11, 2020**

UGX – Ugandan Shilling

US\$1 = UGX3,680.12  
UGX1.00 = US\$0.000271

## EXECUTIVE SUMMARY

i. ***The Uganda North Eastern Road-corridor Asset Management Project (NERAMP) is a US\$243.8 million equivalent investment project supported through an IDA credit.*** 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. The Project includes financing of improvement and maintenance of the North Eastern Road Corridor through Output and Performance-based Road Contracts. The Project road stretches from Tororo up to Kamdini, located in the eastern and northeastern part of Uganda, respectively.

ii. ***The Request for Inspection pertains to a proposed quarry site at Merok, which the Contractor had planned to use for mining construction materials for the Project.*** For that purpose, the Contractor engaged a Sub-contractor to lease the land and a large rock outcrop from individual landowners. The Sub-contractor subsequently sub-leased it back to the Contractor for the operation of a quarry. However, the site was acquired and prepared without the Borrower undertaking the required environmental and social due diligence and without the preparation of the required environmental and social safeguard instruments. Significant disagreements arose between the landowners and the Sub-contractor regarding the lease agreements, specifically whether (i) they included the “Oruja” rock or only the surrounding buffer zone, (ii) the stipulated lease payments were appropriately valued, and (iii) the leases were signed voluntarily.

iii. ***The Request for Inspection raises a number of allegations with regard to the planned quarry site acquisition.*** Specifically, the Requesters allege that (i) the leases for the proposed quarry were significantly undervalued and that landowners signed the leases under duress, (ii) compensation for their property that was damaged during site clearance works was inadequate, (iii) the Sub-contractor threatened community members that they should withdraw their complaints, and (iv) that a Bank staff member also asked them to withdraw their complaints. The Requesters now ask the Bank for assistance to obtain outstanding compensation for property damage and to help rescind the lease agreements because they were signed under duress.

iv. ***Management first became aware of the proposed Merok quarry site and several of the issues raised in the Request during an April 2019 Bank supervision mission.*** During that mission, affected community members complained that they had received insufficient compensation for their land, and insufficient compensation for damages to their crops, properties and houses caused by the Contractor when the proposed quarry site was cleared. Management promptly requested the Uganda National Roads Authority (UNRA) to investigate the compensation process to ensure compliance with Bank policy.

v. ***As a result of the April 2019 mission and communication from community members, as well as status updates received from UNRA, the Bank 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 requirements.*** However, UNRA repeatedly failed to have the Contractor produce and

submit satisfactory instruments or to secure the necessary approvals. A Bank mission in October 2019 also found that the Contractor, in disregard of the stop-work order, had continued activities at the site. These failures, along with a number of problems unrelated to the Request at other Project locations, led the Bank in November 2019 to request that the Borrower issue a stop-work order to the Contractor for works on the entire road alignment.

vi. ***The Bank also became aware in October 2019 of the dispute between the Sub-contractor and some landowners over the terms of individual leases for the proposed quarry.*** As a result, Management raised concerns about the leases with UNRA on several occasions, and requested that UNRA ensure compliance with the Bank's environmental and social safeguards. In February 2020 the Bank received another communication from affected community members indicating that these concerns had not been addressed. In light of this development and the Contractor's continued non-compliance, the Bank issued in May 2020 an objection to the site's use under the Project. It further requested from UNRA that the Contractor demobilize from the site, which the Contractor completed by June 18, 2020. The Bank also requested UNRA to undertake assessments of any damages caused by the Contractor to facilitate the compensation of affected community members. The requested assessment was conducted and shared with the Bank in May 2020.

vii. ***In May 2020, Management also received reports alleging that Sub-contractor staff had issued threats against community members in response to their raising grievances through the Project grievance redress committee (GRC).*** The Bank asked UNRA to follow up on the matter. UNRA reviewed and referred the incident to law enforcement authorities, which also reviewed these allegations. UNRA has also posted public notices protecting the rights of communities to raise concerns.

viii. ***Management takes the allegations of intimidation raised in the Request very seriously.*** As a matter of principle, the Bank does not tolerate or condone any form of intimidation or retaliation against any Project stakeholder. This position, along with the fact that any form of retaliation may jeopardize the Project, has been communicated to the Government of Uganda (GoU) and UNRA at the highest levels. Management has also taken additional actions as set forth below in paragraphs xi, xii, and xiii.

ix. ***Management notes that there have been conflicting accounts from the landowners and the Sub-contractor regarding the fairness of the negotiation and terms of the lease agreements.*** Nevertheless, although the Merok site will not be part of the Project, the landowners' allegations are such that they should be reviewed in accordance with Ugandan legal procedures. These allegations, if true, could affect the validity of these lease agreements, which may remain in effect irrespective of the decision not to use the proposed quarry site for Project purposes. Independent of any legal review by Ugandan authorities, the procurement aspects of this matter will be reviewed in accordance with the Bank's procurement policy.

x. ***Due to COVID-19, the Bank's ability to supervise on the ground has been constrained because of travel and movement restrictions imposed by the GoU.*** Uganda introduced a countrywide lockdown in March 2020, with severely restricted movement for

vehicles, while the Bank suspended mission travel, including in-country. Nevertheless, the Bank team has continued to follow up virtually with the Borrower on various actions, and, in light of the deteriorating dialogue between the community, Contractor, and Sub-contractor, with exceptional permission from Bank Management, undertook two in-person missions to the Merok site in October and November 2020.

xi. ***Following the October and November 2020 missions, the Bank has informed UNRA that all works under the Project will remain suspended<sup>1</sup> until the following issues of concern are resolved to the Bank's satisfaction:***

- a. ***Compensation for property damages caused by the Contractor's actions.*** UNRA had earlier requested the Contractor to ensure that the Project-affected people were appropriately compensated, and their livelihoods restored. To that effect, UNRA had produced an assessment of the property damages to community assets. The Bank has requested UNRA to work with the Contractor to pay out the compensation to affected parties and provide evidence thereof by February 1, 2021.
- b. ***Bank-commissioned review of the compensation payments.*** Given the dispute around compensation amounts related to property damage, the Bank has commissioned an Environmental and Social Audit to validate the adequacy of compensation amounts for community members' damaged property (structures, crops and other assets), and suggest additional measures if found insufficient. The contract for the review is under implementation and the audit should be completed by February 15, 2021.
- c. ***Legal review of the allegations of coercion and intimidation.*** The allegations made by the landowners that they were coerced to sign the lease agreements are such that they could lead the Ugandan judiciary and/or other appropriate domestic legal agencies to question the leases' validity. The Bank has suggested to the GoU that the Office of the Director of Public Prosecutions (or another competent body) review the coercion allegation raised by the landowners and that the GoU advise the Bank of the outcome of such review.

xii. ***Further, Management has referred the allegations of coercion to the Bank's Integrity Vice Presidency (INT) for review with regard to the alleged conduct of the Contractor and Sub-contractor.*** INT is responsible for investigating and pursuing sanctions for alleged fraud and corruption in Bank-financed projects.

xiii. ***The Bank also has confidential internal oversight mechanisms in place for reviewing allegations of misconduct against Bank staff.*** These mechanisms are designed to hold staff to the highest ethical standards.

xiv. ***In Management's view the Bank is pursuing the appropriate steps to require the Borrower's compliance with its obligations under the loan agreement. It has requested***

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<sup>1</sup> Works have been suspended since November 2019, with the exception of *emergency works* along the road corridor.

*the Borrower to take specific steps to address, in line with Bank Policy requirements, instances of non-compliance that have led or may lead to adverse impacts. In Management's view the proposed steps are appropriate to address the Requesters' concerns.*



## I. INTRODUCTION

1. On November 9, 2020, the Inspection Panel registered a Request for Inspection, IPN Request RQ20/03 (hereafter referred to as “the Request”), concerning the Uganda: North Eastern Road-corridor Asset Management Project (NERAMP, P125590), financed by the International Development Association (“IDA,” or “the Bank”).

2. ***Structure of the Text.*** This document contains the following sections: Section II presents the Request; Section III provides Project Background; and Section IV contains Management’s Response. Annex 1 presents the Requesters’ claims, together with Management’s detailed responses, in table format. Additional annexes include a public notice on retaliation, a timeline of the events at the Merok quarry, and the status of safeguard documents for the Project.

## II. THE REQUEST

3. The Request for Inspection was submitted by ten individuals who are land- and resource-owners of a proposed quarry related to the Project (the “Requesters”). The Requesters have asked for confidentiality. The Request includes six annexes with supporting correspondence, which were provided to Management by the Inspection Panel in redacted format.

## III. PROJECT BACKGROUND

4. ***The Project.*** An IDA Credit to the Republic of Uganda (Borrower) to finance the Uganda North Eastern Road-corridor Asset Management Project (P125590) was approved by the Board of Executive Directors 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. The Bank is financing US\$243.8 million equivalent as investment project financing through an IDA credit and the Borrower is contributing US\$11.2 million to the Project. The closing date of the credit is October 31, 2024.

5. ***Project Objectives.*** 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. The Project includes financing of improvement and maintenance of the North Eastern Road Corridor through Output and Performance-based Road Contracts (OPRC). The Project road comprises paved road that stretches from Tororo up to Kamdini, located in the eastern and northern part of Uganda, respectively. There are two road corridors from Kamdini: (a) to Democratic Republic of Congo through Goli and Vurra and onward to South Sudan through Oraba in northwestern Uganda; and (b) to South Sudan through Nimule in northern Uganda. Thus, the Project road is feeding traffic from the

Mombasa port to South Sudan, Democratic Republic of Congo and Uganda. The road traverses mainly a flat to rolling terrain through the districts of Tororo, Mbale, Bukedea, Kumi, Ngora, Soroti, Kaberamaido, Dokolo, Lira, Kole and Oyam.

6. **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 contract 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).

### **Contractual arrangements under the Project**

7. UNRA, the agency implementing the Project, is a government agency mandated to develop and maintain the national roads network, advise the government on general roads policy, contribute to the addressing of national transport concerns, and perform certain other functions. UNRA is charged with, among other things, the selection of contractors, the supervision of construction, the scheduling of maintenance, and the prioritization of national road works.

8. UNRA contracted on June 28, 2018 ***Mota-Engil Engenharia E Construcao Africa S.A.*** (“the Contractor”) for the road construction works supported by the Project. The Contractor was selected through an international competitive bidding process. The agreed contract start date was August 13, 2018.

9. The Contractor on October 16, 2018, engaged a local company, ***Ruhore Company Ltd.*** (“the Sub-contractor”), through a Memorandum of Understanding (MoU) to identify and acquire a quarry that the Sub-contractor would then sub-lease to the Contractor. The Sub-contractor was to obtain all clearances and permits required from local authorities and pay compensation for the quarry as may be needed for rock mining and the installation and deployment of equipment and materials. The MoU already identified for the proposed quarry the land situated at *Omolokony Village, Merok Parish, Katine Sub County, Dakabela County, Soroti District*. The site was selected due to the presence of a large rock (“Oruja rock”) which had the potential to be mined for construction materials.

10. In January 2019 the Sub-contractor entered into 10-year lease agreements (January 19, 2019 to January 19, 2029) with eight landowners from the community for a combined area of approximately 26.6 acres (ca. 10.7 hectares) that was identified to serve as a quarry and buffer zone. The lease payments for the 10 years were made to the landowners in one lump sum.

11. The Sub-contractor then sub-leased the quarry site to the Contractor on March 1, 2019. The Contractor proceeded to deploy its equipment on site and cleared and levelled the site around the rock. This was done without an approved Environmental and Social Management Plan (ESMP), despite it being required by national law and the Project's Environmental and Social Management Framework (ESMF) (as required under the Bank's safeguard policies applicable to this Project).

12. As is standard practice in any Bank loan agreement, it is the Borrower, rather than the Bank, that is in a direct legal contractual relationship with the Contractor and/or Sub-contractors. Therefore, the Bank has no contractual relations with either the Contractor or the Sub-contractor. However, 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.

13. Management's supervision responsibilities include carrying out due diligence on the Borrower's oversight of the proper execution of those contractual arrangements. This includes the Borrower's enforcement of the contractual provisions governing the works and services contracts that are required for the Project.

#### IV. MANAGEMENT'S RESPONSE

14. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

15. *Management has been aware since April 2019 of issues related to the proposed Merok quarry site that are raised in the Request for Inspection. At the time, the Bank learned of significant non-compliant actions by the Project's Contractor, which the Bank then requested the Borrower to rectify. In response to continued insufficient actions by the Borrower and continued disregard by the Contractor of Project requirements, the Bank ultimately objected to the use of the proposed quarry site altogether, and requested that the Contractor vacate the site and compensate community members for resulting property damages. The Bank requested the Borrower to suspend the works on the entire road alignment<sup>2</sup> until the Project is brought into compliance with the loan agreement.*

##### Background

16. *The Bank became aware through a Bank mission visit in April 2019 of the issues related to the Merok quarry acquisition and its intended use.* The proposed greenfield quarry site at Merok was secured by a Sub-contractor on behalf of the Contractor (see paragraphs 7–12), without UNRA ensuring that the Contractor or Sub-contractor had undertaken the required environmental and social due diligence or prepared the associated management plans. The proposed quarry site was acquired without the Bank's knowledge or approval and in disregard of Bank policy requirements. Specifically, under Bank policy and in accordance with the Project's ESMF, a site-specific Environmental and Social Impact Assessment (ESIA), among other required safeguard documents, should have been prepared for the Bank's review and clearance, prior to any Project activities on that site. A satisfactory ESIA<sup>3</sup> was never received by the Bank and the Bank repeatedly raised with UNRA these issues of non-compliance with the loan agreement. *Following the April 2019 mission, the Bank requested that all activities at the site stop immediately, until the required safeguard instruments had been submitted and approved in accordance with Bank policy requirements.*<sup>4</sup>

17. The next Bank mission in October 2019 found that the Contractor, in disregard of the order to stop all activities at the Merok site, had gone ahead with mobilization and storage of equipment at the site. In reaction to this and considering the lack of progress to produce the required ESMP, the Bank in November 2019 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. Moreover, based on interactions with community members during that mission, the Bank

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<sup>2</sup> Except for emergency works.

<sup>3</sup> The Bank did receive a draft ESIA of insufficient quality and provided comments on how the document needed to be improved to meet Bank standards.

<sup>4</sup> This request was formalized in writing in May 2019.

team expressed concern to UNRA in writing about possible intimidation of community members.

18. ***The Bank also became aware in October 2019 of the dispute between the Sub-contractor and some landowners over the terms of individual leases for the proposed quarry, and specifically the landowners' allegation that they were coerced into signing leases.*** Management raised concerns about the leases with UNRA on several occasions, and also requested UNRA to ensure compliance with the Bank's environmental and social safeguards. The Bank also strongly recommended that the land acquisition/compensation process for the proposed quarry site be fully investigated, as interactions with community members previously seemed to suggest that the process was carried out without due process and that some community members may have been negatively affected. In response, UNRA agreed that the process to lease land for the potential quarry at Merok needed to be improved and brought into compliance and told the Bank that the Contractor had committed to do so.

19. In February 2020 the Bank received another communication from affected community members indicating that the concerns regarding compensation for the use of their land had not been addressed, and that they had approached UNRA to negotiate the terms of such land use.

20. ***On May 1, 2020, the Bank formalized its objection to the use of the Merok quarry under the Project and requested UNRA to instruct the Contractor to withdraw from the site. This happened after UNRA's failure – despite several follow-up inquiries by the Bank – to obtain from the Contractor and Sub-contractor the required safeguard instruments.*** UNRA instructed the Contractor not to use the quarry for the Project and to demobilize from the site. The Contractor removed all equipment from the site and fully demobilized by June 18, 2020, and completed repairs on the road damaged by the removal of its equipment by November 2020.

21. ***In May 2020, the Bank also requested UNRA to ensure that the pending community grievances were addressed.*** This request had been previously<sup>5</sup> discussed and agreed with UNRA. UNRA undertook an assessment of damages caused by the Contractor to facilitate compensation of affected community members. UNRA, the Contractor and the affected community members met on May 15, 2020, and discussed the issue of a compensation package for property damages. It was reported by UNRA that the payments were not made because at a subsequent meeting a week later, the community members reportedly dropped their claims for damage compensation, though they later claimed that they did so only under duress. Irrespective of these reports, the Bank has requested UNRA to ensure that appropriate compensation is paid as per the damage assessment produced by UNRA, which will be validated through the Bank's review.

22. ***There have been delays in the Bank's ability to supervise and independently ascertain facts on the ground due to the restrictions imposed by the GoU on travel and movement of staff during the COVID-19 pandemic.*** Uganda introduced a countrywide

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<sup>5</sup> In a meeting on April 28, 2020.

lockdown, enforced by the military, beginning March 18, 2020. The Bank also suspended mission travel, including in-country. Nevertheless, the Bank team continued 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, which were cleared by the RVP on an exceptional basis.

23. *The following allegations from the Request are discussed below in more detail, specifically that* (i) the *lease agreements* for the proposed quarry are significantly undervalued and the landowners signed under duress, (ii) *compensation for property damaged* during site clearance works was inadequate, (iii) community members were *threatened* by the Sub-contractor to withdraw complaints, and (iv) that a Bank staff member asked them to withdraw complaints.

### Lease agreements

24. *The Bank first learned during the April 2019 mission that the Merok site had not been acquired directly by the Contractor, but was leased to the Contractor via a sub-lease from a Sub-contractor who had entered into lease agreements in January 2019 with various community members (see paragraphs 9–11). These lease agreements reportedly covered the area needed (approx. 26.6 acres) for the planned quarry at Merok, which consists of the Oruja rock and a 30-meter buffer area surrounding the rock.* The Bank would have normally reviewed the suitability of the proposed quarry site as well as proposed mitigation and management plans, including the site's acquisition, as part of a site-specific ESMP review and clearance. This review, however, did not occur because UNRA failed to have the Contractor produce an acceptable ESIA and submit it to the Bank for its review. Despite this failure, the Contractor nevertheless began mobilization at the quarry. As explained above, the Bank immediately requested UNRA to stop all activities at the quarry.

25. *In October 2019, Management learned of significant disagreements between the landowners and Sub-contractor regarding the lease agreements,* specifically whether (i) they included the Oruja rock or only the surrounding buffer zone, (ii) the stipulated lease payments were appropriately valued, and (iii) the leases were signed voluntarily. UNRA shared with the Bank a letter from community members, which stated that (i) the leases entered into between the Sub-contractor and the landowners had significantly undervalued the “Oruja” rock and surrounding land and (ii) the landowners had signed the leases under duress.<sup>6</sup>

26. In February 2020, the Bank received a letter from representatives of the Merok community which raised concerns about the lack of progress with regard to “negotiation and compensation” for the rock and the surrounding land. The letter also referred to destroyed “*crops, houses, fruit trees, medical plants, etc.*” Attached to the letter was a copy of another letter, dated January 22, 2020, from the lawyer for a group of affected community members, addressed to UNRA. This attached letter (i) asked UNRA to

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<sup>6</sup> While this letter from community members dated April 15, 2019 states that the Bank's Kampala Office was copied, the Bank first received a copy only when UNRA shared it with the Bank after the October 2019 mission. The Kampala Office has no record of having received this letter directly.

compensate for the above-cited damages, and (ii) sought to negotiate the terms under which the community would allow the *Oruja* rock and surrounding land to be used for the quarry.

27. ***Management has reviewed some of the correspondence between the landowners' lawyer and the Contractor's lawyer, which indicates that the fairness of the negotiation and terms of the leases are disputed.*** The lawyer of some community members approached the Contractor in November 2018 to offer negotiations for the Contractor's use of the potential quarry site. In April 2019, two community "Chairpersons" wrote again to the Contractor to complain about the manner in which the negotiations about the lease agreements with the Sub-contractor were held, that they were forced to sign through "*intimidation, coercion and threats,*" and that they were willing to renegotiate the lease considering "*market value.*" The Contractor's lawyer in response clarified that the Contractor had leased the proposed quarry site from "a third party" (i.e., the Sub-contractor) who leased the land from community members. The lawyer further maintained that the landowners were not pressured into signing the leases, which in his view were fairly negotiated and validly executed.

28. After the Bank's decision in May 2020 to exclude the proposed quarry from the Project, UNRA explained that this meant that the Sub-contractor would likely demand a refund of the lease payments already made to the landowners. UNRA later advised the Bank that the Sub-contractor had agreed not to seek any repayment of the lease payments, but instead intended to hold onto the lease agreements and possibly use the site for activities unrelated to NERAMP.

29. ***In May 2020, UNRA informed the Bank of the results of its own review of the allegations that the lease agreements between the landowners and the Sub-contractor were undervalued.*** UNRA concluded that the Contractor should comply with UNRA's instructions and produce a valuation of the land in question, which would then be subject to review and approval by the Chief Government Valuer. The valuation, however, has not yet taken place.

30. ***Given the contested circumstances surrounding the leases, Management is not in a position to verify the representations made by either party since the Bank was not a party or witness to these negotiations.*** Furthermore, in absence of the required safeguard instruments that should have described the site and appropriate mitigation measures, the Bank did not have the opportunity to review the matter to ascertain that the acquisition of the quarry site was consistent with Bank policy requirements. Now that the Bank has objected to and excluded from the Project the proposed quarry site, such review and clearance by the Bank is no longer appropriate and could be tantamount to interfering in a matter that should be subject to Ugandan legal review.

31. ***Still, the landowners' allegations that they have been coerced by the Sub-contractor to sign the leases are such that they should be reviewed by the appropriate government branch(es).*** These allegations, if true, could affect the validity of these lease agreements, which may remain in effect irrespective of the decision not to use the proposed quarry site for Project purposes. The Sub-contractor has expressed its intention to hold onto the lease agreements, possibly to use them for purposes unrelated to the Project. The Bank

has suggested to the Government of Uganda (GoU) that the Office of the Director of Public Prosecutions (DPP), or another competent body, should review the coercion allegation raised by the landowners. The Bank has further requested that the GoU advise the Bank of the result of such review, including what proceedings, if any, are being undertaken by the GoU in response to the result.

### **Compensation for property damages**

32. ***Management understands that some community members suffered property damages when the Contractor cleared the proposed quarry site and removed structures, trees and crops.*** In the February 2020 letter received from representatives of affected community members, these representatives raised concerns about the lack of progress with regard to “negotiation and compensation” for the rock and the surrounding land. The letter also referred to destroyed “*crops, houses, fruit trees, medical plants, etc.*”

33. ***Management raised the matter of outstanding compensation for damages caused by the Contractor with UNRA in April 2020 and requested that UNRA assess them to facilitate compensation.*** On April 28, 2020, the Bank’s Country Manager met with UNRA’s Executive Director (ED) and agreed that UNRA would conduct a valuation for the losses of crops and structures in order to expedite the compensation of any outstanding claims.

34. On May 15, 2020, representatives from UNRA, the Contractor, the Sub-contractor, and the affected community met and discussed the issue of compensation for damages. Based on UNRA’s assessment, the damaged crops, trees and structures were valued at UGX 38,027,000 (ca. US\$10,305). However, no agreement was reached at this meeting.

35. On May 21, 2020, the UNRA ED visited the site with a delegation of eight people, including UNRA staff, District authorities and police, to help finalize the compensation issue in accordance with the assessment undertaken by UNRA. UNRA later provided the Bank with a report of this meeting, stating that in exchange for the Sub-contractor agreeing not to seek any repayment of the lease payments from the landowners, the landowners had agreed to not seek any compensation for the property damages from the Sub-contractor. To support this statement, a handwritten letter signed by the two “Chairmen” of the affected community members indicating their withdrawal of the grievance and agreement not to seek any further compensation was enclosed. Management understands that this compromise was based on a proposal by the Sub-contractor.

36. ***Management has made it clear to UNRA that the property damages remain to be compensated by the Contractor.*** The Contractor’s compromise is opaque and, in Management’s view, may not be appropriate, since it is not clear if (i) the community members who lost assets and crops are identical to the recipients of the lease payments, and (ii) the payments are sufficient to cover the property damages. In addition, as discussed above, community members have since alleged that this compromise was obtained under duress. Moreover, the compromise does not appear to include an agreement to rescind the leases, which raises the question of how community members will be compensated for access to the land if the Contractor decides to mine the Oruja rock in the future and the



lease payments only amounted to the costs of property damage. The compensation for damages to crops and assets therefore needs to be treated separately from the issue of the lease agreements, specifically since the lease agreements are not explicit on compensation for assets on the leased land.

**37. Management has requested UNRA to instruct the Contractor to proceed with the compensation on the basis of UNRA's own damage assessment. The Bank will validate through an Environmental and Social Audit commissioned by the Bank, whether the compensation was sufficient, and if not, request additional measures.**

#### **Alleged intimidation and retaliation**

**38. Management was also informed that the Sub-contractor staff reportedly made threats against community members. UNRA followed up on the matter and referred the incident to law enforcement authorities, which also reviewed the allegations.** Management takes the allegations of intimidation raised in the Request very seriously. As a matter of principle, the Bank does not tolerate or condone any form of intimidation or retaliation from any Project stakeholder. This position, along with the fact that any form of retaliation may jeopardize the Project, has been communicated to the GoU and UNRA at the highest levels. Management has requested UNRA to ensure that all Project stakeholders understand and adhere to the Bank's principles.

**39. On May 1, 2020, the Bank informed UNRA that the Merok site was not to be used in any form for NERAMP by the Contractor or its Sub-contractors.** The Bank further noted that relevant government authorities should be duly alerted to the possible risk of retaliation against the local community members, and advised that any form of retaliation could jeopardize the future of the Project.

**40.** On May 8, 2020, the Bank team received a phone call from a representative of the affected community members, alleging that a Sub-contractor representative had made death threats<sup>7</sup> against community members unless they withdrew their complaints from the local Grievance Redress Committee (GRC) regarding the compensation issues. That same day, the Bank's Country Manager contacted the UNRA ED to express the Bank's alarm over these allegations and request UNRA to review the matter and put appropriate measures in place to protect community members. UNRA investigated the issues and on May 11, 2020, submitted a report to the Bank that outlined next steps, including measures to ensure the affected persons' safety.

**41.** On May 18, 2020, a meeting was held between the Bank and UNRA. The Bank team requested UNRA to immediately register the threats to affected community members with the local police and ensure the safety of the affected community members. UNRA agreed to take actions to ensure the safety of affected community members. The UNRA ED informed the Bank of her intention to travel to the site on May 21, 2020 to meet with the affected community members. When the UNRA delegation visited the site on May 21,

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<sup>7</sup> According to UNRA's investigation, the Sub-contractor representative, speaking about the complaining landowners (though apparently not in their presence), stated that he would "knock them with his car" and that he would "have them shot", if they were in western Uganda.

2020, the UNRA ED personally intervened with local authorities to request protection for the affected community members from any form of retaliation.

42. UNRA further informed the Bank that it had referred the incident to the DPP. On May 19, 2020 the DPP's office concluded that the file would be closed for lack of sufficient evidence because the threats reportedly were made to the complainants through third parties rather than directly to them. The DPP noted that to be prosecuted, the intimidation or annoyance would need to have been communicated directly to the complainant through threats.

43. In June 2020, a representative of the affected community members contacted the Bank team, claiming that during the meeting with UNRA on May 21, they had been pressured to sign a letter stating that they were withdrawing their complaints and foregoing additional compensation claims. The Bank took up the matter with UNRA to reiterate the Bank's position on retaliation and insist that UNRA step up efforts to address such potential retaliation. The Bank on September 9, 2020 requested an update from UNRA with regard to its efforts to address the matter. UNRA explained that it had secured a commitment from the relevant local Government authorities that affected community members would be protected. UNRA further informed the Bank that it had been monitoring the situation and that no further incident had been reported. Moreover, UNRA placed a Public Notice in the newspapers expressing its opposition to retaliation and intimidation (see Annex 2).

#### **Allegations against a Bank staff member**

44. *Management takes seriously the allegation in the Request regarding communications by a Bank staff member with the complainants about withdrawing their grievances.* The Bank has effective internal oversight mechanisms responsible for reviewing and addressing such allegations of misconduct against Bank staff. These mechanisms are designed to hold staff to the Bank's ethical standards and to bring accountability when those standards have not been met.

#### **Conclusion and Next Steps**

45. *With the decision not to use the site as a quarry for the Project, and the demobilization of Contractor staff and equipment from the Merok site, some concerns of the community regarding the integrity of the "Oruja" rock, potential impacts from the quarry's operation, and intimidation from Contractor staff have been addressed.* According to a November 11, 2020 report from UNRA, the Contractor has also repaired all damages on the access roads to the community that were caused by the transport of its equipment. Notwithstanding the above, since the site for the quarry was procured for the purposes of the Project, UNRA is proactively working with the community and the Contractor to find a potential resolution that would be acceptable to the parties to the leases.

46. ***However, several issues remain outstanding. The Bank has informed UNRA that all works under the Project remain suspended<sup>8</sup> until these issues are resolved to the Bank's satisfaction.*** This includes the following items:

- ***Compensation for property damages caused by the Contractor's actions.*** UNRA had earlier requested the Contractor to ensure that the Project-affected people were appropriately compensated, and their livelihoods restored. To that effect, UNRA had produced an assessment of the property damages to community assets. The Bank has requested UNRA to work with the Contractor to pay out the compensation to affected parties and provide evidence thereof by February 1, 2021.
- ***Bank-commissioned review of the compensation payments.*** Given the dispute around compensation amounts, the Bank has commissioned an Environmental and Social Audit 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. The contract for the review is under implementation and the audit should be completed by February 15, 2021.
- ***Legal review of the allegations of coercion and intimidation.*** Despite the Project's withdrawal from the Merok site, the lease agreements between local landowners and Sub-contractor remain in effect. The allegations made by the landowners that they were coerced to sign the lease agreements are grave. The Bank has suggested to the GoU that the DPP (or another competent body) review the coercion allegation raised by the landowners and advise the Bank of the outcome of such review.

47. In addition,

- ***Management has referred the allegation of coercion to the Bank's Integrity Vice Presidency (INT) for review with regard to the alleged conduct by the Contractor and the Sub-contractor.*** INT is responsible for investigating and pursuing sanctions for alleged fraud and corruption in Bank-financed projects.
- ***The Bank also has confidential internal oversight mechanisms in place for reviewing allegations of misconduct against Bank staff.*** These mechanisms are designed to hold staff to the highest ethical standards. They also have protections in place to ensure due process, confidentiality, and the fair treatment of staff.

48. ***Management believes that the Bank has made every effort to apply its policies and procedures and to pursue concretely its mission statement in the context of the Project. In Management's view, the Bank has followed the policies and procedures applicable to the matters raised by the Request. As a result, Management believes that***

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<sup>8</sup> With the exception of *emergency works* along the road corridor

***the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures. As explained above, the Bank has reacted to Borrower non-compliance and pursued specific steps for the Borrower to address relevant issues in line with the loan agreement.***

49. Management notes that depending on the course of the COVID-19 pandemic in the Project area, delays in implementing some of the above actions cannot be ruled out, and this could have an impact on the timelines presented above.

## Annex 1. Claims and Responses

No.	Claim	Response
1.	<p>We live around the REDACTED of Uganda. Our clan owns the rock, and we use it and the land around it since time immemorial for agriculture, artisanal mining, drying cassava, cultural practice etc. and many families live close to the rock.</p> <p>In June 2018, Mota Engil Africa (MEA) contacted us through the district and sub-county leaders and requested our permission to assess whether the rock is suitable to be used as quarry to produce the stones needed for the rehabilitation of the Tororo Mbale Soroti Lira Kamdini Road, MEA has. been contracted by the Uganda National Roads Authority to rehabilitate, extend and maintain this road under the North Eastern Road Corridor Asset Management Project (NERAMP), which is funded by the World Bank.</p> <p>Mota Engil conducted these surveys in August 2018 with our permission, and we heard that they plan to extract 700,000 tons of stones and aggregates from there.</p> <p>In September 2018, a company called Ruhore showed up with some surveyors and informed us that the government is expropriating the rock and some land around the rock from the families that live there. They also stated that the rock and a 30 m buffer zone around it belongs to the government and that we only entitled to some courtesy compensation for the rock and some money for the land.</p> <p>In October 2018, Ruhore offered some money to 8 families and requested them to sign lease agreements for a ten-year lease. In our perception, the offered compensation was grossly undervalued. When we asked for the basis of the offered lease amount, they refused to show us the valuation</p>	<p><b><i>The Bank first became aware of the Contractor's actions during the Implementation Support Mission (ISM) of April 3-17, 2019.</i></b></p> <p>As part of the April 2019 ISM, the Bank team, along with UNRA and the Project Management and Monitoring Consultant (PMMC), visited the Contractor's proposed quarry site at Merok. They were accompanied by the Contractor's representatives.</p> <p>While at the site (April 9, 2019), the Bank team met with a group of affected community members who complained that:</p> <ul style="list-style-type: none"> <li>• their land had recently been acquired and cleared;</li> <li>• they were discontent with the acquisition and compensation processes, including the amount of compensation; and</li> <li>• the acquisition and compensation processes were being carried out by a third party – the Sub-contractor – and not directly by the Contractor.</li> </ul> <p>During the field visit, the Bank team noted the recent clearance of trees, crops, and possibly structures, and two bulldozers bearing the Contractor's logo near the rock. The team also noted that neither a site-specific ESIA nor a Resettlement Action Plan (RAP) had been prepared for the site as required by the Project's Environmental and Social Management Framework (ESMF) and Resettlement Planning Framework (RPF), nor had the required clearances and permits been obtained.</p> <p>The Bank team requested that UNRA prepare an incident notification report. In accordance with the reporting procedures in place for the Project, the preliminary report was provided to the Bank the next day (April 10, 2019) and outlined what was known at the time by UNRA. The report:</p> <ol style="list-style-type: none"> <li>1) noted the supervising consultant became aware of the non-compliance on April 9, 2019;</li> <li>2) noted the activities constituted non-compliance with the terms of the Contractor's contract;</li> <li>3) noted that the Contractor had engaged a local company to take care of the following: <ul style="list-style-type: none"> <li>(a) obtaining all the clearances required from local authorities prior to starting any extraction from the quarry; and</li> <li>(b) paying compensation for any settlement if needed to use the adjoining ground for installation of the stone crushers, deployment of equipment and storing of the material;</li> </ul> </li> </ol>

No.	Claim	Response
	<p>report, which should show all the affected assets and the identified values. As this was not provided and the money seemed low, the 8 families as well as the clan refused to sign the lease agreements.</p> <p>We then tried to contact MEA as they were the people with which we discussed first and who had promised us fair compensation, employment, roads, and a water project in exchange for the permission to use our rock. When we went to their office in Soroti, they refused to meet us and their guards told us that Ruhore is in charge of the quarry. To overcome this blockage, we requested a lawyer to discuss with MEA, on our behalf, fair lease agreements for the rock and for whatever land they want (see Letter 7 November 2018 Annex 1).</p> <p>In response, MEA informed us that they have no business with us and that Ruhore is the company in charge of the quarry.</p> <p>In December 2018, Ruhore came back with some of the political leaders and informed us that they had appointed a “[Project-affected person] chairman”, who is not an affected person, and that this chairman has agreed to their terms and conditions. They threatened us that if we don’t sign their agreements, we will not receive anything and will be kicked off our land without anything. Based on this and other intimidation, the 8 families signed lease-agreements and received in January 2019 some money. Ruhore and the politicians forced us to sign also an apology for our letter of 7 November 201[8] and a general statement that we agree to all their proposals.</p> <p>In February 2019, we shared our concerns with the nearest Grievance Management Committee (GMC)</p>	<p>4) noted that “after making the compensation to the local landowners, the contractor deployed its equipment, cleared, and levelled the potential quarry site in Merok/Katine while the approval of ESIA was still in process;” and</p> <p>5) noted that: “Due to clearing and levelling the area prior to the documentation of a baseline survey for the ESIA, the Contractor may not be able to submit a quality ESIA. This has raised some environmental, social, health and safety issues.”</p> <p><b><i>In response, during the April 2019 mission, the Bank requested UNRA to immediately stop all activities at the quarry site and ensure preparation of the required ESIA and RAP in order to assess and address any impacts on the affected community.</i></b> The Bank reiterated this letter to the GoU on May 22, 2019, requesting:</p> <p>1) that 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; and</p> <p>2) that UNRA investigate the land acquisition process and provide the Bank with a report outlining the background to the complaint from the landowners and the remedial actions which would be taken to rectify the situation.</p> <p>3) that UNRA review the overall appropriateness of the quarry site, given its proximity to homes and businesses, possible disruption to local rock mining activities, and the possible use of the rock for cultural ceremonies.</p> <p>After the ISM, the Bank team followed up with UNRA about the case; the ESIA for the site was submitted to the Bank on August 20, 2019 and returned to UNRA with Bank comments on September 6, 2019.</p> <p>During the next ISM, held October 14-25, 2019, the Bank team, along with UNRA, the PMMC, and the Contractor’s representatives, again visited the proposed quarry site at Merok. Although the Oruja rock was intact, the team observed the following:</p> <p>1) Contrary to the measures that had been agreed previously, the Contractor had mobilized large quarrying equipment to the site;</p> <p>2) Security forces were present at the site to guard it; and</p> <p>3) The community appeared reluctant to engage with the Bank team.</p> <p><b><i>The Bank also became aware in October 2019 of the dispute between the Sub-contractor and some landowners over the terms of individual leases for the proposed quarry, and</i></b></p>

No.	Claim	Response
	<p>established along the road by UNRA in 2017, and they connected us with REDACTED from UNRA and his team. They met with us, listened to our concerns, and recommended that we should set up our GMC and that we should ask Ruhore for the valuation reports to verify whether it includes all assets and whether the Chief Government Valuer had accepted this report. REDACTED and his team also informed us that UNRA would make sure that MEA addresses our concerns in the context of the Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP), which both need to be established by MEA and cleared by UNRA before the start of any quarry development. We then requested Ruhore to share with the valuation report, but they refused.</p>	<p><b><i>specifically the landowners' allegation that they were coerced into signing leases.</i></b> Management has raised these concerns with UNRA on several occasions, together with the request that UNRA ensure compliance with the Bank's environmental and social safeguards. The Bank also strongly recommended that the land acquisition/compensation process for the proposed quarry site be fully investigated, as interactions with community members previously seemed to suggest that the process was carried out without due process and that some community members may have been negatively affected. In response, UNRA agreed that the process to lease land for the potential quarry at Merok needed to be improved and brought into compliance and noted that the Contractor had committed to do so.</p> <p>Seeing no progress on the required ESIA and RAP, the Bank on November 6, 2019 requested UNRA to stop works on the entire NERAMP road corridor until all non-compliance issues (including those on other Project locations, unrelated to the Merok site or the Request) had been addressed to the Bank's satisfaction.</p> <p>On December 2, 2019, UNRA, through the PMMC, issued a stop works order to the Contractor for the entire road corridor and all ancillary sites.</p> <p>Despite several follow-up inquiries to UNRA by the Bank, the Contractor and Sub-contractor never completed an ESIA or RAP. Consequently, on May 1, 2020, the Bank informed UNRA that the Merok site was not to be used in any form for NERAMP by the Contractor or its Sub-contractors and requested that the Contractor withdraw from the site. Accordingly, UNRA instructed the Contractor not to use the quarry for the Project and to demobilize from the site, while addressing the pending grievances. The Contractor removed all equipment from the site and fully demobilized by June 18, 2020 and completed repairs on the road damaged by the removal of its equipment by November 2020, when weather permitted such works.</p> <p><b>Compensation process</b></p> <p>The Bank first learned during the April 2019 mission that the Merok site had not been acquired directly by the Contractor, but was leased to the Contractor by a Sub-contractor who had entered into lease agreements in January 2019 with various community members (see paras. 9–11). These lease agreements reportedly covered the area needed (approx. 26.6 acres) for the planned quarry at Merok, which consists of the "Oruja rock" and a 30-meter buffer area surrounding the rock. The Bank would have normally reviewed the suitability of the proposed quarry site as well as proposed mitigation and management plans,</p>

No.	Claim	Response
		<p>including the site's acquisition, as part of a site-specific ESMP review and clearance. This review, however, did not occur because UNRA failed to obtain from the Contractor the ESMP and submit it to the Bank for its review. Despite this failure, the Contractor nevertheless began mobilization at the quarry.</p> <p>In October 2019, Management learned of significant disagreements between the landowners and Sub-contractor regarding the lease agreements, specifically whether (i) they included the "Oruja" rock or only the surrounding buffer zone, (ii) the stipulated lease payments were appropriately valued, and (iii) the leases were signed voluntarily. UNRA had shared with the Bank a letter from community members, which stated that (i) the leases entered into between the Sub-contractor and the landowners had significantly undervalued the "Oruja" rock and surrounding land and (ii) the landowners had signed the leases under pressure.<sup>9</sup></p> <p>In February 2020, the Bank received a letter from representatives of the Merok community which raised concerns about the lack of progress with regard to "negotiation and compensation" for the rock and the surrounding land. The letter also referred to destroyed "<i>crops, houses, fruit trees, medical plants, etc.</i>" The letter did not allege intimidation or provide further details regarding the dissatisfaction with the land acquisition process.</p> <p>Attached to the letter was a copy of a letter, dated January 22, 2020, from the lawyer for a group of affected community members, addressed to UNRA. This attached letter (i) asked UNRA to compensate for the above-cited damages, and (ii) sought to negotiate the terms under which the community would allow the "Oruja" rock and surrounding land to be used for the quarry.</p> <p>After the October 2019 mission, UNRA shared with the Bank team a letter from the affected community members, dated April 15, 2019. Although the letter indicates that a copy of it was sent to the "Country Head" of the Bank in Kampala, the Country Office never received a copy.</p> <p>The April 15, 2019 letter outlined in detail the concerns of the landowners regarding the land acquisition process. Specifically, the letter:</p> <p>1) asserted a willingness to negotiate on the use of the rock through their lawyers, but only with the Contractor (not the Sub-</p>

<sup>9</sup> While this letter from community members dated April 15, 2019 states that the Bank's Kampala Office was copied, the Bank first received a copy only when UNRA shared it with the Bank after the October 2019 mission. The Kampala Office has no record of having received this letter directly.



No.	Claim	Response
		<p>contractor);</p> <p>2) noted a lack of clarity around the relationship between the Contractor and the Sub-contractor;</p> <p>3) alleged that the Sub-contractor had forced the landowners to sign documents and withdraw the instructions of their legal representation through “intimidation, coercion and treats;”</p> <p>4) expressed dissatisfaction and disappointment in how the compensation process for their land and assets was handled;</p> <p>5) asserted ownership of the rock and surrounding land and a lack of willingness to lease that rock to anyone;</p> <p>6) outlined the conditions under which they would allow exploitation of the rock, including “...compensation at the market value per tonne of the aggregate stone excavated from the rock...”; and</p> <p>7) outlined that they have authorized their lawyers to have the rock appropriately valued.</p>
2.	<p>On 3 April 2019 and without any prior notice, bulldozers of MEA showed up on our land and started to clear the land, including trees and crops. They also bulldozed our houses after we had removed our cloth, furniture, etc. After we had informed REDACTED, UNRA on 8 April 2019 came with a large delegation, inspected the damage, listened to our concerns and instructed MEA to stop all works, which they did. However, by that time, we already had lost our houses, trees, and crops and had receive very little compensation in return. UNRA also organized several community meetings. In one session, UNRA’s Executive Director promised that we would receive a fair settlement before the end of July 2019. REDACTED team also helped us to form two GMC (one for those already affected and one for all the communities around the rock and the access road that might be affected in the future) and trained its members. The GMC registered then 17 grievances related to the demolition done to date (Annex 2). UNRA promised to address these grievances</p>	<p><b><i>As noted in Item 1 above, during a site visit on April 9, 2019, the Bank became aware of the land clearance and the landowners’ view that the compensation process was flawed and the compensation for lost assets inadequate.</i></b></p> <p>UNRA informed the Bank on April 10, 2019 that prior to the Contractor’s mobilization and clearance of the site in April, the Sub-contractor had entered into 10-year lease agreements (January 19, 2019 to January 19, 2029) with eight landowners from the community for a combined area of approx. 26.6 acres that was identified to serve as a quarry and buffer zone and made the stipulated lease payments to them. Because a RAP had not been prepared, the Bank team stopped the works and pursued completion of the RAP report to establish the level of compensation still outstanding and any other issues.</p> <p>As noted above in Item 1, despite several follow-up inquiries by the Bank, the ESIA and RAP were never completed and the Bank objected to use of the quarry and requested demobilization of the Contractor. However, Management continued to follow up with UNRA regarding the compensation for any damages incurred by the Contractor.</p> <p>A meeting was held on April 28, 2020 between the Bank and UNRA, chaired by the Country Manager and including the UNRA ED. It was agreed that UNRA would conduct a valuation for the losses of crops and structures in order to expedite the compensation of any outstanding claims. On April 30, 2020, UNRA sent a team to the Merok site to initiate the re-evaluation of the affected assets.</p>

No.	Claim	Response
	and ensure that MEA pays compensation at full replacement costs for all affected assets, including graves, the rock, etc. UNRA also promised that no further work would be conducted until the ESIA and RAP has been prepared by MEA and endorsed by UNRA in consultation with us.	The Bank formally objected to the use of the site in a letter on May 1, 2020. After receiving that letter, UNRA issued a letter to the Contractor on May 4, 2020 to begin the process of closing the Merok quarry, while addressing the pending grievances from the landowners. (see also items 4 and 5)
3.	Despite many meetings, not much happened for about a year. While the UNRA ED, REDACTED and his team were helping us and visited us from time to time, Ruhore, MEA, the local officials and some people from UNRA and the World Bank also contacted us from time to time and requested us to withdraw our grievances in the interest of the project and the country. Thanks to the guidance from REDACTED and his team we were however able to stop all attempts to fool us and/or sign any papers that could be used against us.	<p>See Items 1 and 2 for steps taken during this timeframe and in 2020 to address the grievances of the affected community.</p> <p>See Item 7 for steps taken to address alleged actions by World Bank staff.</p>
4.	In early May 2020, the Ruhore team came back and went around and informed community members that they will kill us, if we do not withdraw the grievances and the district head of security instructed us to withdraw our complaints or face legal charges and arrests. We immediately called REDACTED, who informed us that his contract with UNRA had ended on 3 May 2020, that he has left Uganda and therefore had limited power to protect us. He nevertheless mobilised a delegation by UNRA, who visited us on 15 May 2020, assessed our remaining assets and land and informed us that beside of the rock, whose value they could not assess without further studies, the eight families are entitled to an additional compensation which they did not tell us. Based on this mission, we had hope that the issue would be solved.	<p><b><i>First, Management takes the allegations of intimidation raised in the Request very seriously. As a matter of principle, the Bank does not tolerate or condone any form of intimidation or retaliation against any Project stakeholder. This position, along with the fact that any form of retaliation may jeopardize the Project, has been communicated to the GoU and UNRA at the highest levels.</i></b></p> <p>On May 8, 2020, the Bank team received a call from a representative of affected community members alleging that a Sub-contractor representative had made death threats against community members unless they withdrew their complaints from the local GRC regarding the compensation issues.</p> <p>That same day, the Bank's Country Manager contacted the UNRA ED to express the Bank's alarm over these allegations and request UNRA to review the matter and put appropriate measures in place to protect community members. UNRA investigated the allegation the following day and submitted a report to the Bank on May 11, 2020. The report confirmed that the incident had occurred and recommended measures to ensure the affected persons' safety.</p> <p>These measures included UNRA's investigations; having its compliance team work directly with the territorial police to</p>

No.	Claim	Response
		<p>complete investigations into the allegations of death threats; and forwarding the case to the DPP for possible charges.</p> <p>The Bank team followed up on the implementation of these measures. On May 19, 2020, the Office of the DPP wrote to the Head, Investigations and Compliance, UNRA, advising that the file be closed and filed for lack of sufficient evidence because the threats reportedly were made to the complainants through third parties rather than directly to them. The DPP noted that to be prosecuted, the intimidation or annoyance would need to have been communicated directly to the complainant through threats.</p> <p>On May 15, 2020, UNRA, the Contractor, the Sub-contractor and the affected community met to discuss the compensation for damages. Based on UNRA's assessment, the damaged crops and structures were valued by UNRA at UGX38,027,000 (ca. US\$10,305). However, no agreement was reached at this meeting.</p> <p>The meeting participants also discussed other community concerns, including the potential demand from the Sub-contractor for landowners to repay past payments under the 10-year leases, since the quarry was no longer going to be established and used. UNRA later advised the Bank that the Sub-contractor had agreed not to seek any repayment, but instead intended to hold onto the lease agreements and possibly use the site for activities unrelated to NERAMP.</p> <p>On May 18, 2020, a meeting was held between the Bank and UNRA. The Bank team requested UNRA to immediately register the threats to affected community members with the local police and ensure the safety of the affected community members. UNRA agreed to take actions to ensure the safety of affected community members. The UNRA ED informed the Bank of her intention to travel to the site on May 21, 2020 to meet with the affected community members. As noted when the UNRA delegation visited the site on May 21, 2020, the UNRA ED personally intervened with local authorities to request protection for the affected community members from any form of retaliation.</p> <p>During the May 18 meeting UNRA also noted that it was evaluating the claims and that the Contractor was willing to compensate the claimants for the property damages.</p>
5.	<p>We were then very surprised when on 21 May 2020, the UNRA ED and the District Leadership including all security chiefs, MEA and Ruhore requested us to appear to a meeting. The request was issued by the Resident District Commissioner ([...]</p>	<p>UNRA informed the Bank of the meeting with the affected community members planned for May 21, 2020. The stated purpose of the visit was to complete payment to the affected people of the compensation established at the meeting on May 15, 2020 to enable the grievance to be resolved. This action had</p>

No.	Claim	Response
	<p>the head of security) and in the preparatory meeting he told us that we are expected to a) forgive Ruhore for their threats to our live, b) withdraw our grievances and c) refuse the additional compensation identified by UNRA on 15 May 2020. He and his staff were rather explicit that the government is tried with our resistance and that we will face severe consequences, if we don't comply. Based on this intimidation, the death threats from Ruhore, the growing hostile approach from UNRA and the departure of REDACTED, we signed the withdrawal agreement attached at the back of this letter. They also informed us that MEA will get the stones elsewhere, but that Ruhore is free to use the rock and the land under the signed agreement.</p>	<p>been agreed between the Bank and UNRA at the meeting on April 28, 2020.</p> <p>On May 21, 2020, UNRA's ED visited the site with a delegation of eight people, including UNRA staff, District authorities and police, to help finalization the compensation issue, in accordance with the assessment undertaken by UNRA. UNRA later provided the Bank with a report of this meeting, stating that in exchange for the Sub-contractor agreeing not to seek any repayment of the lease payments from the landowners, the landowners had agreed to not seek any compensation for the property damages from the Sub-contractor. To support this statement, a handwritten letter signed by the two "Chairmen" of the affected community members indicating their withdrawal of the grievance and agreement not to seek any further compensation was enclosed. Management understands that this compromise was based on a proposal by the Sub-contractor.</p> <p>As noted above, when the UNRA delegation visited the site on May 21, 2020, the UNRA ED personally intervened with local authorities to request protection of the affected community members from any form of retaliation.</p> <p>In June 2020, a representative of the affected community members contacted the Bank team, claiming that they had been pressured to sign a letter (dated May 22, 2020) stating that they were withdrawing their complaints and foregoing additional compensation claims. The Bank took up the matter with UNRA to reiterate the Bank's position on retaliation and insist that UNRA step up efforts to address such potential retaliation. The Bank on September 9, 2020 requested an update from UNRA with regard to its efforts to address the matter. UNRA explained that it had secured a commitment from the relevant local Government authorities that affected community members would be protected. UNRA further informed the Bank that it had been monitoring the situation and that no further incident had been reported. Moreover, UNRA placed a Public Notice in the newspapers expressing its commitment to address the risks of retaliation and intimidation.</p>
6.	<p>We feel however that we were not treated fairly and therefore request your help to ensure that we receive a) compensation at full replacement costs for the damages that we experienced to date and b) that we might face in the future and/or a written agreement that all lease agreements with Ruhore are terminated and that we are able to use our land and rock again at our will</p>	<p><b><i>Management has made it clear to UNRA that the property damages remain to be compensated by the Contractor.</i></b> The Contractor's compromise is opaque and, in Management's view, may not be appropriate, since it is not clear if (i) the community members who lost assets and crops are identical to the recipients of the lease payments, and (ii) the payments are sufficient to cover the property damages. In addition, as discussed above, community members have since alleged that this compromise was obtained under duress. Moreover, the compromise does not appear to include an agreement to rescind the leases, which raises the question of how community members will be compensated</p>

No.	Claim	Response
		<p>for access to the land if the Contractor decides to mine the Oruja rock in the future and the lease payments only amounted to the costs of property damage. The compensation for damages to crops and assets therefore needs to be treated separately from the issue of the lease agreements, specifically since the lease agreements are not explicit on compensation for assets on the leased land.</p> <p><b><i>Management has requested UNRA to instruct the Contractor to proceed with the compensation on the basis of UNRA's own damage assessment. The Bank will validate through an Environmental and Social Audit commissioned by the Bank, whether the compensation was sufficient, and if not, request additional measures.</i></b></p>
7.	<p><b>Prior Contact.</b> From April 2019 onwards we copied the World Bank Kampala Office on our complaints (Annex 3,4, 5 and 6). While the written response from the World Bank (Annex 7) is appreciated, we are concerned that the World Bank's Project Manager who signed the letter, has called us on several occasions to tell us that the World Bank has no interest in the issue, that we should not copy the World Bank on our communications with Ruhore and that we should withdraw our grievances and support Ruhore as their work is important for Uganda.</p>	<p><b><i>Management takes seriously the allegation in the Request regarding communication by a Bank staff member with the complainants about withdrawing their grievances.</i></b> The Bank has effective internal oversight mechanisms responsible for reviewing and addressing such allegations of misconduct against Bank staff. These mechanisms are designed to hold staff to the Bank's ethical standards and to bring accountability when those standards have not been met. Strict measures are in place to ensure confidentiality, due process and the fair treatment of staff members accused of misconduct, including upholding rights accorded to staff members who are subject to internal investigation, under applicable Bank Directives and Procedures. Confidentiality protects all staff members involved in a misconduct review and it also preserves the integrity of the investigative process itself.</p>
8.	<p><b>Policies.</b> From the training we received, we understand that the World Bank's OP 4.12 (Involuntary Resettlement) requires that land is acquired in close consultation with the [Project-affected people], compensation provided at full replacement costs and that affected livelihoods are restored. We further learned that the clearing of the land without an accepted ESJA was not in line with the requirements of OP 4.01 (Environmental Assessment).</p>	<p>The principal safeguard instruments associated with the rehabilitation of the Tororo-Soroti-Lira-Kamdini road section were prepared by UNRA, reviewed, cleared by the Bank and disclosed prior to the start of Project appraisal. The ESMF and the RPF were prepared, cleared and disclosed at the World Bank's InfoShop on February 7, 2014 and in-country on the same date. The ESMF and the RPF were selected as the relevant safeguards instruments because the contract arrangements (OPRC) required the final engineering design, the ESIA and the RAP for the linear road rehabilitation works and other site-specific ESIA's/or ESMPs for auxiliary facilities (such as quarries, borrow pits, and construction camps) to be prepared by the Contractor.</p> <p>The Project did not meet the Government's commitments as spelled out in the Project's ESMF and RPF as it failed to prepare the required safeguard documents. UNRA eventually submitted a draft ESIA report for the Merok quarry on August 20, 2019, which was reviewed by the Bank and found inadequate. The</p>

No.	Claim	Response
		<p>Bank's comments were shared with UNRA on September 6, 2019. UNRA did not revert to the Bank with a revised ESIA addressing the Bank's comments, nor was a RAP submitted, despite requests from the Bank.</p> <p>Regarding the stopping of works and objection to use of the quarry as a result of the failure to carry out the requested measures, see Items 1 and 2 above.</p> <p>In a letter dated August 12, 2020 UNRA reported to the Bank that the Contractor had initiated demobilization on June 6, 2020 and completed the process on June 18, 2020. The report indicated that the two access roads previously used by the Contractor would be repaired as soon as the weather permitted it, and this was completed on November 11, 2020.</p> <p>With exceptional permission from Bank Management to travel during the COVID-19 pandemic, a Bank team conducted a field visit and inspected the site in October 2020. This site visit confirmed that the Contractor's staff and equipment had vacated the site and that there were no signs of any previous or current quarrying activity by the Contractor and the access roads had been repaired.</p>
9.	<p><b>Retaliation.</b> As stated above the Ruhore team has already threatened to kill us and the [Resident District Commissioner] to lock us up, if we don't withdraw our grievances and/or continue our quest for fair compensation.</p>	<p><b><i>Management takes the allegations of intimidation raised in the Request very seriously.</i></b></p> <p>As indicated in Item 4, the Bank is aware of these allegations and requested UNRA in a letter dated June 26, 2020 to alert all relevant government authorities of the possible risk of retaliation against the local community members, and to advise them that any form of retaliation could jeopardize the future of the Project.</p> <p>A statement was published in local newspapers by UNRA (see Annex 2).</p>

## Annex 2. UNRA Public Notice on Retaliation



# Uganda National Roads Authority

## PUBLIC NOTICE





### ANTI-RETALIATION STATEMENT NORTH EASTERN ROAD CORRIDOR ASSET MANAGEMENT PROJECT CREDIT NO: 5434-UG

The North Eastern Road Corridor Asset Management Project (NERAMP) financed by the World Bank/Government of Uganda aims at introducing long-term asset management contracts through Output and Performance based Contracting (OPRC). The Pilot project is on a major trade corridor between the port of Mombasa, South Sudan and DRC. The project traverses the districts of Tororo, Mbale, Bukedea, Kumi, Ngora, Soroti, Kalaki, Kaberemaido, Dokolo, Lira, Kole and Oyam covering a total distance of 340 Kilometres.

The Government of Uganda is committed to implementing the project in line with the World Bank's Environment and Social Policies, National Environment and Social requirements and UNRA's Environment and Social Safeguards Policy.

This is to therefore to inform the public that in line with the Whistler Blowers Protection Act 2010, Government will ensure that there is no victimisation of any person (s) on account of any complaints raised against the Contractor for failure to comply with Contract requirements. Any form of retaliation against members of the community could jeopardise the future of the project and should be brought to the attention of Uganda National Roads Authority (UNRA) and other relevant authorities.

**For more information:-** Please call our Toll Free Lines: 0800100811 and 0800100812

 @UNRA\_UG
  Uganda National Roads Authority
  [www.unra.go.ug](http://www.unra.go.ug)
 0714 651 187



**Annex 3. NERAMP Merok Quarry Timeline**  
(as of November 17, 2020)

<i><b>Date</b></i>	<i><b>Event/Action taken by the Bank</b></i>
April 9, 2019	<p>As part of the Project's Implementation Support Mission (ISM) of April 3-17, 2019, the Bank team, along with UNRA, PMMC, and the Contractor's representatives, visited the Contractor's proposed quarry site at Merok. The Bank team noted recent clearance of trees, crops, possibly structures, and two bulldozers bearing the Contractor's logo around the rock.</p> <p><i>The Bank immediately requested that the Contractor stop all works on the quarry site until compliance with all Project instruments is achieved. The Bank also formally informed the Government of Uganda (GoU) on <b>May 22, 2019</b>, of the above observations and developments, including the request that (i) the Contractor stop all works on the quarry site until compliance with all Project instruments (ESMF and RPF), i.e., preparation, clearance and disclosure of a RAP and an ESIA; and (ii) UNRA investigate the land acquisition process and provide the Bank with a report outlining the background to the complaint and the remedial actions which would be taken to rectify the situation.</i></p>
April 10, 2019	The Bank requested that UNRA prepare an incident notification. In accordance with the reporting procedures in place for the Project, the report was provided to the Bank the next day (April 10) and outlined what was known at the time by UNRA.
April 12, 2019	Based on the report above, the team filed an incident report, rating the incident as 'serious' and noting that the Bank had provided advice to the contractual parties to halt activities, as per the contract, and focus on the completion of the site-specific ESIA and ESMP.
August 20, 2019	UNRA sent a draft ESIA for the planned Merok Quarry site to the Bank for review. <i>The E&amp;S team reviewed the ESIA and provided comments to UNRA on <b>September 6, 2019</b>. The Bank team never received an updated version addressing Bank's comments.</i>
October 16, 2019	As part of the ISM (Oct 14-25, 2019), the Bank team, along with UNRA, PMMC, and the Contractor's representatives, visited Mota-Engil's proposed quarry site at Merok. Although the rock was intact, the mission noted that (i) contrary to agreed measures from the previous ISM, Mota-Engil had mobilized large quarrying equipment to the site, (ii) there was a proliferation of security forces (private and police) at the site to guard it; and (ii) the community appeared reluctant to talk to the Bank team about the land acquisition.
October 25, 2019	The Bank received from UNRA an electronic copy of a letter from the affected community members' lawyer dated April 15, 2019 and addressed to the Mota-Engil Country Representative copied to, among others, the ED UNRA and the Bank's Country Manager. The Country Office has no record of this letter.
November 6, 2019	The Bank requested UNRA to issue a stop works order on the entire Project.
December 2, 2019	UNRA issued the stop works order to Mota-Engil through the PMMC.
February 19, 2020	Uganda Bank Country Office received a formal complaint from a representative of affected community members addressed to the Country Manager. <i>Complaint forwarded to the Bank's Grievance Redress Service for registration on February 24, 2020 and acknowledgement letter sent to affected community members on March 11, 2020.</i>



<b>Date</b>	<b>Event/Action taken by the Bank</b>
March 6, 2020	UNRA submitted a RAP methodology report for the Merok Quarry to the Bank.
April 13, 2020	Bank requested an update on the status of the RAP preparation from UNRA. It was informed that a RAP Consultant had been hired by the Contractor but that he had challenges in accessing community members due to some misunderstanding on roles and responsibilities during the process. The consultant was to reengage the affected community members after the COVID-19 related restrictions had been lifted.
April 28, 2020	A meeting was held between the Bank and UNRA, chaired by the Country Manager and including UNRA ED. With regards to the Merok Quarry, it was agreed that with the view of closing out the complaint, an UNRA team would reach out to the affected community members and the Contractor to initiate a valuation process for the damages.
April 30, 2020	UNRA sent a team to the site to initiate the planned re-evaluation of the compensation amounts.
May 1, 2020	The Bank communicated to UNRA its objection to use the Merok quarry site for the Project.
May 4, 2020	UNRA issued a letter to the Contractor to begin the process of closing the Merok quarry, while addressing the pending grievances from the community.
May 8, 2020	The Bank team received a call from a representative of the affected community members alleging that a Sub-contractor representative had made death threats against community members unless they withdrew their complaints from the GRC. <i>On the same day the Country Manager contacted the UNRA ED to flag the issue, raise the Bank's concerns, and request appropriate action.</i>
May 9, 2020	A team from UNRA's investigation division was dispatched to investigate the case. Preliminary findings confirmed that the threats were indeed made and UNRA submitted a report to the Bank recommending several steps to ensure the affected community members' safety.
May 14, 2020	UNRA and Mota-Engil held a meeting and decided to travel to the quarry site and verify the issues the community had and attempt to resolve them and establish the plan of demobilization from the quarry.
May 15, 2020	UNRA, PMMC and Mota-Engil's team led by its Managing Director visited the site and met the affected community members. UNRA held a meeting with the affected community members and the value of the damaged crops/developments was discussed. UNRA's valuation determined the payment to be UGX38,027,000 (approximately US\$10,305).
May 18, 2020 <sup>h</sup>	A meeting was held between the Bank and UNRA chaired by the Country Manager. The UNRA team led by the ED explained that they were evaluating the payments due to the affected community members for loss of their crops and structures and that Mota-Engil was willing to compensate the affected community members for these losses. The Bank team requested UNRA to immediately register the issue of threatening of affected community members with the local police and ensure safety of the affected community members. UNRA agreed to take actions to ensure safety of affected community members. UNRA ED informed the Bank of a planned visit to the site on May 21, 2020 to meet with the affected community members.
May 21, 2020	The UNRA ED traveled to the site with a delegation to help finalize the compensation issue in accordance with the assessment undertaken by UNRA.

<b><i>Date</i></b>	<b><i>Event/Action taken by the Bank</i></b>
May 26, 2020	UNRA provided a report of the meeting with a handwritten letter signed by the affected community members indicating their withdrawal of the grievance but with no indication that they had been compensated. In the same letter, UNRA indicated that from its perspective, the grievance had been addressed and the case was closed.
June 6, 2020	A representative of the affected community members contacted the Bank team by phone, claiming they had signed (on May 21) the letter withdrawing the complaint under duress.
June 26, 2020	The Bank requested UNRA to alert all relevant government authorities of the possible risk of retaliation against the local community members, and to advise them that any form of retaliation could jeopardize the future of the Project. UNRA also published in local newspapers a statement to that effect and provided evidence of that to the Bank.
August 12, 2020	UNRA reported to the Bank that Mota-Engil had initiated demobilization on June 6, 2020 and completed the process on June 18, 2020. The report indicated that the two access roads previously used by the Contractor would be repaired as soon as the weather permitted it.
October 25, 2020	The Bank team conducted a field visit to Merok. During the visit, the team observed that one access road was partially repaired, while the second was completed with some spots that needed further interventions to address drainage issues.
November 11, 2020	UNRA reported to the Bank that all road repairs had been completed by the Contractor.

## Annex 4. Status of NERAMP Safeguard Instruments

Lot	Site	Instrument	Status
Lot 1	Tororo-Mbale-Soroti Section	ESMF	Approved by the Bank; disclosed on <b>February 2, 2014</b>
		RPF	Approved by the Bank; disclosed on <b>February 7, 2014</b>
		ESIA/RAP	<b>Pending</b>
	Atatur Asphalt Plant	ESIA	Prepared <u>retroactively</u> and approved by Bank on <b>April 7 2020</b>
	Mbale Campsite	Project Brief	Prepared <u>retroactively</u> ; Bank recommendation that the site be used only for Project offices, and not for the construction camp; recommendation provided on <b>May 5, 2020</b>
	Gravel Borrow Pit Km 73+300	Project Brief	Comments provided to UNRA on <b>October 27, 2020</b> Updated version pending
Lot 2	Soroti-Lira-Kamdini Section	ESMF	Approved by the Bank; disclosed on <b>February 2, 2014</b>
		RPF	Approved by the Bank; disclosed on <b>February 7, 2014</b>
		ESIA/RAP	<b>Pending</b>
	Bororo Campsite	Project Brief	Prepared <u>retroactively</u> and approved by Bank <b>April 16, 2020</b>
	Borrow Pit Km 132+160	Project Brief	Cleared and approved by Bank <b>October 14, 2020</b>
	Merok Quarry	ESIA	Draft prepared retroactively and submitted to the Bank <b>August 20, 2019</b> ; comments provided but updated version never submitted to the Bank
		RAP	RAP methodology submitted to Bank <b>March 6, 2020</b> but RAP never submitted
	Boroboro Asphalt Plant	ESIA	Prepared <u>retroactively</u> and approved by Bank <b>April 16, 2020</b>
	Emergency Works	ESMP	Conditionally cleared by the Bank on <b>October 26, 2020</b> ; information requested by the Bank still pending

Map 1. IBRD No. 45408

