



Orsolya Szekely
Accountability Mechanism Secretary
World Bank

May 31, 2023

Case No. 21/01-DRS

NOTICE OF DISPUTE RESOLUTION AGREEMENT

**Uganda: Second Kampala Institutional and Infrastructure Development Project
(KIIDP-2) (P133590)**

1. On October 20, 2021, the Board of Executive Directors approved an Inspection Panel recommendation to investigate the Second Kampala Institutional and Infrastructure Development Project (KIIDP-2) in Uganda.
2. On October 21, 2021, the AM Secretary wrote to the Parties in this case, offering the opportunity for dispute resolution, pursuant to paragraph 11(a) of Resolution No. IBRD 2020-0005/Resolution No. IDA 2020-0004 (the “AM Resolution”) and paragraph 30 of Resolution No. IBRD 2020-0004/Resolution No. IDA 2020-0003 (the “Panel Resolution”). On December 2, 2021, the AM Secretary informed the Executive Directors, the Inspection Panel and Bank Management that the Parties had voluntarily agreed to pursue dispute resolution, pursuant to Paragraph 11(b) of the AM Resolution and Paragraph 31 of the Panel Resolution.
3. Pursuant to Paragraph 12(g) of the AM Resolution, on December 2, 2022, the AM Secretary informed the Executive Directors, the Inspection Panel and Bank Management that with the agreement of both Parties, the AM Secretary extended the dispute resolution process, for an additional period of up to six months.
4. The dispute resolution process concluded on May 31, 2023, with a signed dispute resolution agreement. The signatories have stated that the agreement is reached in full and final settlement of their dispute. The signatories agreed to keep the details of the settlement confidential.
5. As required by Paragraph 12(h) of the AM Resolution, at the end of the dispute resolution process, the Dispute Resolution Service (DRS) prepares a report for the Executive Directors to be issued through the Accountability Mechanism Secretary, informing them of the outcome. This report is issued as an annex to this notice. Pursuant to Paragraph 13(d) of the AM Resolution, when the Inspection Panel receives the report of the Accountability Mechanism Secretary, it takes the steps set forth in Paragraph 33 of the Inspection Panel Resolution, which states that if the Accountability Mechanism Secretary informs the Executive Directors that the Parties have reached agreement and signed a Dispute Resolution Agreement, the case shall be considered closed. The Panel shall issue a memorandum closing the case and take no further action with respect to the request.

Yours sincerely,

The Executive Directors and Alternates
International Development Association

Mr. David Malpass, President
International Development Association

Mr. Ajay Banga, President-Elect
International Development Association

Ms. Ramanie Kunanayagam, Chairperson
The World Bank Inspection Panel

Annex: Outcome Report

Dispute Resolution Service

Outcome Report: Case No. 21/01-DRS

*Uganda: Second Kampala Institutional and Infrastructure Development Project
(KIIDP-2) (P133590)*

This report, prepared by the Dispute Resolution Service (“DRS”) and issued by the Accountability Mechanism Secretary (“AM Secretary”) pursuant to Paragraph 12(h) of the AM Resolution, and paragraph 13 of the DRS Interim Operating Procedures, informs the Executive Directors, the Panel and the Bank Management of the core process steps, outcomes and the rationale for concluding the dispute resolution process in the above-mentioned case.

1. Procedural background

On 20 October 2021, the World Bank Board of Directors approved an Inspection Panel recommendation to investigate the *Second Kampala Institutional and Infrastructure Development Project* (KIIDP-2) in Uganda (“Report and Recommendation”), in response to a request for inspection. On 21 October 2022, the AM Secretary offered the Parties an opportunity to participate in an independent and voluntary dispute resolution process, facilitated by the DRS, pursuant to Paragraph 11(a) of the AM Resolution and Paragraph 30 of the Panel Resolution. Consistent with Paragraph 7 of the DRS Interim Operating Procedures, between November 9 and November 17, 2021, the AM Secretary, accompanied by a Dispute Resolution Service team, met in person with the Parties, their representatives, and advisors in Kampala to inform them of their options and to ensure that they were enabled to make a fully informed decision on whether to enter a dispute resolution process facilitated by the Dispute Resolution Service.

On December 2, 2021, the AM Secretary informed the Executive Directors, the Inspection Panel and Bank Management that the Parties voluntarily agreed to pursue dispute resolution (“Notice of Agreement to Pursue Dispute Resolution”), pursuant to Paragraph 11(b) of the AM Resolution and Paragraph 31 of the Panel Resolution. December 2, 2021, marked the commencement of the dispute resolution phase. The process was conducted according to the DRS Interim Operating Procedures (October 13, 2021).

2. Missions, communications, and engagement

Due to the nature of the voluntary dispute resolution process, which includes the core element of building trust, in-person engagement is critical. This means the DRS conducted frequent mission travel throughout the dispute resolution process. This process is managed by the DRS core team in Washington, D.C., who often joined mediators, consultants, and other staff to conduct the mediation in Uganda. Mission travel was supplemented by regular online meetings and communications, maintaining a constant channel of communication with Parties and other stakeholders.

3. Process

The dispute resolution process began with a consultation process between the DRS and the Parties, during which Parties were given the opportunity to assess the qualifications of nominated mediators and either consent to or refuse their nomination. Following the consideration of several nominees by the Parties, the Parties agreed to a two-person DRS co-mediation team, comprising Josephine Odera and Jack McConnell.

This team conducted the mediation for the entire process, together with additional consultants who provided mediation assistance, interpretation, and logistical support.

The dispute resolution process was conducted according to a Dispute Resolution (DR) Framework agreement, which was drafted and agreed by the Parties between December 2021 and February 2022, consistent with Paragraph 8 of the DRS Interim Operating Procedures. The DR Framework established the parameters of the dispute resolution process, including the scope of the mediation, the key issues to be addressed, representation of Requesters and affected community members, roles of advisers and observers, and the agreement that the process would be bound by confidentiality requirements to create an atmosphere of trust and facilitate an open discussion between the Parties. The DRS also agreed not to disclose any information shared by the Parties during the dispute resolution process.

The mediation began with several informal capacity building sessions, which were conducted with the Parties to help build trust and confidence in the mediation process. Engagement and trust between the Parties was further established through separate (bilateral) meetings, which led to the opening of face-to-face dialogue and a series of joint mediation sessions that were facilitated by the mediation team between April 2022 and May 2023. During the course of the mediation, the Parties reached a series of interim agreements, many of which were implemented in stages during the dispute resolution process. The interim agreements covered issues related to re-demarcation of the drainage channel; valuation, compensation, and revaluation; social impact and livelihoods; sensitization and information disclosure; and resumption of channel construction works.

During the mediation, whenever concerns about threats, safety, or security were raised by any participant, they were promptly addressed by DRS, in consultation with the individuals concerned and relevant Uganda authorities and/or Bank Management.

4. Role of Bank Management

The Parties were informed of, and jointly elected to exercise, their option to invite Bank Management as observers to the mediation process, as laid out in the AM Resolution and the DRS Interim Operating Procedures. This invitation was accepted by Bank Management, who joined the process as an observer at appropriate key moments during the dispute resolution process.

Throughout the process, and as needed, Bank Management provided DRS, the mediation team, and the Parties with project-related information regarding the KIIDP-2 project, this included technical information as well as information regarding procedural issues and the Bank's supervisory role. Bank Management also supported the DRS and AM Secretary in understanding the Ugandan political and cultural context, as well as facilitating DRS missions, as required by Paragraph 16 of the AM Resolution.

The independence of the DRS process from Bank Management was ensured throughout the process, and Bank Management are similarly bound by confidentiality requirements related to the process, pursuant to Paragraph 14 of the AM Resolution.

5. Conclusion of the Dispute Resolution Process

On May 31, 2023, the Parties reached agreement within the stipulated period and signed a Dispute Resolution Agreement, in line with paragraph 16.1 of the [DRS Interim Operating Procedures](#).

This concludes the dispute resolution process according to paragraph 12.2 of the [DRS Interim Operating](#)

[Procedures](#). The process lasted 18 months and settled after intensive discussions, which continued until the final day of the extended timeframe.

In furtherance of Paragraph 15(a) of the [AM Resolution](#), the Parties have exercised the option to keep their agreement confidential. Observers and Parties' advisers who engaged in the mediation process did so based on respecting its confidentiality. According to paragraph 13 of the DRS Interim Operating Procedures, the Accountability Mechanism will thus treat the agreement as confidential, and it shall not be published.

On the borrower side, the agreement was signed by designated senior representatives of the project implementer, KCCA.

On the Requesters side, during its eligibility assessment, the Panel learned that there are six Requesters from the community who represent a larger number of affected community members. The Panel also received another 18 signatures from community members in support of the Request. At the end of the dispute resolution process, 15 elected community representatives and more than 100 other community members signed the final agreement.

6. Implementation and follow-up

In line with paragraph 17 of the DRS Interim Operating Procedures, the Parties agreed on the implementation and follow-up arrangements.

Washington, D.C., May 31, 2023