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**MANAGEMENT REPORT AND RECOMMENDATION**  
**IN RESPONSE TO THE**  
**INSPECTION PANEL INVESTIGATION REPORT**  
**OF THE**  
**UGANDA TRANSPORT SECTOR DEVELOPMENT PROJECT – ADDITIONAL**  
**FINANCING (P121097)**

October 13, 2016

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OF THE  
UGANDA TRANSPORT SECTOR DEVELOPMENT PROJECT – ADDITIONAL  
FINANCING (P121097)**

Pursuant to paragraph 23 of the Resolution Establishing the Inspection Panel (IBRD Resolution 93-10 and IDA Resolution 93-6), attached for consideration by Executive Directors is Management's Report and Recommendation in response to the findings set out in the Investigation Report No. 106710-UG dated August 4, 2016, of the Inspection Panel on the captioned Project (Uganda Transport Sector Development Project – Additional Financing, Credit No. P121097).

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INSPECTION PANEL INVESTIGATION REPORT NO. 106710-UG  
UGANDA TRANSPORT SECTOR DEVELOPMENT PROJECT – ADDITIONAL  
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## ABBREVIATIONS AND ACRONYMS

ARSDP	Albertine Regional Sustainable Development Project
CRSG	China Railways Seventh Group
CSO	Civil society organization
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESIS	Environmental and Social Impact Statement
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standard
GBV	Gender-based Violence
GoU	Government of Uganda
GRM	Grievance Redress Mechanism
IDA	International Development Association
IEG	Independent Evaluation Group
JFCU	Joy for Children Uganda
Km	Kilometer
MoFPED	Ministry of Finance, Planning and Economic Development
MGLSD	Ministry of Gender, Labor and Social Development
NERAMP	North Eastern Road-Corridor Asset Management Project
NEMA	National Environment Management Authority
NGO	Nongovernmental organization
RAP	Resettlement Action Plan
RSR	Rapid Social Response
STI	Sexually Transmitted Infection
TSDP	Transport Sector Development Project
UNRA	Uganda National Roads Authority

## Currency Unit (as of October 13, 2016)

### Uganda Shilling

1 UGX = 0.00030 US\$

1 US\$ = 3,464 UGX

## EXECUTIVE SUMMARY

i. World Bank Management appreciates the Inspection Panel’s thorough assessment of the serious issues arising under the Uganda Transport Sector Development Project (“the Project”). The Panel’s extensive findings confirm, and Management concurs, that numerous adverse impacts for local communities have arisen in connection with the Project, some of which are extremely grave. ***As World Bank Group President Kim stated in December, 2015, “the multiple failures we’ve seen in this project – on the part of the World Bank, the Government of Uganda, and a government contractor – are unacceptable.”***

ii. As described in this Report, the Bank and the Government of Uganda (GoU) have embarked on a broad set of actions to address these multiple failures, the success of which will require sustained commitment at the highest levels of both the Bank and Government. Management is pleased to note President Museveni’s personal commitment in this regard, which he affirmed to President Kim in a letter dated September 13, 2016, stating that his government is fully committed “to ensure that social and environment safeguards policies are adhered to.” Management believes that with this high-level attention, successful implementation of the agreed actions can significantly improve the situation in the Project communities, and that more broadly, the lessons learned from this Project will benefit the World Bank’s work in Uganda and beyond.

iii. On September 28, 2015, the Inspection Panel received a Request for Inspection (“the Request”) from representatives of the Bigodi and Nyabubale-Nkingo communities in Uganda (“the Requesters”) raising many adverse impacts associated with the Project. The Requesters made serious allegations, including road workers’ sexual relations with minors and resulting pregnancies, an increased presence of sex workers in the community, the spread of HIV/AIDS, sexual harassment of female employees, child labor, increased dropout rates from school, inadequate resettlement practices, fear of retaliation, lack of community participation, poor labor practices, and lack of road safety.

iv. In October 2015, the Bank suspended the Project Credits<sup>1</sup> due to the Borrower’s noncompliance with its obligations to carry out the Project in conformity with appropriate environmental and social standards and practices. Management responded to the Request for Inspection on December 17, 2015, with an Action Plan to address the issues raised by the Requesters. The Panel found the Request eligible for investigation, which the Executive Directors authorized. Management cancelled the Credits on December 22, 2015. This decision was taken after intensive consultations with the Uganda National Roads Authority (UNRA) and the Government of Uganda (GoU) and after UNRA’s decision to retain the Contractor despite its failure to fully address the numerous deficiencies set forth in a Notice to Correct. Despite the cancellation, the Bank is working actively with the GoU to address and supervise the outstanding issues—including resettlement compensation delays, construction deficiencies affecting road access, drainage and water sources, and road and workplace safety concerns—and to support remedial actions in the community and at the national level.

v. Management agrees with the Panel’s assessment that there were serious weaknesses in the preparation, implementation and supervision of the Project. Project preparation failed to identify

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<sup>1</sup> Original Financing (Credit No. 4679-UG) and Additional Financing (Credit No. 4949-UG).

and plan for the range of community impacts that a project of this size and scope could have in a poor, rural area with many inherent social vulnerabilities. Community consultations before and during implementation were insufficient. As a result, Management failed to assign preparation and supervision teams with the required experience and skills to enable the rapid assessment of the depth and severity of negative social impacts and to act decisively during supervision to address them. The Panel's findings show that the Contractor hired to implement the Project did not implement appropriate measures to prevent harm to the community. Moreover, the Investigation Report raises questions not only about how the Project was designed, implemented and supervised, but also how the Bank can improve its response to similar challenges in other projects.

vi. Management regrets that the Project has contributed to the occurrence of the above mentioned shortcomings and in particular the increase in gender-based violence (GBV), a widespread and deeply-rooted problem in Uganda. Management has repeatedly urged the GoU to ensure that law enforcement agencies investigate and prosecute these offenses, ensure legal redress for the victims of abuse, and increase efforts to prevent new cases. Law enforcement efforts are improving and intervention from the highest levels of the Government, including President Museveni and the Inspector General of Police, have reinforced these efforts.

vii. Since Management's first Response, Management has worked with the Ugandan authorities to support the affected girls and their families. Under the Bank-supported "Emergency Child Protection Response" (ECPR) program initiated in December 2015, victims of abuse are receiving support tailored to the needs and circumstances of the victim, which may include psychosocial counseling, support for reintegration into school and other training programs, support for pre- and post-natal care, and a monthly stipend to help meet basic needs. Eligibility for inclusion in the ECPR does not distinguish between cases linked to Project road workers and cases attributed to other perpetrators. Management has also mobilized US\$1 million through the Bank's Rapid Social Response Trust Fund to scale up and sustain the ECPR in the Project area, as well as to provide support to national efforts to strengthen child protection.

viii. Management also acknowledges that the Bank's supervision of the Project was deficient in that it did not adequately address institutional weaknesses within UNRA, the inability of the Supervising Engineer *Gauff Ingenieure* to fulfill its role, or instances of non-compliance with Bank policy related to land acquisition, road and workplace safety and other construction-related deficiencies. As noted in Management's Response to the Request, problems in Project implementation and Contractor performance were repeatedly flagged to UNRA and the GoU, leading in several instances to partial suspensions by UNRA of the contract. However, these suspensions and other steps taken by UNRA did not result in full compliance with the Bank's policies and other contractual obligations. In hindsight, Management acknowledges that the Bank should have considered and applied its remedies earlier.

ix. The serious problems associated with the Project, along with internal reviews undertaken by Management, demonstrate that more attention is needed during project preparation and supervision to understand the risks of GBV in infrastructure operations and to put in place strong provisions to address those risks. The President of the World Bank has appointed a Global Task Force on Gender-Based Violence to strengthen the Bank's capacity to identify risks preemptively, apply lessons learned, conduct more robust gender assessments, improve approaches to raising awareness about GBV, and equip task teams to take more assertive action to prevent GBV. New

guidance and training for Bank staff have been developed, focusing specifically on how to manage risks associated with labor influx in large infrastructure projects.

x. Despite the Bank's advice, UNRA has retained the Contractor, China Railways Seventh Group (CRSG), a decision which poses significant challenges for resolving some of the technical problems mentioned in the Request and Investigation Report. The Bank's continued discussions with UNRA, the Supervising Engineer and the GoU to solve outstanding problems have led to some improvements, but the Contractor's noncompliance persists. Going forward, Management has agreed with the GoU to put in place mechanisms to independently supervise and verify the execution of all remedial actions. In the event of continuing failure by the Contractor to address key deficiencies in performance, Management will require that the necessary remedial actions be carried out directly by UNRA, through a third party contractor where needed. The civil works components of all Bank-supported projects implemented by UNRA will remain suspended until the Bank's reappraisal of the situation concludes that the instances of harm and noncompliance are addressed and institutional weaknesses are corrected.

xi. The Bank has also taken the decision to withhold any new lending to Uganda, effective August 22, 2016, while conducting a review of the country portfolio and working with the Ugandan authorities to address outstanding performance issues in the portfolio, including delays in project effectiveness, weaknesses in safeguards monitoring and enforcement, and low disbursement.

xii. Addressing the issues that have arisen under the Project will require action at multiple levels. Continued and strengthened action is needed both to address Project impacts and to reduce the probability that similar impacts will arise in other projects. At the local level, actions are underway, and will be intensified, which focus on assisting victims of abuse and strengthening child protection in Project communities; completing the resettlement process and the payment of compensation; resolving construction-related defects and contract non-compliance; and strengthening community engagement mechanisms. At the national level, the Bank is engaged in providing support to national child protection and anti-GBV initiatives and working with UNRA to strengthen its capacity to manage environmental and social aspects of projects. Management notes that the successful implementation of all local and national actions will depend on the sustained commitment and collaboration of the GoU. At the global level, a number of initiatives are underway to strengthen Bank practice with respect to issues related to labor influx in infrastructure projects and contract management.

xiii. It is clear that both the Bank and the GoU need to develop more robust approaches to addressing the types of environmental and social issues that arose in the Project. Institutional weaknesses within implementing agencies such as UNRA need to be addressed and safeguard management throughout the Uganda portfolio by both the Bank and the Government need improvement. Gender-based violence, in particular, is a deep-set endemic problem, not unique to the Project setting. Addressing it will require a systemic and sustained Government-led approach. Globally, the Bank is committed to developing and deploying more effective tools for addressing GBV, as well as other social impacts stemming from the influx of workers in large infrastructure projects.



## **I. INTRODUCTION**

1. On December 19, 2014, the Inspection Panel (“the Panel”) received a Request for Inspection of the Uganda Transport Sector Development Project – Additional Financing (the “Project” or “TSDP”), sent by community members of the town of Bigodi<sup>2</sup> in Uganda. As a number of the issues raised in the Request had not previously been communicated to Management, the Panel did not register the Request to provide Management with an opportunity to address the concerns.
2. On September 11, 2015, the Panel received another Request for Inspection (“the Request”) from three representatives of the Bigodi and Nyabubale-Nkingo communities in Uganda (“the Requesters”), raising similar concerns to those set forth in the December 19, 2014 Request. The Request was registered on September 28, 2015 and included, as an attachment, handwritten notes from fifty-eight community members detailing adverse impacts allegedly caused by the Project. The Requesters asked to keep their identities confidential and appointed a local civil society organization (CSO), Joy for Children Uganda (JFCU), to act on their behalf. The Requesters stated that they were not satisfied with Management’s actions, and raised numerous serious allegations, including road workers’ sexual relations with minor girls and resulting pregnancies, the increased presence of sex workers in the community, the spread of HIV/AIDS, sexual harassment of female employees, child labor, increased dropout rates from school, inadequate resettlement practices, fear of retaliation, lack of community participation, poor labor practices, and lack of road safety.
3. Management responded to the claims raised in the Request on December 17, 2015, with proposed actions to address the issues, and subsequently provided several updates on the progress of implementation support to the Panel.
4. After informing the World Bank Board of Executive Directors, on December 21, 2015, the World Bank Group President, Jim Yong Kim, announced both the intended cancellation of funding to the Project and a set of immediate follow-up actions. On December 22, 2015, the Bank cancelled the Project Credits.<sup>3</sup>
5. In its Report to the Board on January 8, 2016, the Panel found the Request eligible for inspection and recommended that the Executive Directors authorize an investigation. The investigation was authorized by the Executive Directors.
6. On August 4, 2016, the Panel issued its report outlining the findings of the investigation. The present report, responding to the findings of the Panel, is organized in six sections. Section II provides Project background. Section III summarizes the findings of the Panel. Section IV presents an overview of Management’s Response. Section V presents local, national and global actions that Management has initiated or will take to address the impacts and implications of the Project. Section VI is a summary table of Management’s Action Plan. The Panel’s findings, along with Management’s responses, are described in detail in Annex 1. Annex 2 is a copy of the letter from President Museveni of Uganda to the President of the World Bank.

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<sup>2</sup> Bigodi is a town center along the Kamwenge to Fort Portal Road that is being upgraded under the Project.

<sup>3</sup> Original Financing (Credit No. 4679-UG) and Additional Financing (Credit No. 4949-UG).

## II. PROJECT BACKGROUND

7. ***The Project.*** The Project Development Objective of the ***Transport Sector Development Project*** is to improve the connectivity and efficiency of the transport sector through: (i) improved condition of the national road network; (ii) improved capacity for road safety management; and (iii) improved transport sector and national road management. In Uganda, road infrastructure is the dominant transport mode, accounting for ninety percent of passenger and freight traffic. The intended development benefits of the Project include: better and safer transport services; new and rehabilitated roads that improve links among many parts of Uganda and promote the movement of goods, services and people; improved access to markets in rural areas and basic services such as schools and hospitals; promotion of cross-border trade and revenue-generating tourism; and employment opportunities for local laborers.

8. An IDA credit for the Project, in the amount of US\$190.0 million, was approved by the Board of Executive Directors of the World Bank on December 10, 2009 and became effective on July 15, 2010. An Additional Financing, in the amount of US\$75.0 million, was approved on June 16, 2011. This Additional Financing, which provides financing to upgrade the existing Kamwenge–Fort Portal Road (66 km) from gravel to bitumen standard is the subject of the Request for Inspection. The Project’s closing date was January 31, 2016.

9. ***In December 2014, the Bank received a letter of complaint alleging severe adverse impacts from the Project, including the sexual misconduct of road workers.*** Following receipt of the complaint, the Bank fielded a number of missions to understand the basis of the allegations, but was slow to grasp the gravity of the situation because these mission teams were not equipped with the necessary specialized expertise. It was only with the deployment of specialized child protection experts starting in May 2015 and closer coordination with the civil society organization representing the Requesters that the Bank was able to obtain a clearer picture of the situation, and confirmed that there was credible evidence of Project road workers engaging in sexual misconduct with minor girls. The seriousness of the situation was compounded by continuing construction-related noncompliance related to resettlement, road and workplace safety, quarry operations, road access, drainage and other issues that the Bank had repeatedly flagged to UNRA but that had not been fully remedied.

10. ***The Bank first suspended the Project Credits in October 2015, and subsequently cancelled them in December 2015, due to the Borrower’s noncompliance with its obligations to carry out the Project in conformity with appropriate environmental and social standards and practices.*** This decision was taken after intensive consultations with the Uganda National Roads Authority (UNRA) and the Government of Uganda (GoU), and after UNRA’s decision to retain the Contractor despite the Contractor’s failure to fully address the numerous deficiencies set forth in a Notice to Correct. Despite the cancellation, the Bank is continuing to work actively with the GoU to address and supervise the outstanding issues, including resettlement, and support several remedial actions in the community and at the national level.

11. ***Road construction has continued after the cancellation of the Project.*** To date approximately 80 percent of the physical works have been completed. If the current rate of completion is sustained, the works are projected to be substantially completed by mid-January 2017.

### **III. FINDINGS AND OBSERVATIONS OF THE PANEL**

#### **1. Institutional Analysis and Capacity Assessment**

12. The Panel finds Management in non-compliance with OP/BP 4.01 on Environmental Assessment due to the lack of effective institutional strengthening measures for UNRA's weak capacity in carrying out key Environmental and Social functions. The Panel further finds Management in non-compliance with OMS 2.20 on Project Appraisal, for not having properly assessed the provisions for adequate cooperation between all entities involved in Project implementation.

13. The Panel notes adequate assessment of UNRA's environmental and social capacity was not conducted; consequently, Project technical assistance and capacity enhancement components focused primarily on procurement and did not properly address environmental and social risks of the Project. The Panel observes that greater attention paid to capacity concerns could have ensured correct implementation and supervision of social and environmental impacts, and appropriate reaction to early warning signals of problems.

14. The Panel also notes the weak Project governance, including tension and poor collaboration among UNRA, the Supervising Engineer *Gauff Ingenieure*, and the Contractor. The Bank did not coordinate roles and responsibilities of these parties to address Project problems.

#### **2. Community Consultations**

15. The Panel finds Management in non-compliance with OP/BP 4.01 on Environmental Assessment for not ensuring consultations with Project-affected communities in the updating of the environmental and social impact assessment despite the interval between the 2008 Environmental and Social Impact Assessment (ESIA) and its update in 2011. Furthermore, the Panel finds that Management did not ensure consultations throughout Project implementation until receipt of the Request for Inspection in December 2014, in non-compliance with OP/BP 4.01 on Environmental Assessment.

16. The Panel believes early and ongoing consultations with community members would have raised sufficient warning signals to address the problems raised in the Request.

#### **3. Construction Impacts on the Community, including Human Health and Safety**

17. The Panel finds Management did not ensure the design or implementation of appropriate mitigation measures to protect the community and workers against construction impacts, thus seriously jeopardizing human health, safety, and livelihoods, and this is therefore in non-compliance with OP/BP 4.01 on Environmental Assessment.

18. The Panel considers access points and road drainage inadequately constructed, causing significant impact on people's livelihoods. The Panel also notes electric lines relocated within the road reserve and over affected peoples' structures created substantial risk to people and their houses. The Panel further considers that, although the Environmental and Social Impact Statement (ESIS) identified potential harm to water sources and from operating quarries, no effective mitigation measures were established to minimize these, and many such threats continue unabated.

19. The Panel also notes the need to improve safety in accordance with OP/BP 4.01 on Environmental Assessment and the Bank's Environmental Health and Safety Guidelines.

20. The Panel believes that, although Bank missions identified inadequate road safety and occupational health and safety as important issues, Management failed to ensure implementation of suitable and effective safety measures.

#### **4. Project Supervision of Construction and Remedial Action**

21. The Panel finds that Project implementation continued despite the serious compliance failures and harm repeatedly identified in supervision reports, and in the absence of decisive action by Management. Consequently, the Panel finds Management in non-compliance with OP/BP 10.00 on Investment Project Financing.

22. Although Management was aware of Project shortcomings early on, specifically regarding construction impacts and health and safety, it did not act proactively enough to ensure good project implementation. The Panel further notes the Project proceeded without timely and appropriate corrective measures, with problems escalating until its cancellation.

#### **5. Identification of Project-Affected People, Vulnerability Assessment and Measures Targeting Vulnerable Groups**

23. The Panel finds Management relied on verification sampling rather than a full census to identify Project-affected people, despite the recognized weakness of the original census under the Resettlement Action Plan (RAP) commissioned by the African Development Bank. In addition, there was an interval of more than two years between the original census and the updated RAP. The Panel also finds the updated RAP contained an inadequate vulnerability assessment and did not properly identify necessary assistance programs targeting vulnerable groups. Consequently, the Panel finds Management did not ensure the preparation and implementation of an updated RAP compliant with OP/BP 4.12 on Involuntary Resettlement.

24. The poor quality of data, resulted from the absence of a complete and accurate census and socio-economic survey. Thus, the verification sampling and three revalidation exercises (while necessary) failed to capture the full impact of original road design, redesigns, and realignments. The Panel considers the inaccurate data the source of many Requester complaints about compensation.

#### **6. Adequacy of Compensation and Livelihoods Impacts**

25. The Panel finds road construction commenced and continued before Project-affected people were compensated. Furthermore, the Panel notes compensation amounts were frequently insufficient due to failure to assess the full impact of the road on land-take, and lack of livelihoods restoration assistance as set out in the 2011 RAP. The Panel finds this is not in compliance with OP/BP 4.12 on Involuntary Resettlement.

26. Despite numerous outstanding claims, road building outpaced compensation and land acquisition, thereby creating financial and material hardships and genuine stress among PAPs. Complaints and challenges, however, related mainly to insufficient compensation payments

arising from failure to identify all assets affected by road construction, rather than the valuing of specific items or areas of land.

27. Regarding livelihood restoration, there was apparently little awareness of compensation in the form of rehabilitation assistance and no one received such payments.

## **7. Bank Supervision of the RAP**

28. The Panel finds Management inadequately supervised Project resettlement implementation leading to different instances of harm to communities along the road. This did not permit the Project to address harm in a timely and appropriate manner, and therefore the Panel finds Management in non-compliance with OP/BP 4.12 on Involuntary Resettlement.

29. Bank supervision failed to ensure the Borrower complied with its obligation to report monthly on RAP implementation. Early detection of problems by the Bank would have permitted interventions to address known concerns and prevented compensation problems from escalating.

## **8. Grievance Redress Mechanism**

30. The Panel finds the lack of a formal Grievance Redress Mechanism (GRM) for the Project was not in compliance with OP/BP 4.12 on Involuntary Resettlement.

31. Bank Policy OP 4.12 on Involuntary Resettlement requires institutionalized mechanisms for the continued participation of affected persons and redress of their grievances. The RAP set out a procedure for establishing a GRM that included employing a RAP Implementation Consultant with field presence along the road in collaboration with a local nongovernmental organization (NGO) funded to monitor RAP effectiveness. This was not implemented.

## **9. Assessment of Risks and Impacts related to Gender-based Violence and Child Protection**

32. The Panel finds Management in non-compliance with OP/BP 4.01 on Environmental Assessment and OMS 2.20 on Project Appraisal for not properly assessing the risks and inadequately appraising human health and safety and social impacts of the Project related to gender-based violence and child protection.

33. The 2011 ESIS and appraisal documents lacked required analysis of risks to women and children caused by labor influx, in particular those risks related to sex with minors, teenage pregnancies, sexual harassment, child labor, and school dropouts. Management's approach failed to meet the standards of systematic or holistic assessment of risks which aims, among other objectives, to identify adequate risk management measures for affected communities.

## **10. Mitigation Measures for Impacts related to Gender-based Violence and Child Protection**

34. The Panel finds the lack of appropriate mitigation measures to address social impacts related to gender-based violence and child protection resulted in serious and long-term harm to the community, and this is in non-compliance with OP/BP 4.01 on Environmental Assessment.

35. The mitigation measures under the 2011 ESIS mainly focused on HIV/AIDS prevention and were inadequate to respond to the multidimensional problem of gender-based violence and child protection.

#### **11. Project Supervision of Mitigation Measures related to Gender- based Violence and Child Protection**

36. The Panel finds Management failure to detect the serious harm suffered by women and children of the community during supervision of Project implementation, or to propose measures for redressing such harm, in non-compliance with OP/BP 10.00 on Project Investment Financing.

37. The Bank undertook several supervision missions. However, the Panel finds the composition of these supervision teams lacked the requisite expertise to address issues related to gender-based violence and child protection. Effective supervision (including adequate understanding of the community) could have resulted in earlier detection of some problems caused by the Project.

#### **12. Management's Actions in Response to Complaint**

38. The Panel finds Management's overall supervision of the Project, including its actions in response to the Request received in December 2014, in non-compliance with Bank Policy on Investment Project Financing OP/BP 10.00.

#### IV. OVERVIEW OF MANAGEMENT'S RESPONSE

39. ***Management agrees with the Panel's assessment that there were serious weaknesses in the preparation, implementation and supervision of the Project.*** Project preparation and supervision failed to identify and plan for the full range of social impacts that a project of this size and scope could have in a poor, rural area with many pre-existing vulnerabilities. Insufficient community consultation before and during implementation, as well as a failure to assign preparation teams with the required experience and skills, made the Bank slow to grasp the depth and scale of negative impacts when they were occurring and slow to act decisively through supervision and the exercise of remedies. The Panel's findings raise questions not only about how the Project was designed, implemented and supervised, but also how the Bank can step up its response to similar challenges in other projects around the world.

40. ***Management regrets that the Project has contributed to the occurrence of child sexual exploitation, a widespread and deeply-rooted problem in Uganda.*** Management has repeatedly urged the GoU to ensure that law enforcement agencies investigate and prosecute these offenses, ensure legal redress for the victims of abuse, and increase efforts to prevent new cases. As described below, there have been positive steps in law enforcement efforts over the last year, with instances of perpetrators being held to account. Strong interventions from the highest levels of the GoU, including from President Museveni and the Inspector General of Police, have bolstered this proactivity. Similarly, government efforts have helped dissipate earlier concerns about the risk of retaliation against victims of abuse and their families. However, continued vigilance is required on both fronts.

41. ***Since the first Management Response, Management has moved forward on its commitment to work with the Ugandan authorities on remediation for child victims of abuse.*** As a result, steps are being taken to support the affected girls and their families. Through the "Emergency Child Protection Response" (ECPR) program – initiated in December 2015 by relevant government agencies, civil society organizations and the Bank – victims of abuse are receiving support tailored to their individual needs and circumstances, which may include psychosocial counseling for themselves and their families, support for reintegration into school and other training programs, support for pre- and post-natal care, and a monthly stipend to help meet basic needs. As described in Action Area 1, below, eligibility for inclusion in the ECPR does not distinguish between cases linked to road workers and cases attributed to other perpetrators not associated with the Project – consequently, 29 girl victims of sexual abuse, of whom twelve appear to have been abused by road workers, are currently receiving support through the ECPR or are in various stages of evaluation for inclusion in the program. Management has also mobilized US\$1 million through the Bank's Rapid Social Response (RSR) Trust Fund to support national efforts to strengthen child protection. The RSR project will pilot ECPR-type support in selected districts, including sustaining the support already underway in the Project area.

42. ***The Panel's findings confirm many of the issues that led to the Bank's decision in late 2015 to first suspend and then cancel the Project, as well as to suspend financing for the civil works components of two other projects (Albertine Regional Sustainable Development Project, ARSDP; and North Eastern Road-Corridor Asset Management, NERAMP) managed by***

**UNRA.**<sup>4</sup> Management acknowledges that the Bank's supervision of the Project was deficient in that it inadequately addressed institutional weaknesses within UNRA, the Supervising Engineer's inability to fulfill its role, or instances of non-compliance with Bank policy related to land acquisition, road and workplace safety and other matters. As noted in Management's Response to the Request, problems in Project implementation and Contractor performance were repeatedly flagged to UNRA and the GoU, leading in several instances to partial suspensions by UNRA of the contract. However, these suspensions and other steps taken by UNRA did not result in full compliance with the Bank's policies and other contractual obligations. In hindsight, Management acknowledges that the Bank should have considered and applied its remedies earlier and with more vigor.

43. ***Management has worked with UNRA over the past year with a view to ensuring that adverse impacts stemming from the Project are effectively addressed and can be prevented going forward.*** UNRA has made progress in strengthening its capacity. More, however, needs to be done. Incomplete progress has been achieved to date in resolving outstanding implementation problems. Management recognizes that further assistance is required, together with additional management and oversight mechanisms to ensure delivery. The Bank has consequently intensified its follow-up with UNRA, the Supervising Engineer and the GoU on outstanding problems, despite the cancellation of the Project and UNRA's decision to retain the Contractor. This follow-up has led to some improvements on the ground, notably in work site and road safety, as well as conditions for workers, and has resulted in assignment of a new project manager and two dedicated community liaison officers. In some other areas, however, UNRA's efforts to address adverse Project impacts continue to lag and the Contractor's noncompliance persists.

44. ***Going forward, as described below, Management has agreed with the GoU that the Bank will put in place mechanisms to independently supervise and verify the satisfactory execution of all remedial actions.*** In the event of continued failure by the Contractor to address key deficiencies in performance, Management will require that the necessary remedial actions be carried out directly by UNRA, or through a third-party contractor where needed.

45. ***The civil works components of all Bank-supported projects implemented by UNRA will remain suspended until the Bank's reappraisal of the situation concludes that the instances of harm and noncompliance are addressed and the institutional weaknesses that led to the situation in the Project are rectified.*** The Bank has also decided to withhold any new lending to Uganda, effective August 22, 2016, while actively working with the Ugandan authorities to address the outstanding performance issues in the portfolio, including delays in project effectiveness, weaknesses in safeguards monitoring and enforcement, and low disbursement.

46. ***Management has sought and obtained firm commitments from the highest levels of the Government to address serious issues arising from the TSDP and other projects in the Uganda portfolio.*** In this regard, Management appreciates President Museveni's letter of September 13 (see Annex 2) to President Kim in which he reaffirms his Government's commitment to deal with

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<sup>4</sup> ARSDP and NERAMP Credits were suspended due to a failure by the GoU and UNRA to implement the projects in accordance with appropriate environmental and social standards and practices. These credits will remain suspended until the Bank receives satisfactory evidence that the GoU and UNRA have adequate capacity to carry out Bank-financed projects in conformity with said environmental and social standards and practices.

*“issues which have hitherto continued to impede the performance of the Ugandan portfolio, including...lack of firm ownership and pro-activeness from the Ministries, Departments and Agencies (MDAs) charged with delivering the Projects and weak monitoring...I want to reaffirm the commitment of my Government to ensure that social and environment safeguard policies are adhered to in undertaking infrastructure projects. I share your concerns that large infrastructure contracts across the board come with high social and environmental risks during implementation. In that regard, I have instructed all the implementing agencies of such projects to take care of these social and environmental concerns including Gender Based Violence (GBV) and child protection by providing funding in the projects to engage early with the project affected persons...I have also instructed the leadership of the Uganda Police to thoroughly investigate the cases of GBV...and ensure that the perpetrators are brought to book.”<sup>5</sup>*

47. Specific commitments have also been obtained from the GoU to collaborate with the Bank on the implementation of the relevant actions described in the following section and summarized in Management’s Action Plan in Part VI of this Report. ***Management would like to emphasize that successful implementation of these actions will fundamentally depend on the sustained commitment and collaboration of the GoU.*** Management acting alone will not be able to achieve the intended outcomes of these actions.

48. ***The issues arising in the Project, along with internal reviews undertaken by Management, have clearly demonstrated that more attention is needed in project preparation and supervision to understand the risks of GBV in infrastructure operations and to put in place strong provisions to address those risks.*** The President of the World Bank has appointed a Global Task Force on Gender-Based Violence, comprising eminent experts on GBV and Bank specialists. Building on existing Bank efforts to tackle violence against women and girls, the Task Force will focus on strengthening capacity in Bank-supported projects to (i) identify threats and apply lessons; (ii) conduct more robust gender assessments; and (iii) improve approaches to raising awareness about, and taking action to prevent, GBV. New guidance and training for Bank staff is being developed, focusing specifically on how to manage risks associated with labor influx in large infrastructure projects, and will be rolled out in FY17. The Bank is also cooperating with other international financial institutions and bilaterals that face similar risks in their project portfolios to exchange experience and learn from best practice.

49. ***Management strongly believes that the Bank and its Borrowers must strengthen the tools they use to address the impacts of labor influx, including increased risks of GBV.*** The TSDP exacerbated a complex social problem that was and is endemic in the project communities. In Management’s view, with better planning, with more robust safeguard instruments and contractual provisions, and with more sustained consultation and diligent supervision, the deleterious effects of the Project could have been reduced. However, it is important to be realistic about what project-level actions alone can accomplish in dealing with the types of social issues that arose under the Project. No project-level mitigation measures, however well-conceived and well-implemented, can fully eliminate the risk of criminal behavior by individuals who may be affiliated with a project, nor fully insulate a vulnerable community from such behavior. Hence the urgent need, as

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<sup>5</sup> A full copy of President Museveni’s letter is included in Annex 2.

stressed throughout this Report and reflected in Management's Action Plan, to look beyond project-level actions alone to find ways to attack the problem holistically and at its roots.

## V. ADDRESSING THE IMPACTS AND IMPLICATIONS OF TSDP: LOCAL, NATIONAL AND GLOBAL RESPONSES

50. *The issues arising under the Project require action at multiple levels.* As both Management and the Panel have reported, the Project caused or contributed to a number of adverse community impacts along the Kamwenge-Fort Portal Road, some of which are extremely grave. At the same time, the Project has exposed systemic weaknesses, both within Uganda and within the Bank, requiring remedial steps that go well beyond the specific Project context. Addressing the impacts and implications of the Project, therefore, demands attention to two sets of objectives:

- *First, continued and strengthened action is needed to address local Project impacts.* Of particular concern are the continuing consequences for the girls who have been the victims of sexual abuse and other children who remain at risk in the community. As a result of these events, individual lives have been damaged, families have been disrupted and community institutions have been subject to strain. In addition, as reported in the Management Response and discussed in depth by the Panel, resettlement and the payment of compensation continue to encounter delays and generate disputes. A number of other construction deficiencies have affected – and continue to affect – local residents, ranging from road and workplace safety to drainage, drinking water protection, road access and other matters.
- *Second, concerted action is needed to reduce the probability that similar impacts will arise elsewhere.* Both the GoU and the Bank need to develop more robust approaches to dealing with the types of environmental and social issues that arose in this Project. Institutional weaknesses within implementing agencies such as UNRA need to be addressed, and management of safeguards throughout the Uganda portfolio by both the Bank and the Government needs improvement. GBV, in particular, is a deep-set endemic problem, not unique to the Project setting. Attacking it effectively in the Ugandan context will require a systemic and sustained Government-led approach. Globally, the Bank needs to develop and deploy more effective tools for addressing GBV, as well as other social impacts stemming from the influx of workers in large infrastructure projects. Both the Bank and its borrowers need stronger tools and enhanced capacity to manage complex contracts and ensure better performance by contractors.

51. *Over the last year, the Bank has engaged with the GoU, local communities and civil society organizations, and has undertaken critical assessments of its own practices and processes, to address this range of issues.* The following sections report on what has been accomplished so far, as well as how Management intends to scale up its efforts, taking into account the findings of the Inspection Panel.

### A. Addressing Local Impacts

52. *Efforts to address impacts along the Kamwenge-Fort Portal Road have focused on four action areas:* (i) assisting victims of abuse and strengthening child protection in Project communities; (ii) completing the resettlement process and the payment of compensation; (iii) resolving construction-related defects and contract non-compliance; and (iv) strengthening community engagement mechanisms.

53. ***As reported below, some progress is evident on each of these issues. At the same time, Management acknowledges that progress has not yet reached satisfactory levels, and has been constrained by a number of factors.*** Despite Management's strong advice to the contrary, UNRA has continued to keep in place a Contractor that, in Management's view, has not implemented the works in a manner that meets the Bank's standards. Although UNRA has achieved some improvement in building its own capacity and in managing the contract, its ability to ensure that the Contractor is in full compliance still needs further strengthening.

54. ***Given the current state of progress, Management believes that a more aggressive set of actions at the Project level is required going forward.*** As described in Action Areas 1 to 4, below, Management has agreed with the GoU and UNRA that:

- The Bank and the GoU will continue to provide and strengthen support to Project communities through the ECPR program and through the Rapid Social Response Trust Fund;
- The Bank will hire qualified independent experts to assist UNRA in the completion and auditing of resettlement and compensation;
- The Bank will procure one or more independent technical advisors to assist in defining remedial actions for road construction deficiencies, underpayment of compensation for accident victims, and wage and working condition issues;
- In the event required remedial actions have not been taken by the Contractor by a specified date, UNRA will complete the actions (using third party contractors as needed), and deduct the cost from payments due to the Contractor;
- The Bank will continue to require satisfactory completion of all remedial measures as a pre-condition both for the reappraisal of UNRA and for any future decision on lifting the suspensions of the civil works components of ARSDP and NERAMP.

55. ***Management reiterates that successful implementation of these actions will depend on the sustained commitment and collaboration of the GoU.*** Management acting alone will not be able to achieve the intended outcomes of these actions.

#### **Action Area 1: Assisting victims of abuse and strengthening child protection in Project communities**

56. ***In the first Management Response, Management reported that by November 2015, there was credible evidence of at least three cases of sexual misconduct by road workers with minor girls, one of which resulted in pregnancy.*** By September 2016, as a result of continued engagement between Bank child protection experts, NGOs and the community, together with intensified investigation by the police, there were 29 reported cases of child sexual abuse. Of these, 12 have been attributed to road workers while 17 additional recent cases are attributed to other perpetrators who are not associated with the Project. Management notes that its effort to identify cases attributable to road workers was important for better understanding to what extent the Project had contributed to the social impacts described in the Request for Inspection. However, in Management's view, effective support to the community in dealing with the problem of defilement cannot be circumscribed by questions of attribution. Accordingly, as described below, the Bank is

committed to providing support at the community level to any girls who have been defiled either by workers employed by the Contractor or by other perpetrators, and has focused its activities not only on supporting individual victims of abuse, but on addressing underlying factors contributing to this endemic problem.

57. ***The Bank is currently funding the ECPR facility, through which it is supporting the efforts of the GoU and civil society organizations to assist victims of abuse in Kamwenge and Kabarole Districts, regardless of whether their cases involved road workers, and to strengthen community-level efforts to prevent child sexual abuse.*** The ECPR has three components: (i) remedial actions to support victims of sexual abuse; (ii) measures to prevent further abuse of minors; and (iii) measures designed to strengthen institutions providing child protection.

58. ***Under the ECPR, ten victims of child sexual abuse have been receiving direct support to date.*** Case files have been opened for an additional 19 victims of abuse, 12 of whom have recently started receiving support services, while an assessment of the respective needs of the remaining seven is currently being carried out. As noted above, eligibility for inclusion in the ECPR does not discriminate between cases associated with road workers and other perpetrators. The specific support provided under ECPR is tailored to the individual needs and circumstances of the victim and may include: (i) psychosocial support, including counseling and guidance, delivered through a partnership between Transcultural Psychosocial Organization (TPO) and BRAC Uganda;<sup>6</sup> this has also included reaching out to additional girls in the community, aged 16-28, who are experiencing depression and post-traumatic stress disorder (PTSD); (ii) medical support, including pre- and post-natal care; (iii) reintegration into formal schooling for several of the victims of abuse; (iv) livelihood support, in the form of a monthly stipend to take care of basic needs; and (v) vocational training, under which to date seven girls are being equipped with skills and assisted in identifying a trade. Caregivers are also being assisted through income-generating activities that will allow them to better support victims of abuse.

59. ***ECPR has, in addition, engaged on multiple fronts to strengthen community capacity to prevent and address child sexual abuse.*** It has supported (i) community resilience by convening 14 community dialogue sessions involving about 1,000 community members and hosting holiday camps that have reached more than 1,000 youth; (ii) engagement with over 100 road workers through focus group discussions on HIV/AIDS and child protection laws, facilitated by the police and the district labor officer; and (iii) training of local government child protection institutions. Through its Empowerment and Livelihoods for Adolescent Girls (ELA) Program, BRAC has attempted under the ECPR to focus attention on the underlying risks/drivers of GBV, including extreme poverty, negative social norms and values, the low status of women and girls, and parenting habits, among others. The ELA program supports the economic and social empowerment of adolescent girls by providing them with peer support and training on life skills, livelihoods and financial literacy. The program also provides access to savings and credit facilities.<sup>7</sup> Thus far, through BRAC's ELA program, the ECPR is serving 187 girls through 10 ELA clubs, with plans to expand this number to 700 girls by February 2017. Activities focus on building community

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<sup>6</sup> BRAC Uganda is the Ugandan branch of the renowned international CSO, BRAC: Building Resources Across Communities, founded in 1972 by Sir Fazlê Hasan Abed.

<sup>7</sup> An impact evaluation of the ELA program found that: (i) participating girls were 44 percent less likely to have sexual relations against their will; (ii) teenage pregnancy rates were lowered; and (iii) savings also increased among girls in the intervention communities.

capacity to protect girls, through close engagement, open dialogue and skill-building for girls and their families/communities.

60. ***Going forward, the Bank and GoU have agreed that the support provided under the ECPR will be sustained and strengthened.*** Management has agreed with the GoU that the ongoing ECPR-supported activities in Project-affected communities will be continued for at least two more years. Initially, this will be supported by the extension of BRAC's contract to March 30, 2017. By January 2017, it is expected that ECPR activities will be nested within the context of broader national efforts to address GBV through the RSR Trust Fund (See paragraphs 81-82). Building on the approach already taken under the ECPR, the RSR activities will strengthen the livelihood component of BRAC's ELA and include boys in peer support programs. Further, the RSR will pilot a referral mechanism within existing social protection programs to: (i) identify and target beneficiaries who need support services more broadly in the community; (ii) incentivize households to keep girls in school through conditional cash transfers; and (iii) connect beneficiaries to interventions that help to prevent and mitigate school-based violence. Management notes that continued successful implementation of the ECPR will depend on strong community and local government support, including a willingness to address any potential competing interests that may arise in the provision of support to victims of abuse, continual tailoring of services to the specific needs and priorities of individual victims of abuse, and the sustained and active involvement of local district authorities responsible for child protection.

61. ***ECPR efforts need to be complemented by better law enforcement in the Project area.*** Management observes that the highest levels of the GoU have publicly instructed local police to handle child protection cases as a matter of urgency. The Bank has seen evidence of a more robust law enforcement response in recent months.<sup>8</sup> To date, 45 cases have been reported to the police by the Kamwenge probation officer since January 2016. The police have followed up on 32 of these cases,<sup>9</sup> and so far, 7 suspects have been taken to court, 4 convictions have been secured, 2 cases are pending plea and 1 case is pending committal. Bank experts have received feedback from community members that they perceive an improvement in the behavior of road workers as well as an overall reduction in abuse cases as a result of the deterrent effect of increased arrests and convictions. Management is encouraged by the proactivity demonstrated by law enforcement authorities and considers it an essential contribution to addressing this endemic social issue. At the same time, the Bank and the GoU have agreed that the positive nature of law enforcement's role will depend significantly on whether the community perceives it as fair and appropriately targeted. It will be important to maintain scrupulous standards of due process and even-handedness in investigating and prosecuting cases, or community cooperation – which is essential – may be undermined. ***Going forward, the Bank will continue to request regular updates from the GoU on steps that it is taking to ensure that cases of GBV are investigated promptly and appropriately addressed by law enforcement authorities.***

62. ***Effective law enforcement requires that victims of abuse be able to come forward without fear of reprisal.*** Since shortly after the first complaint letter was received in December 2014,

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<sup>8</sup> The police, in collaboration with a human rights NGO, HURINET, conducted a training workshop for police officers for Rwenzori and Western regions on September, 3-5, 2016. In collaboration with UNICEF, the police also carried out a training workshop on management of defilement cases for probation officers, health workers, police officers and NGOs in Kamwenge district on September 10-11, 2016.

<sup>9</sup> Thirteen cases have so far not been pursued due to insufficient information.

Management has repeatedly expressed its concern about the potential risk of retaliation against the Requesters, the victims of abuse and their families or others who may raise or contemplate raising a complaint. A number of steps have been taken to reduce the risk of retaliation. At the national level, the Permanent Secretary of the Ministry of Finance, Planning and Economic Development (MoFPED) issued a statement on the importance of anti-retaliation that has been disseminated in the national press. UNRA has also taken a number of steps to reinforce this message. The Executive Director of UNRA has participated in radio talk shows and community meetings in Kamwenge and Fort Portal where she encouraged community members to speak up openly about child sexual abuse or about any other problems they face, without the fear of retaliation. A statement on anti-retaliation has been included in the new draft of UNRA's Environmental and Social Management Policy, and UNRA issued a public anti-retaliation statement that was published in the Daily Monitor on June 2, 2016. At the district level, UNRA has deployed two community liaison officers to the Project area to encourage communities to raise concerns freely as well as assist with channeling of these concerns to the appropriate units within UNRA and other responsible agencies. Radio talk shows have provided clear and strong messages on anti-retaliation, and public service messages have been broadcast about the child helpline number 116 and an UNRA hotline.

63. ***Management notes that the Panel detected an overall improvement with respect to the fear of retaliation, but agrees with the Panel that continued vigilance is required.*** The Panel reported that during its visit “there was more openness and willingness to speak about issues that were formerly considered too damaging or discomfoting to air publicly.” The Panel stated that it was comforted by the steps that both the Government and the Bank had taken to spread the anti-retaliation message. At the same time, the Panel noted – and Management agrees – that “it is prudent to remain cautious and vigilant, even though as of the drafting of this report the risk of retaliation seems to have decreased.” Going forward, the Bank will continue to work with the GoU to help ensure that the anti-retaliation campaign is sustained at all levels.

## **Action Area 2: Completing resettlement and payment of compensation**

64. ***In the first Management Response, Management reported on delays and other deficiencies in the implementation of the RAP and completion of compensation along the Kamwenge-Fort Portal Road.*** Management also emphasized that notwithstanding the suspension of the Project and the likelihood that it would lead to cancellation (which occurred on December 22, 2015), the Borrower remained obliged under the Financing Agreement to complete resettlement and payment of compensation in accordance with the RAP. Management committed to ensuring that UNRA completed timely payment of compensation for land acquisition. Since cancellation of the Project, the Bank has continued to supervise UNRA's efforts to complete compensation, and has provided technical assistance to help build UNRA's capacity to manage land acquisition.

65. ***However, Management concurs with the Panel that there continue to be significant delays in the completion of resettlement.*** Target dates announced by UNRA for completing land acquisition and compensation have been missed on several occasions. At the time of the first Management Response, UNRA indicated that it expected to complete land acquisition and compensation by the end of December 2015. However, Management noted in its Response that the target was unlikely to be met, and this was in fact the case. Agreement was subsequently

reached with UNRA that the compensation process would be completed by June 2016. As of September 2016, however, out of a revised total of 2,844 Project-affected persons, 574 are still awaiting validation and payment.

66. ***In Management's view, continued difficulties in completing the resettlement process are due in large part to weak capacity of relevant government agencies.*** Some delays are the result of incomplete documentation and disputes between claimants that are to some extent beyond UNRA's control. Overall, however, weak progress over the last nine months has confirmed that UNRA's ability to identify and resolve remaining issues in a manner that is credible and that responds to the concerns of affected community members is constrained by capacity weaknesses and the paucity of qualified field staff. Given these weaknesses, Management is proposing to provide the services of qualified experts to assist UNRA in completing the process, as described in paragraph 68, below.

67. ***Management also takes note of the Panel's findings that in addition to delays, the resettlement process has been deficient because it has failed to take into account livelihood impacts and the need to identify and address the special needs of vulnerable persons.*** Measures to address both livelihood impacts (loss of business income) and impacts on vulnerable people were included in the RAP but have not been provided to Project-affected people to date. The entitlement matrix notes that loss of business income due to relocation to a spot that is not adjacent to the location of the business before land acquisition should be compensated through the provision of a transition allowance and a shifting allowance (i.e., an allowance to assist with the costs of moving). However, according to the information provided by UNRA, neither of those allowances has been provided. Similarly, although Annex 3 of the RAP describes measures to assist vulnerable groups, mostly in the form of additional support to help them prepare documents necessary to claim compensation, and, in a few cases, provision of replacement land or housing instead of cash compensation, there is no record of such assistance having been provided. Management acknowledges that further attention to these issues is needed to determine whether additional assistance for some categories of affected people may be required for resettlement to be completed in compliance with Bank policy.

68. ***In light of the need to bring resettlement to closure and to ensure full coverage of all eligible impacts, Management has agreed with the GoU that the Bank will fund independent experts to work directly with UNRA to help expedite completion of the resettlement process.*** Given the urgent need to complete resettlement within a short time, and given UNRA's continued capacity constraints, the Bank will step in to fund and supervise qualified RAP consultants. These experts will provide technical assistance to help UNRA to: (i) determine the reasons for the continued delays in payment of compensation and to put in place effective measures for dealing with them as necessary; (ii) ensure that all outstanding and new claims are appropriately addressed; (iii) determine whether there were impacts that have not previously been taken into account (for example, livelihoods/loss of business income and impacts on vulnerable groups) for which compensation or assistance may be required; (iv) ensure continuing consultation with Project-affected people and effective processing of resettlement-related grievances; and (v) monitor implementation and provide fortnightly progress reports. Once this expertise has been mobilized, Management believes that it is realistic to expect completion of compensation within the Project area by early 2017.

69. ***Finally, to confirm satisfactory completion of the resettlement process, the Bank will hire a separate expert to conduct an independent RAP audit.***

### **Action Area 3: Addressing construction impacts and Contractor non-compliance**

70. ***As detailed in the Management Response to the Request for Inspection, throughout the implementation of the Project, there were numerous deficiencies in the performance of the Contractor, China Railways Seventh Group (CRSG), resulting in sometimes serious environmental and social consequences.*** Moreover, UNRA was not effective in compelling the Contractor to comply with its contractual obligations. As of November 30, 2015, the Supervising Engineer reported that 35 out of 36 items in the October 2015 Notice to Correct had not yet been remedied by the Contractor. At that time, Management strongly recommended to take appropriate action against the Contractor, including termination of the contract in accordance with its terms, but UNRA did not agree. In the intervening months, CRSG has continued road construction. As of now, road construction is estimated to be 80 percent complete.

71. ***In its Investigation Report, the Panel drew detailed attention to the construction-related problems noted in the first Management Response.*** The Panel's Report described significant problems related to:

- Insufficient installation of access points along the road, resulting in hardships to businesses and households;
- Poor construction of drainage, leading in some cases to water damage to houses;
- Damage to several drinking water sources from runoff and poor disposal of construction debris;
- Irresponsible quarry operation, resulting in blasting damage to houses;
- Workplace and road-related accidents, resulting in injuries and seven deaths, for a number of which the compensation paid so far appears to be insufficient;
- Incomplete installation of road safety devices;
- Absence of worker accommodation;
- Poor contracting methods for road workers; and
- Improper location of electrical transmission lines.

72. ***Management notes that in the months since the Panel's visit to the Project area, some progress has been made on resolving a number of these issues.*** There are indications that a more proactive approach to contract management and supervision by UNRA has had positive results. Details on the current status of each issue are presented in Annex 1. According to the latest report from the Supervising Engineer, as of September 20, 2016, the Contractor had achieved compliance with 27 items on the Notice to Correct, with 7 items partially compliant and 2 items non-compliant.<sup>10</sup> As noted in paragraph 88 below, conditions for reappraisal of UNRA and for

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<sup>10</sup> Partially compliant items include work permits for foreign personnel; blasting operations at the quarries; compensation and grievance redress; temporary barriers; personal protective equipment, management of used oil;

considering the lifting of the suspension of civil works components under the ARSDP and NERAMP credits are that the contract for this Project be brought into compliance and that outstanding deficiencies related to construction be remedied.

73. ***Despite the progress that has been reported, Management considers that more aggressive measures are needed to bring these matters to closure.*** Towards this end, Management and the GoU have agreed as follows:

- The Bank will provide the services of an independent technical advisor to verify what actions are still required within each of the above problem areas, to evaluate the quality and completeness of the corrective measures, and to seek feedback from the community that the problems have been rectified. This will include working with and validating the findings of a small commission that UNRA is convening to look specifically into issues related to the level of compensation paid to accident victims and their families.
- The GoU has committed to the Bank that in the event an identified problem has not been rectified by the Contractor by March 1, 2017, UNRA will itself undertake the corrective actions (through a third party contractor if needed) and deduct the costs of those actions from the Contractor's payment.

#### **Action Area 4: Strengthening community engagement**

74. ***Management considers that improved community engagement will be an essential part of successfully implementing all the above actions, and of mitigating future impacts of the road construction.*** In its Response to the Request, Management acknowledged that there was weak community engagement after the preparation phase of the Project. A central theme of the Requesters' complaint, cutting across all issues – from resettlement to road safety to the sexual misconduct of road workers – is that it has been difficult for community members to have their grievances heard, and that it is often unclear to whom such grievances should be brought. Recent Bank missions, including a diagnostic visit by a Bank community engagement expert, confirm that Project grievance redress committees and other mechanisms for community input operate only sporadically, are poorly resourced and insufficiently present along the full length of the road to be effective.

75. ***In response to these concerns, a number of improvements have been put in place.*** For the Project area, UNRA has (i) activated a call center and set up a hot line; (ii) distributed and displayed posters with hotline numbers at prominent places in road communities; and (iii) recruited two community liaison officers (and is in the process of recruiting more) who are sensitizing grievance redress committees and conducting house visits in affected communities along the Kamwenge-Fort Portal Road.

76. ***For the remainder of the construction of the Kamwenge-Fort Portal Road, Bank social specialists will continue to work with UNRA to ensure that a functional complaints mechanism, including hotline, is available and accessible for the affected communities.*** The Bank will also support UNRA to develop an accessible and effective, UNRA-wide GRM. This will include the

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and the submission of the environmental audit report. Non-compliant items concern workplace accidents and sanitation facilities.

development of a grievance redress process manual that documents the hierarchy of reporting levels and defines the roles and responsibilities for each level. For the roll-out of this GRM, the Bank will (i) provide training and orientation for UNRA field based staff; (ii) conduct workshops for relevant local officials and communities to establish/re-activate local grievance redress committees; (iii) distribute standardized tools to record, report and manage grievances; and (iv) provide technical support to UNRA in establishing contact centers with full-time community liaison officers in communities along Project roads. In addition, through the RSR Trust Fund, the Bank will focus specifically on strengthening grievance mechanisms to address social risks, including sexual and gender-based violence.

## **B. Strengthening National Responses**

77. ***Management notes that the GoU acknowledges the severity of GBV nationally, and the risks it poses for the country's development.*** In September 2016, the Cabinet formally adopted a National Policy and Action Plan on the Elimination of Gender-Based Violence. On September 13, 2016, President Museveni informed the Bank of his intention to pursue a national campaign to reduce violence against women and girls. The Ministry of Gender, Labor and Social Development (MGLSD) is in the process of preparing a child protection strategy to operationalize the existing child protection policy and the recently amended Children's Act. In addition, a Framework for Adolescent Girls is being developed, focusing on GBV, among other issues. The MGLSD is developing guidelines to strengthen the focus on social issues including child protection in development projects, and working with the National Environment Management Authority (NEMA) to strengthen attention to social issues in the ESIA process.

78. ***More generally, the GoU has confirmed to Management that it recognizes the urgent need to improve capacity and increase efforts for the effective implementation of environmental and social safeguards.*** In his letter of September 13, 2016 to President Kim (see Annex 2), President Museveni noted the “negative impacts arising from inadequate safeguards management” in the case of the Kamwenge-Fort Portal Road. He committed his Government “to ensure that social and environment safeguard policies are adhered to in undertaking infrastructure development projects” and to build the safeguard management capacity of UNRA in particular. He issued “strict directives” to implementing agencies to keep contractors accountable for their contractual obligations.

79. ***To support these national endeavors, the Bank is engaged in the following ways, as described below under Action Areas 5 and 6:*** (i) providing support to national child protection and anti-GBV initiatives through technical assistance and mobilization of trust fund resources; and (ii) working with UNRA to strengthen its institutional capacity and processes so that it can manage the environmental, social and other aspects of projects effectively.

### **Action Area 5: Support for national initiatives for child protection and prevention of GBV**

80. ***To inform ongoing discussions on how to address GBV comprehensively at the national level, especially in the context of infrastructure projects, both the Bank and the GoU have recognized the need for deeper understanding of the problem and its implications for development.*** Towards this end, the Bank is collaborating with the Office of the Prime Minister,

MoFPED, MGLSD and other stakeholders to undertake a national GBV diagnostic. Stakeholders including government, civil society organizations and development partners consulted on this diagnostic in early August 2016. A dedicated briefing for MoFPED staff on the findings and implications of the GBV diagnostic took place in mid-September 2016. The diagnostic is currently being finalized and a national dissemination workshop is planned for late November/early December 2016. The diagnostic confirmed that Uganda has a solid institutional and policy framework and range of initiatives to address GBV. However, implementation has been weak and the prevalence of GBV and violence against children remains high nationwide, with significant gaps in access to support services and prevention programs. The diagnostic provides a strong analytical and empirical basis for integrating GBV components into sectoral programs and for developing a basic model that could be expanded and applied to areas and populations most at risk.

81. ***Management has secured approval from the RSR Trust Fund for a grant to support enhancement of the national social protection system for child victims of abuse and populations at risk of sexual and gender-based violence.*** This grant is intended as a bridging intervention for a more comprehensive and longer-term national response.

82. ***The RSR Trust Fund grant will be effective by January 2017.*** It will provide support through a three-pronged approach including: (i) technical assistance for the national social protection system to reach child victims of abuse and those at risk of GBV; (ii) developing grievance redress mechanisms to improve outreach to child victims of abuse and populations at risk of GBV; and (iii) enhancing the capacity and coordination of a national social protection system to protect child victims of abuse of GBV. In addition, it will pilot support to selected districts across the country, including the districts along the Kamwenge-Fort Portal Road, where (as noted above in paragraph 60) it will support the continuation and expansion of ongoing work under the ECPR.

83. ***The Bank is also discussing with the GoU the possibility of Bank provision of technical assistance to support the President's announced campaign against GBV, as well as implementation of the new National Policy on the Elimination of Gender-Based Violence.*** While more information about these national initiatives is required to develop a targeted intervention that could be supported by the Bank, it is anticipated that such technical assistance could focus on the following types of inputs, building on the GBV diagnostic described above:

- “Service-gap analysis” (i.e., assessing gaps between existing standards for service provision to GBV victims of abuse and actual service availability and quality at district level);
- Costing of a scalable approach to the provision of GBV response and prevention services; and
- Identifying optimal institutional modalities for the delivery of such services.

84. ***As noted in the Inspection Panel's Report, the Bank was engaged earlier this year in discussions with the GoU about a possible request for an IDA-supported comprehensive program to address GBV. The Government subsequently informed the Bank that it will not request this support.*** At present, therefore, the extent of funding that the Government can and will

commit to national anti-GBV initiatives remains unclear, and is a matter of concern to Management.

85. ***Management and the GoU have agreed as an immediate step that one or more ongoing Bank-financed projects will be restructured to include measures for addressing social risks, including GBV and child protection efforts.*** The first project to be restructured will be the Uganda Electricity Sector Development Project, which will now include a component on social engagement in order to ensure meaningful communication with communities before contractors initiate work.<sup>11</sup> ***While this approach is not a substitute for a comprehensive well-resourced national program, it will enable funds to be made available quickly to project-level efforts that can complement national initiatives.***<sup>12</sup>

#### **Action Area 6: Re-evaluating UNRA's implementation and supervision capacity**

86. ***Management acknowledges that, despite some improvement, UNRA's capacity to implement projects remains weak, particularly with respect to the management of environmental and social risks and impacts.*** During implementation of the Project, these weaknesses were also exacerbated by the high turnover of UNRA staff.

87. ***As a result, Management has suspended any civil works in the Uganda transport portfolio managed by UNRA, pending a review of UNRA's implementation and supervision strategies.*** The funding of the civil works components of two projects (ARSDP and NERAMP)<sup>13</sup> was accordingly suspended, until such time as evidence satisfactory to the Bank is provided that the GoU and UNRA have adequate capacity to adhere to required standards and practices.

88. ***Management and the GoU have agreed upon conditions for the Bank's reappraisal of UNRA's capacity to implement Bank-financed projects.*** The conditions require actions on three fronts: (i) supporting the evolution of UNRA into a commercially run organization based on a structure and reorganization plan approved by its Board; (ii) strengthening the capacity of UNRA to fulfill its mandate (in terms of project management, social, environmental, land acquisition, financial management and procurement); and (iii) illustrating that UNRA has acquired the capacity

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<sup>11</sup> The commitment of the GoU to reorient existing projects along these lines, as well as ensuring appropriate design of future projects, is underscored by the Government's First Budget Call Circular for FY 2017/18, which states: "*There is credible evidence to suggest that despite the existence of elaborate Gender and Equity budgeting policies and manuals, MDAs have not undertaken the necessary preparations and planning to implement and monitor gender and equity issues during project and program execution. This has been a key detriment to the success of some key road sector projects...[I]t is imperative that particular risks related to sex with minors, teenage pregnancies and sexual harassment by project workers and instances of Gender Based Violence (GBV) both in homes and in public places are correctly assessed and countered through public sector programmes and projects. Therefore, Accounting Officers must ensure that measures to address GBV and child labour in all projects/programmes under your sectors are clearly spelt out in our respective BFPs.*"

<sup>12</sup> As noted in the first Management Response, the Bank is conducting a general review of environmental and social safeguards performance in all relevant projects in Uganda, as well as a complementary portfolio review with a specific focus on the risks of sexual abuse involving minors, and child labor. Recommendations from both reviews will be made public.

<sup>13</sup> North Eastern Road-Corridor Asset Management Project (Credit No. 5434-UG) and Albertine Region Sustainable Development Project (Credit No. 5406-UG).

to implement Bank-supported projects by the successful completion of necessary project-specific actions on the TSDP (including bringing the Contractor into compliance), ARSDP and NERAMP.

89. ***UNRA has not yet met these conditions, although Management notes that progress has been made on a number of fronts.*** Restructuring and change management plans have been shared with the Bank and are in the process of being rolled out. Recruitment of new personnel, including project managers, contract managers, environmental and social specialists, and right of way officers, is underway. The Bank has reviewed UNRA's financial management and procurement capacity and UNRA is now preparing to upgrade its accounting system and financial management manual, its procurement capacity and its project management capacity.

90. ***UNRA has also developed and started implementation of a new environmental and social management policy and system, with technical support from Bank experts.*** In addition, it has identified measures needed to strengthen its land acquisition management system, which it is now implementing. UNRA has outlined comprehensive communications and stakeholder engagement strategies which are under review by the Bank.

91. ***Along with these institutional, structural and policy reforms, however, UNRA also needs to demonstrate that it has the capacity to implement Bank-financed projects.*** The specific required actions are linked to the discussion in paragraphs 64-76, above, on addressing the local impacts of the Project. UNRA has to complete expropriation along the Kamwenge-Fort Portal Road; support the Resident Engineer<sup>14</sup> to ensure CRSG complies fully with all remedial actions in the Notice to Correct; support the Resident Engineer to ensure CRSG complies fully with all formal health, safety, social, environmental and technical obligations of the latter's contract; and establish outreach, citizen engagement, and feedback mechanisms with communities and local authorities along the Kamwenge-Fort Portal Road. ***On each of these points, as elaborated under Action Areas 2-4 and in Annex 1, progress has so far been insufficient to permit the Bank to conduct reappraisal or give consideration to lifting the suspensions on the civil works components of the ARSDP and NERAMP credits.***

### **C. Strengthening Bank Practice Globally**

#### **Action Area 7: Improving understanding within the Bank of issues related to labor influx and developing tools for addressing them**

92. ***An emerging lesson from the Project is that social safeguard practice within the Bank is insufficiently adept at identifying, analyzing and mitigating risks associated with the influx of labor in the context of infrastructure projects, particularly when the risks are culturally sensitive. A related lesson is that the Bank cannot rely on contractors in such projects to identify and mitigate culturally sensitive social risks.*** As a result, these risks – including the potential for sexual abuse of minors by workers that manifested itself in the Project – have often not been specifically addressed.

93. ***A major conclusion of the 2010 World Bank Independent Evaluation Group (IEG) Report "Safeguards and Sustainability Policies in a Changing World" was that social***

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<sup>14</sup> The Resident Engineer is the Supervising Engineer's staff who is resident on site.

**assessments needed to be widened and strengthened in Bank safeguard practice.** The recently-completed reform of Bank safeguards has responded to IEG’s conclusion in a number of ways that would have (if properly implemented) led to a more robust analysis and management of labor influx risks in the Project. The approved Environmental and Social Framework (ESF), among other things, provides:

- Requirements for more detailed and explicit assessment of a wide range of social risks, vulnerabilities and impacts beyond those related to resettlement, land acquisition and indigeneity (ESS 1);
- Specific attention to “(i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; [and] (ii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable” (ESS 1, para. 4);
- A new standard (ESS 3) on Community Health and Safety;
- A new standard (ESS 2) on Labor and Working Conditions; and
- Much stronger provisions concerning community engagement and grievance redress throughout the project cycle (ESS 10).

94. The Bank is also significantly strengthening resource allocation to its environmental and social safeguards support. In FY17, the Bank increased the budget for environmental and social safeguards by 22 percent from FY15. This has enabled the recruitment of a significant number of new environmental and social specialists within the Bank, and a broadening of the skill mix to better address social issues (such as those arising under the Project) that have previously not received sufficient attention. Additional annual budget increases are expected with the roll-out of the ESF. The overall additional cost for the new operational steady state is expected to be 20-25 percent (US\$10-13M) over the FY17 budget for environmental and social safeguards, with the increase absorbed over a four-year period.

95. ***In the first Management Response to the Request for Inspection, Management committed to undertake a global review of the Bank’s approach to the mitigation of risks associated with labor influx issues, with the objective of developing staff guidance.*** A working group was established to review existing guidance and Bank practice for managing labor influx. A draft guidance note was prepared and is currently being finalized. Input and comments were sought from across the Bank and included in the note. The guidance note was discussed in a Bank-wide review meeting with relevant units in early October 2016, and then disseminated for further input by external stakeholders. Consultation with external public and private sector stakeholders will be completed by November 15, 2016. The note will be issued and staff training will be initiated by December 1, 2016.

96. ***The draft guidance note explains that labor influx associated with the construction of civil works can trigger a variety of adverse environmental and social risks and impacts.*** The actual type and degree of impacts will vary significantly depending on the characteristics of the project, community and incoming work force. The guidance note cautions that it may be difficult to determine the extent to which some impacts are attributable to the project, as they may be dependent on exogenous (non-project related) factors, such as overall changes in the social,

economic and cultural sphere, which in turn may be difficult to assess or predict as part of a project environmental and social assessment. While labor influx can have a range of positive impacts on host communities, the note identifies an extensive list of potential adverse environmental and social effects, including: (i) GBV, including sexual harassment (as in the TSDP); (ii) increased traffic and rise in accidents; (iii) impacts on community dynamics and rise in social conflict; (iv) increased risk of illicit behavior and crime; (v) inadequate waste disposal; and (vi) depletion of freshwater resources; etc. To better manage these types of risks and impacts, the draft guidance note provides detailed instructions on screening, assessment, planning, implementation and stakeholder engagement for each stage of the project cycle. It emphasizes that a key to successful implementation is ensuring that the mitigation measures are contractually binding (see Action Area 9, below).

97. ***Based on the insights and direction provided by the draft guidance note, Management has initiated a portfolio-wide screening of projects across the Bank to ensure that pertinent issues are being appropriately identified and addressed where they arise.*** All Task Team leaders managing contracts involving civil works will be required to review such contracts with a view to identifying (i) the size and characteristics of any labor influx; (ii) the existence and implementation of any mitigation measures in the environmental and social management plan to address any potential impacts associated with labor influx; and (iii) whether any problems identified in the environmental and social management plan or similar to those arising under the TSDP have arisen, or are likely to do so.

98. ***In the meantime, lessons learned from experience with the TSDP are being widely shared with staff.*** Transport and social staff have had numerous events to discuss these lessons, the importance of better upstream attention to social context issues and the need to have mitigation plans in projects where there is an influx of workers. Detailed guidance was also provided on questions of contract management.

99. ***The lessons emerging from the Project also point to ways in which Bank safeguard practices can be improved to more robustly address issues related to child protection.*** Towards this end, the Bank will move forward to operationalize the following recommendations across Bank safeguard practice where relevant:

- Standard bidding documents should include clauses on child protection with requisite resources (both financial and technical) to address this important development challenge;
- The social assessments for projects should give appropriate focus to child-related risks and mitigation measures;
- Partners should be engaged where needed to facilitate efforts to identify child protection issues relevant to projects, to engage communities and to implement mitigation measures;
- Terms of reference for service providers should include child protection issues;
- Community education to reduce and mitigate social risks associated with a project should be supported as needed, with a special focus on child protection;

- For sustainability, ownership and quality assurance, project-led initiatives to prevent social risks should involve relevant district technical departments such as probation, labor, health/HIV/AIDS, education, etc.;
- GRMs should be designed and strengthened to ensure that they are accessible to everyone and that they attend to issues beyond compensation, including child protection.

100. ***Management strongly believes that the Bank and its Borrowers will need to strengthen the tools they use to address the impacts of labor influx, including increased risks of GBV.*** However, it is important to be realistic about what project-level actions alone can accomplish in dealing with the types of social issues that arose under the TSDP. The Project undoubtedly exacerbated a complex social problem that was and is endemic in the Project communities. Addressing such problems within a project context poses different types of challenges than addressing, for example, resettlement issues, where the causal link with a project is more linear, and where measures can be designed that either prevent or compensate for the impact.

101. In Management's view, there is no doubt that with better planning, with more robust safeguard instruments and contractual provisions, and with more sustained consultation and diligent supervision, ***the deleterious effects of the Project could have been significantly reduced. However, no project-level mitigation measures, however well-conceived and well-implemented, can fully eliminate the risk of criminal behavior by individuals who may be affiliated with a project, nor fully insulate a vulnerable community from such behavior.*** Hence the urgent need, as stressed throughout this Report and reflected in Management's Action Plan, to look beyond project-level actions to find ways to attack the problem holistically and at its roots.

#### **Action Area 8: Global Task Force on Gender-Based Violence**

102. ***On August 11, 2016, the President of the World Bank announced the formation of a Global Gender-Based Violence Task Force to strengthen the institution's response to instances of gender-based violence encountered as part of its operations.*** The Task Force will include a range of members from academia, NGOs, foundations, UNICEF, and government. Building on existing Bank efforts to tackle violence against women and girls, the Task Force will focus on strengthening capacity in Bank projects to (i) identify threats and apply lessons; (ii) conduct more robust gender assessments; and (iii) improve approaches to raising awareness about, and taking action to prevent, GBV. The Task Force is expected to deliver its report within nine months and Management will thereafter take steps to implement its recommendations.

#### **Action Area 9: Strengthening contract management**

103. ***In response to the difficulties experienced under the TSDP and other projects with contractor performance on environmental and social issues, Bank Management is in the process of drafting recommendations for enhancing due diligence in the procurement process and strengthening contracts for civil works and supervision services.*** These recommendations are designed to focus on the importance of environmental, social and health and safety aspects and to drive behavior change in clients and contractors. The recommendations can be implemented under the existing provisions of the Bank's New Procurement Framework (NPF).

104. ***Proposals under consideration focus on enhancing practice in three areas:***

**(a) Procurement**

*As part of the bidding process for civil works:*

- Applicants/Bidders would be required to declare any civil works contracts that have been suspended or terminated by the Employer for reasons related to environmental or social safeguards (including issues related to health and safety) compliance in the past five years. This information would be used to inform additional due diligence that may be required prior to contract signing.
- Specifications in the bidding documents would be strengthened to set out clear expectations with respect to environmental or social safeguards.
- Bidders would be required to submit a plan for addressing environmental and social risks as part of the bidding process, as well as a code of conduct for their workers, based on a template to be provided by the World Bank.

*As part of contracts for civil works:*

- Contractors would be required to post an environmental and social performance bond that the contracting entity could cash should a contractor fail to remedy cases of environmental and social non-compliance. The bond should be for a reasonable amount which, in combination with the current performance bond, would normally not exceed 10 percent of the contract amount. The bond would be cashable based on failure to comply with the Engineer's Notice to Correct the said defects.
- A provisional sum may be included in civil works contracts to be used as agreed between the contracting entity and the contractor in cases where contractors have fully met all environmental and social obligations under the contract and propose to further enhance environmental and social outcomes. The parties' agreement on the use of the provisional sum would be subject to the Bank's No Objection.
- Civil works contractors and supervising engineers would be required to include dedicated staff with appropriate qualifications and experience to manage specific social and environmental impacts.

*For Supervising Engineers (SEs):*

- Clients would be required to share all progress and other technical reports received by the SE with the World Bank.

**(b) Loan/Project Agreements**

- *Enhancements to Loan and/or Project Agreements.* Wording would be added to Loan and/or Project Agreements for large projects in sensitive implementation contexts specifically requiring borrowers/implementing agencies to enforce compliance with environmental and social provisions, including health and safety (embedded in the Bank's EHS Guidelines), and providing the Bank with remedies (suspensions or cancellation of the operation) should the borrower/implementing agency fail to do so.

**(c) Capacity Building**

- *Capacity Building on Contract Management for Bank Staff and Clients.* Training on contract management would be delivered to Bank and client staff to build capacity. This would raise awareness of the contractor's contractual obligations and how these must be managed, in particular, how to treat major and minor environmental and social performance issues. Contract management would be reinforced by a requirement for the client to report regularly on the contractor's and the engineer's performance on managing environmental and social issues.

105. The tools outlined under (a) and (b) above would initially be piloted in a sample of large projects in sensitive implementation contexts before Management considers mainstreaming them.

## VI. MANAGEMENT'S ACTION PLAN IN RESPONSE TO THE FINDINGS

106. Management's Action Plan to address the Panel's findings is laid out in the table below.

107. Management met with the Requesters in Kampala on September 27, 2016 to discuss the content of the proposed Action Plan, with a video link connecting staff in Washington. The time and location of the consultation meeting was discussed and agreed with the Requesters' representative on September 7, 2016. A total of four Requesters attended the meeting, including the Requesters' representative, who chose the participants. The Bank team explained Management's proposed Action Plan to respond to the findings in the Panel's Report, and sought the Requesters' feedback on the Action Plan. During the consultation, the Requesters welcomed the draft actions and emphasized the need for continued dialogue with civil society and the Project communities as the Action Plan is implemented.

108. *Management would like to emphasize that successful implementation of many of these actions will fundamentally depend on the sustained commitment and collaboration of the GoU.* Management has discussed this Action Plan with the GoU and secured the GoU's agreement to collaborate fully in its implementation.

Issue	Proposed Actions
<b>1. Remediation for child victims of abuse</b>	<p>The Bank-funded Emergency Child Protection Response (ECPR) has made progress in meeting immediate material needs and addressing the psychosocial needs of the victims of sexual abuse, without discriminating between cases associated with road workers and those associated with other perpetrators. This assistance, which has been implemented by reputable NGOs (BRAC and TPO), will be continued at least for the next twenty-four months through the following modalities:</p> <ul style="list-style-type: none"> <li>• BRAC's contract has been extended through March 2017. BRAC will continue to support: (i) life skills training, school reintegration for girls who have dropped out of school, financial literacy and apprenticeships; (ii) psychosocial support and counseling for victims of sexual violence and their families; (iii) health care support, including adolescent sexual and reproductive health services, which includes screening and, as necessary, treatment of sexually transmitted infections (STIs), hygiene education, etc.; (iv) in-kind support to victims of abuse to meet basic needs; and (v) support in seeking legal redress.</li> <li>• Following the completion of the BRAC contract, the above support will continue under the RSR Trust Fund grant (described in Action 10, below).</li> </ul> <p>Management notes the recent improvements in Government efforts to identify and hold perpetrators legally accountable, and also notes that the GoU has committed to provide the Bank with regular updates on steps that it has taken to ensure that cases of GBV are vigorously investigated and addressed by the appropriate law enforcement authorities. The importance of this issue was stressed in September 2016 in an exchange of letters between the President of the Bank and the President of Uganda.</p>

Issue	Proposed Actions
<b>2. Strengthening community response to GBV within project communities.</b>	<p>In parallel with Action 1, Bank support will be provided to local governments and affected communities in the Project area to strengthen their capacity to prevent and respond to GBV.</p> <p>The Project area will be one of the targeted areas of support under the RSR Trust Fund, which is expected to become effective in January 2017 (see Action 10, below). Within the Project area, the RSR will support: (i) efforts to reduce social acceptance of GBV through community-based behavioral change interventions; (ii) strengthening referral systems for youth at risk; and (iii) enhancing the capacity of community-based facilitators such as village health teams, local council leaders, crime preventers, and religious and cultural leaders to respond to GBV.</p>
<b>3. Resettlement compensation</b>	<p>The GoU has committed to complete land acquisition and compensation payments to Project-affected people, in line with national laws and Bank policy requirements, by no later than March 2017. The satisfactory completion of this process is one of the conditions for the reappraisal of the suitability of UNRA to implement Bank-financed projects, and any future Management decision to lift the suspensions of the civil works components of the ARSDP and NERAMP.</p> <p>To address continuing delays in completing this process, as well as other resettlement issues noted in the Panel's Report, the Bank will:</p> <ul style="list-style-type: none"> <li>(i) Recruit qualified experts to work directly with UNRA to assist it to (1) determine the reasons for the continued delays in payment of compensation and put in place an effective strategy for addressing them as necessary; (2) ensure that all outstanding and new claims are appropriately addressed; (3) determine whether there were impacts that have not previously been taken into account (livelihoods/loss of business income, vulnerable groups) for which compensation or assistance may be required; (4) ensure continuing consultation with Project-affected people and a well-functioning grievance mechanism; and (5) monitor implementation and provide fortnightly progress reports.</li> <li>(ii) Recruit a separate expert to conduct an audit to confirm satisfactory implementation of the process under (i) at its completion.</li> <li>(iii) Assign one or more Kampala-based Bank specialists to monitor and support the above process, with oversight from a Bank Lead Social Development Specialist.</li> </ul>

Issue	Proposed Actions
<b>4. Construction defects that have livelihood and safety impacts.</b>	<p>The Bank will continue to support UNRA and the Supervising Engineer, to ensure that the Contractor fulfills its contractual obligations, and takes the necessary corrective measures to address ongoing problems, including those related to: (i) road access, (ii) drainage, (iii) damaged community water sources, (iv) incomplete installation of road safety devices, (v) damage to structures from blasting, and (vi) unsafe location of transmission lines.</p> <p>Such measures continue to be obligations of the Contractor and are covered by the Notice to Correct but remain incomplete. Effective management of the Contractor and satisfactory completion of these corrective measures are key indicators in the reappraisal of the suitability of UNRA to implement Bank-financed projects, and a key input into any future Management decision to lift the suspension of civil works components of the ARSDP and NERAMP. Therefore, the Bank will:</p> <ul style="list-style-type: none"> <li>• Require that UNRA obtain Contractor remediation, no later than November 30, 2016.</li> <li>• If Contractor remediation is not completed satisfactorily by the above date, require UNRA itself to undertake the necessary corrective actions by no later than March 1, 2017 (if needed through a third party contractor), deducting the cost from the amount due under the contract.</li> <li>• Provide the services of an independent technical advisor to evaluate the quality and completeness of the corrective measures, and to seek feedback from the community that the problems have been rectified.</li> </ul>
<b>5. Workplace and traffic accidents</b>	<p>The Bank will work with UNRA to ensure that outstanding payments are made and that compensation amounts are appropriate and in line with national laws and regulations. The Bank will procure an independent technical advisor (Action 4) to assist UNRA in reviewing compensation amounts and calculating any additional compensation that may be required, by January 1, 2017. If it is determined that additional compensation needs to be paid by the Contractor, UNRA will insist on Contractor compliance with this obligation. If any required payment is not made, the GoU has committed to pay the required amount from its own resources, deducting the payment from the amount due under the contract.</p>
<b>6. Wages and working conditions</b>	<p>The Bank will continue to support UNRA and the Supervising Engineer, to ensure that the Contractor fulfills its contractual obligations and takes the necessary corrective measures to address contract deficiencies and working condition problems. Improvement in the management of the Contractor is a key indicator in the reappraisal of the suitability of UNRA to implement Bank-financed projects, and a key input into any future Management decision to lift the suspension of civil works in the ARSDP and NERAMP.</p> <p>The Bank will fund an independent technical advisor (see Action 4) to assess Contractor compliance with pertinent labor regulations. UNRA has committed</p>

Issue	Proposed Actions
	to require the Contractor to undertake any corrective measures identified as a result of the advisor's assessment.
<b>7. Grievance mechanisms and consultation</b>	<p>(i) The Bank will support UNRA to develop an accessible and effective, UNRA-wide GRM. This will include the development of a grievance redress process manual that will document the hierarchy of reporting levels and define the roles and responsibilities for each level. This work will benefit from the diagnostic of UNRA's existing grievance redress mechanisms, which the Bank undertook in April 2016. For the roll-out of this GRM, the Bank will (1) provide training and orientation for UNRA field based staff; (2) conduct workshops for relevant local officials and communities to establish/re-activate local grievance redress committees; (3) distribute standardized tools to record, report and manage grievances; and (4) provide technical support to UNRA in establishing contact centers with full-time community liaison officers in communities along Project roads.</p> <p>(ii) For the Project area, UNRA has already (1) activated a call center and set up a hot line; (2) distributed and displayed posters with hotline numbers at prominent places in road communities; and (3) recruited three community liaison officers (and is in the process of recruiting more), who are sensitizing grievance redress committees and conducting house visits in affected communities along the Kamwenge-Fort Portal Road. For the remainder of the construction of the Kamwenge-Fort Portal Road, Bank social specialists will continue to work with UNRA to ensure that a functional complaints mechanism, including hotline, is available and accessible for the affected communities. This will not depend on the completion of the longer-term measures set out under (i).</p>
<b>8. Anti-retaliation</b>	The Bank has obtained commitments from UNRA and the GoU to sustain their efforts in preventing retaliation. This will include periodic publication of high-level Government statements on the importance of anti-retaliation; radio talk shows providing strong messages on anti-retaliation and broadcasting public service messages about the child helpline number 116 and an UNRA hotline; re-publication by UNRA of its own anti-retaliation statement, which was published in the Daily Monitor on June 2, 2016; and engagement by UNRA with civil society partners, to disseminate anti-retaliation messages and to collaborate in monitoring and reporting any instances of threatened retaliation, should they occur. The Bank will monitor the GoU's actions in this regard, and communicate the need for correction if required.
<b>9. Continued suspension of UNRA's civil works portfolio, while working with UNRA to build its E&amp;S capacity and meet</b>	The Bank has cancelled the Credits for TSDP and suspended the financing of the civil works components of two other projects (ARSDP and NERAMP) implemented by UNRA. The suspensions will remain in place until the Bank receives evidence that the GoU and UNRA have adequate capacity to adhere to required standards and practices. Measures have been agreed as conditions for reappraisal of UNRA's capacity and for consideration of any future lifting

Issue	Proposed Actions
<b>other reappraisal conditions</b>	<p>of suspension. The fulfillment of all agreed actions is required prior to the reappraisal of the suitability of UNRA to implement Bank-financed projects, and any future Management decision to lift the project suspensions.</p> <p>The Bank, together with other development partners, will continue to provide advice to UNRA as it undertakes to fulfill the agreed measures and, in this connection, to build capacity in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Reform of UNRA’s institutional structure;</li> <li>(ii) Contract administration and management;</li> <li>(iii) Procurement;</li> <li>(iv) Financial management;</li> <li>(v) Environmental and social management – including a strengthened land acquisition system and processes;</li> <li>(vi) Communications and citizen engagement.</li> </ul>
<b>10. Working with UNRA and GoU on addressing endemic social issues more systematically</b>	<p>Funding has been approved from the RSR Trust Fund for a grant to enhance social protection systems in reaching child victims of sexual and gender-based violence. The grant is expected to be operational by January 2017 and will be implemented in several districts, including along the Kamwenge-Fort Portal Road. It will follow a three-pronged approach, which involves: (i) providing technical assistance for the national social protection system to reach child victims of abuse and those at risk of GBV; (ii) developing grievance redress mechanisms to improve outreach to child victims of abuse and populations at risk of GBV; and (iii) enhancing the capacity and coordination of a national social protection system to protect child victims of abuse of GBV.</p> <p>On a broader scale, the GoU has expressed interest in working with the Bank and other partners to address the problem of GBV countrywide. After discussions with the Bank, the President of Uganda has announced that he will launch a Presidential campaign to combat violence against women and girls. This coincides with the approval of the “National Policy on Elimination of Gender Based Violence for Uganda” in September 2016 by the Cabinet.</p> <p>In support of such a national GBV response and implementation of the new national policy, the Bank will provide technical assistance to the GoU in developing the following key inputs, building on the Bank-supported GBV diagnostic that is expected to be finalized by the end of October 2016:</p> <ul style="list-style-type: none"> <li>(i) “Service-gap analysis,” (i.e., assessing gaps between existing standards for service provision to GBV victims of abuse and actual service availability and quality at district level);</li> <li>(ii) Costing of a scalable approach to the provision of GBV response and prevention services; and</li> <li>(iii) Identifying optimal institutional modalities for the delivery of such services.</li> </ul>

Issue	Proposed Actions
	<p>Finally, in order to strengthen the anti-GBV agenda within the Bank's portfolio in Uganda, one or more key projects in the portfolio will be restructured to include measures for addressing social risks, including GBV and child protection efforts. The first such project will be an ongoing energy sector operation, the <i><b>Uganda Electricity Sector Development Project</b></i> that will be restructured to include a component on social engagement in order to ensure meaningful communication with communities before contractors initiate work.</p>
<p><b>11. Safeguard portfolio reviews of Ugandan projects, with specific focus on child labor/abuse.</b></p>	<p>The Bank is conducting a general review of environmental and social safeguards performance in all relevant projects in Uganda, as well as a complementary review with a specific focus on the risks of sexual abuse involving minors, and child labor. Recommendations from both reviews will be made public.</p>
<p><b>12. Procurement and contract management</b></p>	<p>Management recognizes that environmental and social provisions in contracts for contractors as well as supervising engineers need to be strengthened when civil works are carried out in, or near, vulnerable communities and in other high-risk situations. A series of measures to be piloted include the following:</p> <p>As part of the bidding process for civil works:</p> <ul style="list-style-type: none"> <li>• Applicants/Bidders would be required to declare any civil works contracts that have been suspended or terminated by the Employer for reasons related to environmental or social safeguards (including health and safety issues) compliance in the past five years. This information would be used to inform additional due diligence that may be required prior to contract signing.</li> <li>• Specifications in the bidding documents will be strengthened to set out clear expectations with respect to environmental or social safeguards.</li> <li>• Bidders would be required to submit a plan for addressing environmental and social risks as part of the bidding process as well as a code of conduct for their workers based on a template to be provided by the World Bank.</li> </ul> <p>As part of contracts for civil works:</p> <ul style="list-style-type: none"> <li>• Contractors would be required to post an environmental and social performance bond that the contracting entity could cash should a contractor fail to remedy cases of environmental and social non-compliance. The bond should be for a reasonable amount which, in combination with the current performance bond, would normally not exceed 10 percent of the contract amount. The bond would be cashable based on failure to comply with the Engineer's Notice to Correct the said defects.</li> <li>• A provisional sum may be included in civil works contracts to be used as agreed between the contracting entity and the contractor in cases where contractors have fully met all environmental and social obligations under the contract and propose to further enhance environmental and social</li> </ul>

Issue	Proposed Actions
	<p>outcomes. The parties' agreement on the use of the provisional sum would be subject to the Bank's No Objection.</p> <ul style="list-style-type: none"> <li>• Civil works contractors and supervising engineers would be required to include dedicated staff with appropriate qualifications and experience to manage specific social and environmental impacts.</li> </ul> <p>As part of contracts for Supervising Engineers (SEs):</p> <ul style="list-style-type: none"> <li>• Clients would be required to share all progress and other technical reports received by the SE with the World Bank.</li> </ul>
<b>13. Global review and staff guidance on labor influx issues</b>	<p>A draft guidance note for staff has been prepared by a working group and internal review was completed on October 4, 2016. Consultation with external public and private sector stakeholders will be completed by November 15, 2016. The guidance note will be issued and staff training will be initiated by December 1, 2016.</p> <p>Based on the above guidance, a portfolio-wide review of projects across the Bank will be conducted to ensure that pertinent issues are being appropriately addressed where they arise. All Task Team leaders will be required to review civil works contracts that they manage with a view to (i) the size and characteristics of any labor influx; (ii) the existence and implementation of any mitigation measures in the environmental and social management plan; and (iii) whether problems identified in the environmental and social management plan or similar to those arising under the TSDP have arisen, or are likely to do so. Where needed, project-specific action plans responding to the findings of this review will be prepared and implemented.</p>
<b>14. Global Gender-Based Violence Task Force</b>	<p>The World Bank Group President has formed a Global Gender-Based Violence Task Force to strengthen the institution's response to instances of gender-based violence encountered as part of its operations. The Task Force will include a range of members from academia, NGOs, foundations, UNICEF, and government. The Task Force is expected to deliver its report within nine months, and the Bank will follow up on its recommendations.</p>
<b>15. Internal review of lessons learned</b>	<p>Management has commissioned an internal report on the lessons that can be learned from the Uganda Transport Sector Development Additional Financing and their implications for future Bank projects in similar situations. The report will be made public by the end of October 2016.</p>

109. Management proposes to update the Board on progress in the implementation of the proposed Action Plan after six months, and thereafter annually.

# Annex 1. Findings, Comments and Actions

No.	Panel Findings	Para Nos.	Management Response
	<b>OP 4.01, Environmental Assessment and OMS 2.20, Project Appraisal</b>		
1.	<p><b>Institutional Analysis and Capacity Assessment</b></p> <p>The Panel finds Management in non-compliance with OP/BP 4.01 on Environmental Assessment due to the lack of effective institutional strengthening measures for UNRA's weak capacity in carrying out key Environmental and Social functions. The Panel further finds Management in non-compliance with OMS 2.20 on Project Appraisal, for not having properly assessed the provisions for adequate cooperation between all entities involved in Project implementation.</p> <p>The Panel notes adequate assessment of UNRA's environmental and social capacity was not conducted; consequently Project technical assistance and capacity enhancement components focused primarily on procurement and did not properly address environmental and social risks of the Project. The Panel observes that greater attention paid to capacity concerns could have ensured correct implementation and supervision of social and environmental impacts, and appropriate reaction to early warning signals of problems.</p> <p>The Panel also notes the weak Project governance, including tension and poor collaboration among UNRA, the Supervising Engineer, and the Contractor. The Bank did not coordinate roles and responsibilities of these parties to address Project problems.</p>	ES7-8; 37-50	<p><b><i>Management agrees that Project preparation and implementation supervision failed to adequately analyze and provide for UNRA's weak environmental and social management capacity.</i></b></p> <p>Management acknowledges that the Bank did not carry out an in-depth analysis of UNRA's environmental and social management capacity. The Bank placed emphasis on UNRA's weaknesses in terms of handling procurement and technical aspects, and much less on its ability to handle broader development issues in Project implementation. Furthermore, over the course of the Project, Bank supervision did not respond effectively to signs of increasing deterioration in UNRA's institutional capacity, such as poor cooperation with the Supervising Engineer and weak oversight of the Contractor. In 2015, UNRA underwent a massive institutional restructuring which led to substantial staff layoffs. Moreover, ongoing investigations into allegations of fraud and corruption led to a further inability to manage the Project in line with Bank policy requirements. As explained in the Management Response, Bank supervision did not adequately reflect these developments. In hindsight much greater effort should have been devoted to strengthening and supporting UNRA's environmental and social capacities, along with environmental and social supervision.</p> <p>Management's own review of the Project also revealed a lack of cooperation between UNRA, the Contractor and the Supervising Engineer. Management understands that the Supervising Engineer was not enabled by UNRA to fulfill his contractual function to manage the Contractor on UNRA's behalf. This had significant impacts as Bank supervision relied to a great extent on the Supervising Engineer. The Bank is currently reviewing how stricter environmental and social performance requirements for, and related sanctions against, contractors can be achieved within the Bank's procurement rules. This review will also cover the borrower's contract with the supervising engineer, to which the Bank is not a party.</p> <p><b>Action:</b> The Bank has cancelled the TSDP and suspended the civil works components of two other projects (ARSDP and NERAMP) implemented by UNRA. Measures have been agreed as conditions for any future lifting of suspension. While progress has been made in a number of areas, the fulfillment of all agreed measures is required prior to a reappraisal of UNRA's suitability to implement Bank-financed projects in general, and any future Management decision to lift the suspensions in the ARSDP and NERAMP.</p> <p>The Bank, together with other development partners, will continue to support UNRA efforts to fulfill the agreed measures and, in this connection, to build capacity in the following areas:</p>

No.	Panel Findings	Para Nos.	Management Response
			<ul style="list-style-type: none"> <li>• Reform of UNRA's institutional structure;</li> <li>• Contract administration and management;</li> <li>• Procurement;</li> <li>• Financial management;</li> <li>• Environmental and social management, including strengthened land acquisition system and processes;</li> <li>• Communications and citizen engagement.</li> </ul>
2.	<p><b>Community Consultations</b></p> <p>The Panel finds Management in non-compliance with OP/BP 4.01 on Environmental Assessment for not ensuring consultations with Project-affected communities in the updating of the environmental and social impact assessment despite the interval between the 2008 ESIA and its update in 2011. Furthermore, the Panel finds that Management did not ensure consultations throughout Project implementation until receipt of the Request for Inspection in December 2014, in non-compliance with OP/BP 4.01 on Environmental Assessment.</p> <p>The Panel believes early and ongoing consultations with community members would have raised sufficient warning signals to address the problems raised in the Request.</p>	ES9-10; 51-59	<p><i>As stated in the Management Response to the Request, community consultations focused on the ESIA in the early stages of the Project, but consultation thereafter was weak.</i></p> <p>For the 2008 ESIA, public consultations were carried out involving the key stakeholders and in particular the affected villages in the 15 sub-counties throughout the four Districts of the Project. Over 50 community meetings and focus group discussions were held. For the 2011 ESIS prepared at the time of the Additional Financing, no additional consultations were undertaken, apart from revisiting some stakeholders whose concerns were indicated as inadequately addressed in the review of the earlier ESIA report.</p> <p>Discussions were organized with various stakeholders along the road to verify the general perspective documented earlier in the 2011 RAP report. These discussions centered on those affected by the land acquisition process, construction and post-construction stages, loss of land and other property. The 2011 RAP also indicates that consultations had been carried out with Project-affected people and District officers during the preparation of the original RAP.</p> <p>Management acknowledges that little consultation was undertaken for the updating of the ESIA in 2011. During that phase the Bank had largely relied on the community outreach organized by the Contractor and the Supervising Engineer's social staff, which was not sufficient to provide the community with updated information about Project implementation and obtain its feedback.</p> <p>Since December 2014, until Management cancelled the project, six consultations have been held (January, February, April, May, August and October 2015). Each consultation also included several meetings with various groups, as well as organized focus group discussions with communities along the Project road, with the goal of addressing compensation questions as well as the grave social issues raised in the Request. The Bank has maintained frequent contact with the community and Requesters' representative since the cancellation of the project, including through the deployment of a child protection expert.</p> <p><b>Action:</b> With regard to compensation issues, see Item 6. As described in item 7 of Management's Action Plan, the Bank is supporting, and will continue to support, UNRA in improving grievance redress mechanisms in the Project area as a means to improve community engagement going forward.</p>

No.	Panel Findings	Para Nos.	Management Response
3.	<p><b>Construction Impacts on the Community, including Human Health and Safety</b></p> <p>The Panel finds Management did not ensure the design or implementation of appropriate mitigation measures to protect the community and workers against construction impacts, thus seriously jeopardizing human health, safety, and livelihoods, and this is therefore in non-compliance with OP/BP 4.01 on Environmental Assessment.</p> <p>The Panel considers access points and road drainage inadequately constructed, causing significant impact on people's livelihoods. The Panel also notes electric lines relocated within the road reserve and over affected peoples' structures created substantial risk to people and their houses. The Panel further considers that, although the Environmental and Social Impact Statement (ESIS) identified potential harm to water sources and from operating quarries, no effective mitigation measures were established to minimize these, and many such threats continue unabated.</p> <p>The Panel also notes the need to improve safety in accordance with OP/BP 4.01 on Environmental Assessment and the Bank's Environmental Health and Safety Guidelines.</p> <p>The Panel believes that, although Bank missions identified inadequate road safety and occupational health and safety as important issues, Management failed to ensure implementation of suitable and effective safety measures.</p>	ES11-13; 60-146	<p><b><i>The Panel's findings confirm many of the issues that led to the Bank's decision in late 2015 to suspend and eventually cancel the Project, as well as suspend civil works in all projects managed by UNRA.</i></b></p> <p>Management acknowledges that the Bank's supervision of the Project was deficient in that it did not adequately detect or address the instances of non-compliance with Bank policy related to construction impacts, including health and safety. The Bank repeatedly flagged problems earlier in Project implementation to UNRA and the GoU, which led to partial suspensions of the contract. However, these suspensions did not result in improved compliance with the Bank's policies and other contractual obligations. In hindsight, Management acknowledges that the Bank should have considered and applied its remedies much earlier.</p> <p>Below is a status update on the different impacts cited in the Panel's Report. Relevant actions are presented at the end of this Item 3:</p> <p><b><i>(i) Access points and road drainage inadequately constructed:</i></b></p> <p>Poor access for roadside community residences was an issue early on, and this was raised with UNRA repeatedly. This issue pertains to (1) insufficient permanent roadside access for residences, and (2) temporary obstruction of access during construction (which has been addressed with the completion of works in the cited areas).</p> <p><b><i>Permanent Access:</i></b> The contract provided for appropriate access along the entire length of the road, consistent with normal practice and standards. The number and location of access points were identified in the original engineering design; a design review conducted by the Supervising Engineer prior to the commencement of the works updated the original detailed engineering drawings, adding access provision along the whole road as necessary, taking into consideration the demands of access as well as facilitating the safe movement of traffic along the road. Vehicular access is generally provided where there are (i) secondary roads (improving access to outlying villages and/or other groups of properties), (ii) major facilities, and (iii) where there was such vehicular access to properties originally.</p> <p>The Engineering Design Review report was completed in December 2014 but was not submitted for Bank approval and the Bank did not follow up. The review process resulted in access provision at 295 locations along the road in rural areas, of which 240 had been provided as of September 21, 2016. Of these, 179 were provided with a concrete pipe in the drainage channel, and a further 61 locations have benefitted from the provision of concrete slabs (for both vehicular and pedestrian access). In urban areas, the drainage channels have been covered with concrete slabs, forming pathways to facilitate pedestrian access along the road, and to buildings and properties along the roadside. Fifty-five locations still need to be completed.</p>

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			<p><i>Temporary Access.</i> The temporary access restrictions resulted from the way the Contractor chose to carry out the construction works. Side drains were dug in a long stretch, resulting in temporary lack of access to residences, and were only later closed and finished. This method should not have been allowed by the Engineer, or temporary access points should have been provided.</p> <p><i>Drainage:</i> The contract provided for drainage along the road. The extent and nature of the drainage was validated by the Engineering Design Review carried out at the start of the works, which updated the drawings, indicating a need for both stone-pitched and concrete drains depending on location. Out of a required 19.9km of stone-pitched drains, 10.5km have been constructed. For concrete u-shaped drains, 11km out of a required 21.28km have been constructed up to this point. This leaves a total of 19.68km to be completed.</p> <p>The issue of drainage outfall channels directing storm water into people's properties has been raised by community members, and confirmed by the Bank at two locations in the Bigodi town area. The Resident Engineer advised the Bank team that the revised drawings, correcting these problems, were issued to CRSG for implementation in June 2016, and are expected to be completed by October 15, 2016.</p> <p><b><i>(ii) Electric lines relocated within the road reserve and over affected peoples' structures:</i></b></p> <p>There are power lines running above residences within the road reserve that needed to be included in the RAP and compensated; 148 houses in the road reserve had to be acquired for that reason and need to be compensated. Of these, 105 houses have been compensated, and 43 houses are yet to be compensated. Some of the compensated houses have been only partially demolished and continue to be inhabited, especially in Kahunge Trading Center.</p> <p>There are reports that in some locations power lines were accidentally shifted beyond the road reserve to create more working space for the road works, and which as a result were running above residences. This has not been confirmed to date. UNRA will verify if there are any houses that are outside of the road reserve but over which power lines have been relocated. If yes, these electric power lines need to be relocated back into the road reserve.</p> <p><b><i>(iii) Contamination of water sources:</i></b></p> <p>Two water sources were noted as being contaminated, in the quarry site area of Busoro, and at the Kiko crusher site.</p> <p>The following mitigation measures have been put in place: (1) the Busoro community has been provided with a stand pipe for safe drinking from the National Water and Sewerage Corporation and the Contractor pays the water bills; and (2) the Kiko community receives water from a protected well and water pump located about 100 meters from the damaged spring water source. A protected well has been provided for the Kamwenge quarry community (Iziba ry-</p>

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			<p>Omukama). A French drain was also installed to protect a community spring in Kamwenge. Furthermore, another community well has been protected, and a proper stepped outfall channel from the main road has been constructed to easily collect water and silt away from the well. The Resident Engineer has issued instructions to the Contractor to curb the road at this section to direct the water to the channel. At km 147+840, a spring well was reportedly contaminated by algal growth caused by blocked drainage during installation of a culvert at this section but was later opened up and cleared, and water returned to the original state. Finally, the box culvert works at Lake Nyabikere have two water pipe connections to supply water to the local businesses and communities. One of the two connections has already been installed.</p> <p><b>(iv) Unsafe quarry operation:</b></p> <p>To date, four stone quarries and one crusher site have been operated under the Project, two quarries (Bigodi and Katoma) without ESIA approval and two (Kamwenge and Busoro) with approval. The Kiko crusher site also has ESIA approval.</p> <p>Bigodi and Katoma quarries were closed after a Bank mission raised the issues, and have been restored. The Bigodi quarry still needs some filling of a depression using spoil material. The Katoma quarry has been fully restored.</p> <p>As of September 2016, operational issues and complaints exist at the active quarries at Busoro and Kamwenge, as well as at the Kiko crusher site. The complaints range from outstanding compensation for damages and injuries, noise and dust pollution, siltation of the water stream at Busoro, and unfenced quarries with open and unsafe access. After cancellation of the Project, the stone quarries resumed night operations, which inconveniences the residents due to noise, dust and light pollution.</p> <p><b>Busoro quarry:</b> Operations started in late October 2015 without fulfilling the conditions of NEMA approval. Upon intervention by Kabarole District authorities, operations were suspended by UNRA and the Supervising Engineer in November 2015 until the conditions were met. The quarry has been fenced but does not have a gate. In May 2016, 140 residents of Busoro Village who live in proximity to the quarry were paid by the Contractor the rental value of their structures and land for 3 months, as well as a 30 percent disturbance allowance (based on the rental amount). In June 2016, compensation was paid for 17 houses damaged at the quarry. Two farmers were also compensated for the miscarriage of one cow and poultry that reportedly failed to lay eggs due to the noise and vibration. A tree owner who lost 8 pole-size eucalyptus trees during the original blast was also compensated. The community has been provided with a stand pipe for safe drinking water, with bills met by the Contractor. During August 2016, the Contractor reached an agreement with Busoro quarry affected people in which the Contractor was allowed to blast for 3 months, using controlled blasting, on condition that all outstanding issues related to the previous blasting are resolved. A Grievance Redress Committee</p>

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			<p>has been established at the quarry and helps to liaise with the Contractor. The affected people also agreed that instead of cash compensation for the new blasting, the Contractor would contribute 30 electric poles and power for electrification of the area. The Supervising Engineer's office is following up closely to see that all outstanding issues are resolved amicably. The controlled blasting has eliminated the impacts of flying rock and earth tremors.</p> <p><i>Kamwenge quarry.</i> This quarry started operations, without NEMA approval, which were then halted by the Supervising Engineer until NEMA clearance was obtained in September 2014. Historically, this quarry has had a number of challenges, similar to those noted above. The quarry is still operational. A number of corrective actions have been undertaken, including compensation for 91 people, and for 98 houses which were damaged by flying rocks and vibrations.</p> <p>A borehole has been provided for the Kamwenge quarry by the Contractor. The community alleged that the borehole water was polluted by runoff from the quarry, which floods their gardens. In response, the Contractor has graded the road and provided a side drain to direct runoff to the wetland adjacent to the main road.</p> <p>The quarry's operations have continued to generate tensions with the communities. Demonstrations took place in July 2016 (July 2, 22 and 23) at the quarry due to community members' dissatisfaction over compensation for damaged properties and resettlement, and related complaints about quarry activities (dust, noise). One of these demonstrations was reportedly quelled by police action, leaving some community members who tried to block the quarry access injured (a Bank mission was able to confirm three cases). These issues have been brought to the attention of UNRA by the Bank team for action. No official correspondence on this has yet been received.</p> <p>The Contractor has also failed to re-fence the quarry. Work operations have now moved towards Fort Portal with material being produced at Busoro quarry and Kiko crusher site. Kamwenge quarry therefore is scheduled to be closed by October 2016.</p> <p>NEMA requires projects to submit restoration and closure plans at least three months before closure. This applies to the Kamwenge and Busoro stone quarries and Kiko crusher site. The Bank advised UNRA to develop preliminary restoration plans in order to facilitate progressive restoration of some areas.</p> <p><b>(iv) Workplace and traffic accidents:</b></p> <p><i>Fatalities, accidents, damage to public persons, animals and properties.</i> In the past, fatalities, accidents, and other damages were not being properly reported. The Bank flagged this issue, and the Supervising Engineer included it in the Notice to Correct. UNRA has been provided with an updated accident log, which includes fatalities, accidents and damages related to the construction work for both workers and members of the public. The log also includes the accident cause, victim's details, a description of what happened,</p>

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			<p>actions taken and progress to date. In total, the log includes 36 (23 of which are traffic-related) incidents between January 2014 and mid-September 2016. These include a total of 7 fatalities (1 shooting, 3 worker electrocutions, 1 drowning, and 2 traffic deaths).</p> <p>Management notes that the log needs to be updated to capture some missing incidents, including a woman at the Kamwenge quarry hit by a flying rock in September 2014, who was reportedly hospitalized and later died in March 2015. Management considers the number of accidental injuries and fatalities unacceptable. As described below and in Management's Action Plan, steps have been agreed with UNRA to address these situations and ensure that affected people are properly compensated.</p> <p><i>Road safety:</i> As of August 31, 2016 the installation of speed control structures (speed bumps and warning signage) has improved along the road. On the section from the forest to Kamwenge, where most of the road section has been surfaced, the installation of speed bumps and rumble strips has begun and covered most of the trading centers. On the section from the forest to Fort Portal, temporary speed bumps have been constructed. The installation of safety signage has also improved significantly. Permanent signs are being erected on the forest to Kamwenge paved section, and temporary signs on the forest to Fort Portal section where works are ongoing. Flag persons are posted at all active construction areas, although only on one side of the works site in some cases. Another historical safety issue which has now been corrected is the use of old dilapidated trucks. These have since been removed and only roadworthy trucks are in use by the Contractor on the road. Safety training and induction are also being undertaken for the workers.</p> <p><i>Occupational Accidents:</i> The Contractor has either compensated, and/or paid medical bills for workers who have been involved in work place accidents. However, the Supervising Engineer has made the determination that the Contractor's payments for workers' accidents (injuries and fatalities) have in some cases not been in line with contractual provisions. This issue has not been corrected as of July 2016 and remains an outstanding issue in the Notice to Correct.</p> <p>The contract requires the Contractor to procure insurance for workman's compensation, and this was obtained for the period up to July 31, 2016, and has now been renewed for August 1, 2016 to January 31, 2017, with cover for 258 workers up to the sum of Ush. 3,819,000,000 (approximately US\$1.1 million at current rates). The Contractor is obligated to effect and maintain insurance against liability for claims, damages, losses and expenses arising from injury, sickness, disease or death of any person employed by the Contractor or any other of the Contractor's personnel. The insurance is supposed to be maintained in full force and effect during the entire period that those covered participate in the execution of the works.</p>

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			<p>The Particular Conditions of Contract did not make any reference to specific coverage amounts for this insurance. In the absence of that, the Uganda Workers Compensation Act of 2000 would apply, in accordance with the General and Particular Conditions of Contract Sub-clause 1.4. The Workers Compensation Act stipulates the following payments: (i) in the case of fatality, payments to dependents amount to sixty times the deceased worker's monthly earnings; dependents are also entitled under employer's liability to recover medical and burial related expenses; (ii) in the case of permanent total incapacity, payments amount to sixty times the worker's monthly earnings, and if the incapacity requires the constant assistance of another person, then payments are increased by 25 percent; (iii) in the case of permanent partial incapacity, the calculation is the percentage of sixty times monthly earnings proportionate to the loss of earning capacity; and (iv) in the case of temporary incapacity, the compensation is as the court may order with the period of hospitalization or absence from duty as certified by a medical practitioner qualifying as temporary incapacity.</p> <p><i>Road traffic accidents:</i> The Contractor obtained insurance for all risks cover (Contractor's Plant, All Risks and Third Party Liability) for the period up to February 28, 2017. The third party insurance limit per occurrence that the Contractor secured is for Ush.125 million (approximately US\$37,000 at current rates) versus the US\$200,000 limit in contract clause 18.3. The Contractor has corrected this deficiency for the period March 1, 2016 to February 28, 2017 (construction period), and March 1, 2017 to February 28, 2018 (Defects Liability Period), with the US\$200,000 limit cover as per the contract. UNRA is in the process of reviewing this policy.</p> <p>Third parties who have been involved in road or other accidents on the Project have not yet been compensated in accordance with the contract.</p> <p><b>Actions:</b></p> <p><u>Access, drainage, water and safety:</u> The Bank will continue to support UNRA and the Supervising Engineer, to ensure that the Contractor fulfills its contractual obligations, and takes the necessary corrective measures to address ongoing problems related to: (i) road access, (ii) drainage, (iii) damaged community water sources, (iv) incomplete installation of road safety devices, and (v) damage to structures from blasting.</p> <p>Such measures continue to be obligations of the Contractor and are covered by the Notice to Correct but remain incomplete. An improvement in the management of the Contractor is a key indicator in the reappraisal of the suitability of UNRA to implement Bank-financed projects, and a key input into any future Management decision to lift the suspension of civil works in the ARSDP and NERAMP. The Bank will:</p> <ul style="list-style-type: none"> <li>Require that UNRA obtain Contractor remediation, no later than November 30, 2016.</li> </ul>

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			<ul style="list-style-type: none"> <li>• If Contractor remediation is not completed satisfactorily by the above date, require UNRA itself to undertake the necessary corrective actions by no later than March 1, 2017 (if needed through a third party contractor), deducting the cost from the amount due under the contract.</li> <li>• Provide the services of an independent technical advisor to evaluate the quality and completeness of the corrective measures, and to seek feedback from the community that the problems have been rectified.</li> </ul> <p><u>Transmission lines:</u> Transmission lines have been relocated from the work zone, further into the right of way. Properties encroaching in the right of way should have been removed before the transmission lines were relocated. Accordingly, the affected properties have been included among those to be acquired and compensated under the RAP.</p> <p>The properties affected by the powerline, which are not to be acquired, will be included in the technical audit by the independent technical advisor to ensure that unsafe conditions are addressed.</p> <p><u>Occupational accidents:</u> The Bank will work with UNRA to ensure that outstanding payments are made and that compensation amounts are appropriate and in line with national laws and regulations. The Bank will procure an independent technical advisor to assist UNRA in reviewing compensation amounts and calculating any additional compensation that may be required by January 1, 2017. If it is determined that additional compensation needs to be paid by the Contractor, UNRA will insist on Contractor compliance with this obligation. If any required payment is not made, the GoU has committed to pay the required amount from its own resources, deducting the payment from the amount due under the contract.</p>
4.	<p><b>Assessment of Risks and Impacts related to Gender-based Violence and Child Protection</b></p> <p>The Panel finds Management in non-compliance with OP/BP 4.01 on Environmental Assessment and OMS 2.20 on Project Appraisal for not properly assessing the risks and inadequately appraising human health and safety and social impacts of the Project related to gender-based violence and child protection.</p> <p>The 2011 ESIS and appraisal documents lacked required analysis of risks to women and children caused by labor influx, in particular those risks related to sex with minors, teenage pregnancies, sexual harassment, child labor, and school dropouts.</p>	<p>ES21-22; 254-359</p>	<p><b><i>As stated in the Management Response to the Request, the assessment of and mitigation against risk related to GBV were insufficient.</i></b></p> <p>The findings pertaining to sexual misconduct correspond to social risks that were identified in the ESIS and subsequent Contractor's Environmental and Social Management Plan (ESMP). The ESIS identified a higher incidence of illicit and unsafe sexual behavior as distinct risks arising from the influx of road workers into the community. The ESIS also identified the influx of road workers as a potential source for aggravating existing social challenges, such as crime, substance abuse, and prostitution, all of which could contribute to the spread of sexually transmitted diseases. The Contractor's ESMP noted that: "[...] <i>potential negative impacts on women include exposure to HIV/AIDS and STIs and potential increased sexual exploitation of young girls which will likely also lead to unwanted pregnancies, drop-out from school [...].</i>"</p> <p><b><i>The Contractor's ESMP, which highlights the pertinent social risks in a more detailed manner, was not provided to the Bank until July 2015, although civil works had started in August 2013.</i></b></p>

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	Management's approach failed to meet the standards of systematic or holistic assessment of risks which aims, among other objectives, to identify adequate risk management measures for affected communities.		<p>In the absence of the Contractor's ESMP, no follow-up on the more specific mitigation measures contained therein concerning road workers' conduct and related social risks took place. Management acknowledges that an adequate Contractor's ESMP should have been provided to the Bank prior to starting any civil works. The Bank should have been more diligent in its follow-up with UNRA to ensure timely delivery of the Contractor's ESMP.</p> <p><b>Action:</b> See Item 5 below.</p>
5.	<p><b>Mitigation Measures for Impacts related to Gender- based Violence and Child Protection</b></p> <p>The Panel finds the lack of appropriate mitigation measures to address social impacts related to gender-based violence and child protection resulted in serious and long-term harm to the community, and this is in non-compliance with OP/BP 4.01 on Environmental Assessment.</p> <p>The mitigation measures under the 2011 ESIS mainly focused on HIV/AIDS prevention and were inadequate to respond to the multidimensional problem of gender-based violence and child protection.</p>	ES23; 254-359	<p><b><i>Management concluded in its Management Response that the mitigation measures against GBV for the Project were insufficient.</i></b></p> <p>While full implementation of these measures could have helped to lower the risks of sexual misconduct, in retrospect, they did not constitute a robust mitigation plan commensurate with the risks identified prior to Project implementation and that subsequently materialized. Given the endemic problem of child marriages and teenage pregnancies in Uganda, the Bank should have been especially vigilant in assessing the extent to which the Project might aggravate the problem and ensured that robust mitigation measures were in place, along with appropriate staffing.</p> <p><b><i>Some mitigation measures to address these risks were included in the ESIS and the Contractor's ESMP.</i></b> The ESIS included an ESMP with broad mitigation measures to address these risks, however with little specificity to GBV, and a primary focus on HIV/AIDS mitigation, as well as the provision of worker camp accommodation. More specific mitigation measures were contained in the Contractor's ESMP and in the contract itself. These included requirements to: (i) take reasonable precautions to prevent unlawful conduct by its employees; (ii) provide accommodation for workers in a camp; (iii) prepare a gender action plan which included gender sensitization for communication and conduct towards women; (iv) retain an environmental and social specialist on site; and (v) provide separate bath and toilet facilities for men and women.</p> <p><b><i>Management acknowledges that most of the mitigation measures identified in the ESIS and set forth in the Contractor's ESMP were not implemented.</i></b> The Supervising Engineer's Notice to Correct dated October 21, 2015, also confirmed that the Contractor had not complied with a number of the provisions, including putting in place and implementing a gender action plan and providing sufficient camp accommodation.</p> <p><b><i>Management also acknowledges that these mitigation measures were insufficient given the identified risks to minor girls associated with the influx of workers to the community.</i></b> While full implementation of these measures could have helped to lower the risks of sexual misconduct, in retrospect they did not in Management's view constitute a robust mitigation plan commensurate with the risks identified prior to Project implementation and that subsequently materialized. Given the endemic problem of GBV in Uganda, the Bank should have been</p>

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			<p>especially vigilant in assessing the extent to which the Project might aggravate the problem and ensured that robust mitigation measures were in place to reduce the risk for GBV accordingly.</p> <p><b>Action:</b> The Bank-funded ECPR has made progress in meeting immediate material needs and addressing the psychosocial needs of the victims of sexual abuse, without discriminating between cases associated with road workers and those associated with other perpetrators. This assistance, which has been implemented by reputable NGOs (BRAC and TPO), will be continued at least for the next twenty-four months through the following modalities:</p> <ul style="list-style-type: none"> <li>• The Bank has extended BRAC's contract through March 2017. BRAC will continue to support: (i) life skills training, school reintegration for girls who have dropped out of school, financial literacy and apprenticeships; (ii) psychosocial support and counseling for child victims of sexual violence and their families; (iii) health care support including adolescent sexual and reproductive health services, which includes screening and, as necessary, treatment of STIs, hygiene education, etc.; (iv) in-kind support to victims of abuse to meet basic needs; and (v) support in seeking legal redress.</li> <li>• Following the completion of the BRAC contract, the above support will continue under the RSR Trust Fund (described below).</li> </ul> <p>While noting recent improvements in Government efforts to identify and hold perpetrators legally accountable, the Bank will continue to request regular updates from the GoU on steps that it has taken to ensure that cases of GBV are vigorously investigated and addressed by the appropriate law enforcement authorities. The importance of this issue was stressed in communications between the President of the Bank and the President of Uganda during September 2016.</p> <p>In parallel, Bank support will be provided to local governments and affected communities in the Project area to strengthen their capacity to prevent and respond to GBV.</p> <p>The Project area will be one of the targeted areas of support under the RSR Trust Fund, which is expected to become effective in January 2017. Funding has been approved from the RSR Trust Fund for a grant to enhance social protection systems in reaching child victims of sexual and gender-based violence. Within the Project area, the RSR Trust Fund will support: (i) efforts to reduce social acceptance of GBV through community-based behavioral change interventions; (ii) strengthening referral systems for youth at risk; and (iii) enhancing the capacity of community-based facilitators such as village health teams, local council leaders, crime preventers, and religious and cultural leaders to respond to GBV.</p> <p>The RSR Trust Fund grant will be implemented in selected districts, including those along the Kamwenge-Fort Portal Road. It will follow a three-pronged approach which involves: (i) technical assistance for the national social protection system to reach child</p>

No.	Panel Findings	Para Nos.	Management Response
			<p>victims of abuse and those at risk of GBV; (ii) developing grievance redress mechanisms to improve outreach to child victims of abuse and populations at risk of GBV; and (iii) enhancing the capacity and coordination of a national social protection system to protect child victims of abuse of GBV.</p> <p>On a broader scale, the GoU has expressed interest in working with the Bank and other partners to address the problem of GBV countrywide. After discussions with the Bank, the President of Uganda has announced that he will launch a Presidential campaign to combat violence against women and girls. This coincides with the approval of the “National Policy on Elimination of Gender Based Violence for Uganda” in September 2016 by the Cabinet.</p> <p>In support of such a national GBV response and implementation of the new national policy, the Bank will provide technical assistance to the GoU in developing the following key inputs, building on the Bank-supported GBV diagnostic that is expected to be finalized by the end of October 2016:</p> <p>(i) “Service-gap analysis” (i.e., assessing gaps between existing standards for service provision to GBV victims of abuse and actual service availability and quality at district level);</p> <p>(ii) Costing of a scalable approach to the provision of GBV response and prevention services; and</p> <p>(iii) Identifying optimal institutional modalities for the delivery of such services.</p> <p>Finally, in order to strengthen the anti-GBV agenda within the Bank’s portfolio in Uganda, one or more key projects in the portfolio will be restructured to include measures for addressing social risks, including GBV and child protection efforts. The first such project will be an ongoing energy sector operation, the Uganda Electricity Sector Development Project, that will be restructured to include a component on social engagement in order to ensure meaningful communication with communities before contractors initiate work.</p>
	<b>OP 4.12, Involuntary Resettlement</b>		
6.	<p><b>Identification of Project-Affected People, Vulnerability Assessment and Measures Targeting Vulnerable Groups</b></p> <p>The Panel finds Management relied on verification sampling rather than a full census to identify Project-affected people, despite the recognized weakness of the original census under the Resettlement Action Plan (RAP) commissioned by the African Development Bank. In addition, there was an interval of more</p>	ES16 167-202	<p><b><i>Management agrees that the land acquisition process has been slow and started without a sufficiently robust assessment of the affected population.</i></b></p> <p>Concerns about the quality of the RAP data have led to four revalidation exercises since the production of the original RAP.</p> <p>The process for paying compensation has been uneven and slow; there was a lack of information about how entitlements are determined and compensation amounts are calculated. In addition, changes in road alignment resulted in compensation being paid to people who, in the end, did not suffer losses. In the absence of functioning grievance committees, and despite the efforts of the Supervising Engineer’s Social Specialist, there was no structured</p>

No.	Panel Findings	Para Nos.	Management Response
	<p>than two years between the original census and the updated RAP. The Panel also finds the updated RAP contained an inadequate vulnerability assessment and did not properly identify necessary assistance programs targeting vulnerable groups. Consequently the Panel finds Management did not ensure the preparation and implementation of an updated RAP compliant with OP/BP 4.12 on Involuntary Resettlement.</p> <p>The poor quality of data, resulted from the absence of a complete and accurate census and socio-economic survey. Thus, the verification sampling and three revalidation exercises (while necessary) failed to capture the full impact of original road design, redesigns, and realignments. The Panel considers the inaccurate data the source of many Requester complaints about compensation.</p>		<p>information sharing or feedback mechanism for community members on the compensation process.</p> <p>Land acquisition and compensation occurred in several stages:</p> <ul style="list-style-type: none"> <li>• The original main valuation report which was prepared in 2009/10 identified a total of 2,027 Project-affected people.</li> <li>• During the compensation of Project-affected people a number of appeals were registered arising out of: undervaluation, missing items, omissions, wrong entry of land tenure and new Project-affected people due to sale of land. These additional cases were addressed in supplementary valuation report I.</li> <li>• To address these challenges, the Bank had requested UNRA to retain a specialized consulting firm to ensure accurate and timely compensation, and such a firm (SURVECO) was hired in March 2015.</li> <li>• When construction commenced, new properties were affected and new appeals were registered arising out of additional land take and injurious affection. This was because of design realignments and other construction related impacts (high cut and fill and culvert/drainage outfalls). These new cases were mainly in Kahunge and Bigodi villages and are addressed in Supplementary Valuation Report II.</li> <li>• Due to SURVECO's weak performance UNRA decided to handle the remaining compensation cases in house. After UNRA took over the process, additional cases were identified and recorded in the Supplementary Valuation Report III (part 1).</li> <li>• The Supplementary Valuation Report III (PART 2) identified 389 additional cases.</li> <li>• After approval of the final Valuation report, a verification and disclosure exercise will be carried out where all outstanding payments will be processed. UNRA expects to have an approved valuation report by October 2016 to be able to initiate payments.</li> <li>• <b><i>As of September 2016, the total number of Project-affected people on the road is 2,844, out of which 2,270 have been compensated, while 574 are still awaiting verification and payment.</i></b></li> <li>• Given that the road construction is still ongoing additional cases of land acquisition may arise and will be managed as they arise.</li> </ul> <p><b><i>As stated in the Management Response to the Request, the Borrower, in line with the Project's Financing Agreement, remains obligated to complete unfinished land acquisition and compensation processes beyond Project closure and the Bank will continue to follow up and to ensure that relevant policy obligations are met.</i></b></p>

No.	Panel Findings	Para Nos.	Management Response
			<p><b>Action:</b> The Bank will require UNRA and the GoU to complete compensation payments to Project affected people, in line with national laws and Bank Policy requirements, by no later than March 2017.</p> <p>To address continuing delays in completing this process, as well as other resettlement issues noted in the Panel's Report, the Bank will:</p> <ul style="list-style-type: none"> <li>(i) Recruit qualified experts to work directly with UNRA to assist it to (1) determine the reasons for the continued delays in payment of compensation and put in place an effective strategy for addressing them as necessary; (2) ensure that all outstanding and new claims are appropriately addressed; (3) determine whether there were impacts that have not previously been taken into account (livelihoods/loss of business income, vulnerable groups) for which compensation or assistance may be required; (4) ensure continuing consultation with Project-affected people and a well-functioning grievance mechanism; and (5) monitor implementation and provide fortnightly progress reports.</li> <li>(ii) Recruit a separate expert to conduct an audit to confirm satisfactory implementation of the process under (i) at its completion.</li> <li>(iii) Assign one or more Kampala-based Bank specialists to monitor and support the above process, with oversight from a Bank Lead Social Development Specialist.</li> </ul>
7.	<p><b>Adequacy of Compensation and Livelihoods Impacts</b></p> <p>The Panel finds road construction commenced and continued before Project-affected people were compensated. Furthermore, the Panel notes compensation amounts were frequently insufficient due to failure to assess the full impact of the road on land-take, and lack of livelihoods restoration assistance as set out in the 2011 RAP. The Panel finds this is not in compliance with OP/BP 4.12 on Involuntary Resettlement.</p> <p>Despite numerous outstanding claims, road building outpaced compensation and land acquisition, thereby creating financial and material hardships and genuine stress among PAPs. Complaints and challenges, however, related mainly to insufficient compensation payments arising from failure to identify all assets affected by road construction, rather than the</p>	ES17-18; 203-220	<p><b>Measures to address both livelihood impacts (loss of income), and impacts on vulnerable people, were included in the RAP but have not been provided to Project-affected people to date.</b></p> <p>The entitlement matrix notes that loss of business income due to relocation to a spot that is not adjacent to the location of the business before land acquisition should be compensated through the provision of a transition allowance and a shifting allowance.</p> <p>However, according to the information provided by UNRA, neither of those allowances has been provided. Similarly, although Annex 3 of the RAP describes measures to assist vulnerable groups, mostly in the form of additional support to help them prepare documents necessary to claim compensation, and, in a few cases, provision of replacement land or housing instead of cash compensation, there is no record of such assistance having been provided.</p> <p><b>Action:</b> See Item 6 above.</p>

No.	Panel Findings	Para Nos.	Management Response
	<p>valuing of specific items or areas of land.</p> <p>Regarding livelihood restoration, there was apparently little awareness of compensation in the form of rehabilitation assistance and no one received such payments.</p>		
8.	<p><b>Bank Supervision of the RAP</b></p> <p>The Panel finds Management inadequately supervised Project resettlement implementation leading to different instances of harm to communities along the road. This did not permit the Project to address harm in a timely and appropriate manner, and therefore the Panel finds Management in non-compliance with OP/BP 4.12 on Involuntary Resettlement.</p> <p>Bank supervision failed to ensure the Borrower complied with its obligation to report monthly on RAP implementation. Early detection of problems by the Bank would have permitted interventions to address known concerns and prevented compensation problems from escalating.</p>	ES19; 221-233	<p><b><i>While the Bank supervised RAP implementation and made recommendations to ensure that the compensation process outlined in the RAP was followed, overall, the process was not fully corrected as a result of these interventions.</i></b></p> <p>The Bank's recommendations included: (i) preparation of an updated and clear compensation status report; and (ii) implementation of an action plan on pending complaints and outstanding compensation issues. A RAP audit was also recommended by the Bank in May 2015 to ascertain the extent of compliance with the RAP. The Bank drafted terms of reference for such an audit and transmitted them to UNRA for action. However, during the October 2015 mission, the UNRA Executive Director informed the Bank team that the Ugandan Auditor General had launched an audit of the RAPs for roads built by UNRA and therefore UNRA was not able to undertake a parallel audit. The Bank mission requested UNRA to share the report of the Auditor General once it became available.</p> <p>When the problems in the land acquisition process became evident, the Bank requested UNRA to retain a specialized consulting firm to ensure accurate and timely compensation. Such a firm (SURVECO) was hired in March 2015, but due to weak performance the contract was later cancelled.</p> <p>See also Item 6.</p>
9.	<p><b>Grievance Redress Mechanism</b></p> <p>The Panel finds the lack of a formal Grievance Redress Mechanism (GRM) for the Project was not in compliance with OP/BP 4.12 on Involuntary Resettlement.</p> <p>Bank Policy OP 4.12 on Involuntary Resettlement requires institutionalized mechanisms for the continued participation of affected persons and redress of their grievances. The RAP set out a procedure for establishing a GRM that included employing a RAP Implementation Consultant with field presence along the road in collaboration with a local NGO funded</p>	ES20; 234-253	<p><b><i>Management acknowledges the lack of a working formal GRM for the Project.</i></b></p> <p>As stated in the Management Response, the existing grievance redress committee was working on issues of compensation complaint registration but the communication feedback loop from UNRA/compensation service provider on the resolution of claims was not working well. The grievance redress mechanism had also not been used to address other social issues apart from compensation; some communities did not have grievance committees set up within easy reach.</p> <p>UNRA has recently hired 12 community liaison officers overall, out of which two have been assigned for this project to address the previously observed communication and community engagement gaps. However, effective coverage of the full road remains a challenge, and a number of stakeholders noted continuing lack of communication and engagement by UNRA. UNRA plans to</p>

No.	Panel Findings	Para Nos.	Management Response
	to monitor RAP effectiveness. This was not implemented.		<p>establish at least three community liaison centers along the road, with one in Bigodi by the end of October 2016.</p> <p><b>Action:</b></p> <p>(i) The Bank will support UNRA to develop an accessible and effective, UNRA-wide GRM. This will include the development of a grievance redress process manual that will document the hierarchy of reporting levels and define the roles and responsibilities for each level. This work will benefit from the diagnostic of UNRA's existing grievance redress mechanisms which the Bank undertook in April 2016. For the roll-out of this GRM the Bank will (1) provide training and orientation for UNRA field based staff; (2) conduct workshops for relevant local officials and communities to establish/re-activate local grievance redress committees; (3) distribute standardized tools to record, report and manage grievances; and (4) provide technical support to UNRA in establishing contact centers with full-time community liaison officers in communities along Project roads.</p> <p>(ii) For the Project area, UNRA has already (1) activated a call center and set up a hot line; (2) distributed and displayed posters with hotline numbers at prominent places in road communities; and (3) recruited three community liaison officers (and is in the process of recruiting more) who are sensitizing grievance redress committees and conducting house visits in affected communities along the Kamwenge-Fort Portal Road. For the remainder of the construction of the Kamwenge-Fort Portal Road, Bank social specialists will continue to work with UNRA to ensure that a functional complaints mechanism, including hotline, is available and accessible for the affected communities. This will not depend on the completion of the longer-term measures set out under (i).</p>
	<b>OP 10.00 Investment Project Financing (Supervision)</b>		
10.	<p><b>Project Supervision of Construction and Remedial Action</b></p> <p>The Panel finds that Project implementation continued despite the serious compliance failures and harm repeatedly identified in supervision reports, and in the absence of decisive action by Management. Consequently the Panel finds Management in non-compliance with OP/BP 10.00 on Investment Project Financing.</p> <p>Although Management was aware of Project shortcomings early on, specifically regarding construction</p>	<p>ES14-15</p> <p>147-165</p>	<p><b><i>Management acknowledges that supervision has been insufficient.</i></b></p> <p>While Bank supervision focused on addressing many of the complex environmental and resettlement related issues facing the Project, far less attention was devoted to monitoring and addressing social risks, including those to girls from the conduct of road workers, until they were flagged in the December 2014 complaint. Bank supervision did not take adequate steps to monitor and ensure that the mitigation measures related to the risks of sexual misconduct were implemented, and should not have allowed for civil works to commence in the absence of more site-specific mitigation measures that would have been provided in an adequate Contractor's ESMP.</p>

No.	Panel Findings	Para Nos.	Management Response
	<p>impacts and health and safety, it did not act proactively enough to ensure good project implementation. The Panel further notes the Project proceeded without timely and appropriate corrective measures, with problems escalating until its cancellation.</p>		<p>In addition to these shortcomings, the Bank failed to respond to UNRA's and the Supervising Engineer's omissions in managing the Contractor properly, as well as their failure to act on issues that were identified during previous Bank supervision missions. This included UNRA's unilateral decision to lift a partial suspension of the Contractor's activities in 2014, which was imposed in response to noncompliant management of quarries, despite the fact that the conditions for lifting it had not been met.</p> <p>Management notes that Project preparation and implementation supervision also failed to assess and make provision for UNRA's weak capacity. The Bank placed emphasis on UNRA's weaknesses in terms of handling procurement and technical aspects, and much less on its ability to handle broader development issues in Project implementation. Furthermore, over the course of the Project, Bank supervision failed to respond effectively to signs of increasing deterioration in UNRA's institutional capacity, which had further adverse impacts on the conduct of Project implementation, including oversight of the Supervising Engineer and Contractor.</p> <p><i>After intensive consultations with UNRA and the GoU, the Bank suspended the Project in October 2015, and subsequently cancelled it in December 2015, due to the Borrower's noncompliance with its obligations to carry out the Project in conformity with appropriate environmental and social standards and practices.</i> The Bank made it clear, nevertheless, that despite the cancellation, it would continue to supervise the outstanding resettlement issues, and follow up on the Project-related issues that led to the decision to cancel.</p>
11.	<p><b>Project Supervision of Mitigation Measures related to Gender-based Violence and Child Protection</b></p> <p>The Panel finds Management failure to detect the serious harm suffered by women and children of the community during supervision of Project implementation, or to propose measures for redressing such harm, in non-compliance with OP/BP 10.00 on Project Investment Financing.</p> <p>The Bank undertook several supervision missions. However, the Panel finds the composition of these supervision teams lacked the requisite expertise to address issues related to gender-based violence and child protection. Effective supervision (including adequate understanding of the community) could have resulted in earlier detection of some problems caused by the Project.</p>	ES24; 254- 359	<p><i>Management had concluded in the Management Response to the Request that the measures taken by the Bank and GoU to address the identified risks of sexual misconduct were insufficient, and that actions taken in response were inadequate and too slow given the gravity of the allegations and emerging evidence.</i></p> <p>See also Items 4 and 5.</p>

No.	Panel Findings	Para Nos.	Management Response
12.	<p><b>Management's Actions in Response to Complaint</b></p> <p>The Panel finds Management's overall supervision of the Project, including its actions in response to the Request received in December 2014, in non-compliance with Bank Policy on Investment Project Financing OP/BP 10.00.</p>	ES25-27; 360-402	<p><b><i>Management agrees that the Bank's approach to understanding and responding to the issues raised by the community was not sufficiently effective or timely.</i></b></p> <p>Given the endemic problem of child marriages and teenage pregnancies in Uganda, the Bank should have been more aware and vigilant in assessing the extent to which the Project might aggravate the problem, and in reacting to reports that could indicate that it actually did. Initial actions following receipt of the complaint in December 2014 included multiple missions that focused on ascertaining the factual basis of the complaints. As described in Management's first Response, this proved to be challenging, as early missions encountered reluctance on the part of the community to discuss these sensitive issues and the team was not adequately equipped with appropriate expertise to successfully facilitate such discussions. As the first Management Response reported, it was only with the deployment of specialized child protection experts and closer coordination with the civil society organization representing the Requesters that the Bank was able to obtain a clearer picture of the situation.</p> <p>With the slow progress made in understanding the Project's contribution to the reported harm, time was lost before the Bank began to develop remedial actions and eventually apply its remedies.</p> <p><b><i>The Bank, however, repeatedly stressed to UNRA and the GoU the urgency of addressing community concerns, following the December 2014 letter.</i></b> This included requests for appropriate government action to address the issues, including though law enforcement and child protection agency actions:</p> <ul style="list-style-type: none"> <li>• On January 6, 2015, the acting Country Manager met with the GoU to discuss the sexual misconduct allegations and how to address the issues, including the importance of protection against retaliation;</li> <li>• A GoU mission to Bigodi was undertaken in early January 2015 led by the MoFPED, with the Bank participating as an observer. The mission included a consultation meeting on January 9, 2015 between the GoU (MoFPED), UNRA and 83 members of the Bigodi community.</li> <li>• Bank missions in February and April 2015 also included community meetings and interviews with approximately 85 people to better understand the issues and the scope of the problem. These meetings were equally unsuccessful in obtaining information about allegations of sexual misconduct of road workers. Interviews with community leaders, community members, local police, health center staff and heads of schools found no evidence of underage sex or child labor related to the Project. As was the case in January, community representatives consulted during these missions were reluctant to discuss sexual behavior issues, but rather</li> </ul>

No.	Panel Findings	Para Nos.	Management Response
			<p>stressed the concerns related to compensation, employment, and health and safety issues.</p> <ul style="list-style-type: none"> <li>On May 25-28, 2015, a joint mission with UNRA agreed on actions related to child protection;</li> <li>On June 18, 2015, a letter from the Country Director urged the GoU to address the sexual misconduct allegations;</li> <li>On July 10, 2015, the Country Director and Country Manager raised the issue with the Secretary to the Treasury, drawing attention to the June 18 letter;</li> <li>On July 15, 2015, the Country Director and Country Manager met with the UNRA Executive Director and reiterated the need for UNRA to implement agreed actions;</li> <li>On July 17, 2015, the Country Director and Country Manager met with the Minister of Works and Transport and informed him of the need to take appropriate actions on complaints related to the road;</li> <li>On August 5 and 13, 2015, Bank shared the revised action plan with UNRA and urged implementation;</li> <li>On September 15, 2015, the Country Director and Country Manager briefed the Speaker of Parliament and Secretary to the Treasury, and urged action.</li> <li>On September 28, 2015, a letter from the Country Director to MoFPED and UNRA raised concerns about the slow implementation of agreed actions;</li> <li>On October 22, 2015, a letter was sent from the Regional Vice President, suspending disbursements.</li> </ul> <p>As a result, Bank and UNRA worked together to develop an action plan to address environmental and social impacts, including steps designed to address issues of sexual misconduct. Steps specified in the plan, which was shared with the community in August 2015, included:</p> <ul style="list-style-type: none"> <li>Expanding the role of the HIV service provider to directly address the issue of sexual misconduct with minors in its sensitization campaigns along the Project road, including collaboration with health centers and schools;</li> <li>Preparing information materials in the form of brochures, posters and billboards/signposts that indicate zero tolerance of sexual misconduct with minors and of child labor, to be displayed in prominent places including the Contractor's camp and worksites, as well as schools and the health clinic;</li> <li>Convening, informing and sensitizing the Contractor's workers on the criminality and unacceptability of sexual misconduct with minors; and</li> </ul>

No.	Panel Findings	Para Nos.	Management Response
			<ul style="list-style-type: none"> <li>Ensuring that no underage person is hired in the Contractor's work force.</li> </ul> <p>This action plan was also agreed with members of the Bigodi community during the August 2015 mission.</p> <p>However, significant delays in the implementation of this action plan by UNRA were noted with concern and raised with UNRA. The lack of progress in implementing this action plan was among the reasons underlying the Bank's suspension of disbursements and eventually cancellation of the Project.</p> <p><b>Action:</b> Management has commissioned an internal report on the lessons that can be learned from the Uganda Transport Sector Development Additional Financing and their implications for future Bank projects in similar situations. The report will be made public by the end of October 2016.</p>

## Annex 2. Letter dated September 13, 2016 from President Museveni of Uganda

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IN ANY CORRESPONDENCE ON  
THIS SUBJECT PLEASE QUOTE No. **PO/10**



State House,  
P. O. Box 25497,  
Kampala,  
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13<sup>th</sup> September 2016

The President  
World Bank Group  
Washington, D.C

### UGANDA COUNTRY PORTFOLIO

Reference is made to your letter dated September 3, 2016 and our brief discussion in Nairobi, Kenya during the TICAD V meeting. Further reference is made to the letter from the Country Director dated 22<sup>nd</sup> August 2016, communicating pressing concerns with Transport Sector Development Project (TSDP), Albertine and NERAMP projects. I am happy that you were able to dispatch the Country Director to Uganda on September 1, to meet with me. We had a good review of the whole situation touching on the Fort Portal-Kamwenge road and the whole World Bank portfolio in Uganda.

Having listened carefully to the Country Director, I fully appreciated the concerns of the World Bank regarding social safeguards associated with infrastructure projects. I have asked the Country Manager to keep me constantly briefed on the progress of the portfolio and any other concerns. On the part of my Government, I reaffirmed government's commitment to deal with issues arising from the Portfolio and other issues which have hitherto continued to impede the performance of the Ugandan portfolio, including, but not limited to, delays in obtaining Parliamentary approvals; delays in procurements; lack of firm ownership and pro-activeness from the Ministries, Departments and Agencies (MDAs) charged with delivering the Projects and weak monitoring. I will consider these matters with my Cabinet of Ministers in the coming weeks and take a firm stance on them.

I want to reaffirm the commitment of my Government to ensure that social and environment safeguards policies are adhered to in undertaking infrastructure development projects. I share your concerns that large infrastructure contracts across the board come with high social and environmental risks during implementation.

WORLD BANK

15 SEP 2016

In that regard, I have instructed all the implementing agencies of such projects, to take care of these social and environmental concerns including Gender Based Violence (GBV) and child protection by providing funding in the projects to engage early with the project affected persons. In the recent past my Government has amended the Penal Code Law and the AIDS Law to make defilement a capital offence. In that regard, I have also instructed the leadership of the Uganda Police, to thoroughly investigate the cases of GBV including child protection, deaths and ensure that the perpetrators are brought to book. I will continue with this message across the country in order to sensitize the youth, women and the population at large of their rights especially as regards GBV and child protection along project sites.

I have also given strict directives to implementing agencies to follow up with contractors, to ensure that they adhere to their contractual obligations especially as regards to among others, safety at the sites.

Arising out of the case of the Fort Portal-Kamwenge road and recognizing the negative impacts arising from inadequate safeguards management, my Government has taken drastic measures to strengthen project safeguard management and supervision by embarking on the following:

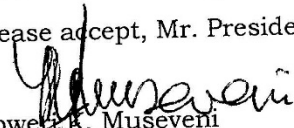
- (i) Strengthening of a Safeguards Management Department within UNRA with the responsibility of ensuring that safeguards are well managed on all projects;
- (ii) Establishment of a Land Acquisition Department within UNRA with more staff numbers, which has now enabled it to undertake this sensitive activity in-house;
- (iii) Government has adopted a Gender Based Violence Policy, which reinforces government resolve to address gender-based violence in the country;
- (iv) Increased stakeholder engagements to ensure prompt feedback from those affected by the project, through media and grievance redress mechanisms to ensure that any issues arising out of the project activities are promptly addressed;
- (v) At the executive level, I will continue to sensitize my people on the importance of effective safeguard management. I have also instructed my Ministers at every opportunity to address the matters of social and environment safeguards in areas where projects are being implemented;

- (vi) Government will continue working with the Bank on the Emergency Child Protection response efforts to provide support to survivors of sexual abuse and the necessary assistance to children that have been negatively affected by the project activities. UNRA, MGLSD, Kamwenge District Local Government will continue working closely with the Communities and survivors on an Emergency child protection program;
- (vii) Government will also continue with strengthening the already existing working arrangements with your office to improve on safeguard management and overall performance of the Portfolio;

In any case, although I did not have, at that time, the specific information about child abuse, I had set up a Commission of Enquiry in the road sector which resulted in exposing the corruption in the Ministry of Works. That was following the appointment of a new Manager of the UNRA (Uganda National Roads Authority). The recommendations of the Commission of Enquiry are being implemented, including criminal prosecution.

Let me conclude by assuring you that my Government is committed to continue with the national campaign for reducing violence against women and girls and remedial measures. The Uganda delegation coming for the Annual Meetings in October led by the Hon. Minister of Finance, Planning and Economic Development will share the progress on these commitments with your management team.

Please accept, Mr. President, the assurances of my highest esteem.

  
Yoweri K. Museveni  
**P R E S I D E N T**

**Copy to:** H.E. the Vice President of Uganda  
Rt. Hon. Prime Minister of Uganda  
Mr. Peter Larose, Executive Director for Uganda, World Bank Group  
Washington, **DC**  
Hon. Minister of Finance, Planning and Economic Development, Kampala  
Mr. Makhtar Diop, Vice president for Africa Region, World Bank,  
Washington **DC**.  
~~Ms.~~ Diarietu Gaye, Country Director for Uganda, World Bank,  
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Ms. Christina Malmberg Calvo, Country Manager for Uganda, The World  
Bank, **Kampala**  
Executive Director, Uganda National Roads Authority,