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**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT**

BOLIVIA

**SANTA CRUZ ROAD CORRIDOR CONNECTOR PROJECT
(SAN IGNACIO-SAN JOSÉ) (P152281)**

March 26, 2024

**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE INSPECTION PANEL INVESTIGATION REPORT
OF THE
BOLIVIA
SANTA CRUZ ROAD CORRIDOR CONNECTOR PROJECT
(SAN IGNACIO-SAN JOSÉ) (P152281)**

Pursuant to paragraph 40 and 41 of the Resolution Establishing the Inspection Panel (IBRD Resolution 2020-0004 and IDA Resolution 2020-0003), attached for consideration by Executive Directors is Management's Report and Recommendation in response to the findings set out in the Investigation Report No. 187506-BO dated February 12, 2024, of the Inspection Panel on the captioned Project (Santa Cruz Road Corridor Connector Project (San Ignacio-San José) (P152281)).

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IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT NO. 187506-BO**

**BOLIVIA
SANTA CRUZ ROAD CORRIDOR CONNECTOR PROJECT
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ABBREVIATIONS AND ACRONYMS

ABC	<i>Administradora Boliviana de Carreteras</i> (Bolivian Highway Administration)
ACISARV	<i>Asociación de Comunidades Indígenas de San Rafael de Velasco</i> (Association of Indigenous Communities of San Rafael de Velasco)
ACISIV	<i>Asociación de Cabildos Indígenas de San Ignacio de Velasco</i> (Association of Indigenous Councils of San Ignacio de Velasco)
AMSec	Secretary of the World Bank Accountability Mechanism
CCICH	<i>Central de Comunidades Indígenas Chiquitanas</i> (Chiquitano Indigenous Community Center)
CCISM	<i>Central de Comunidades Indígenas de San Miguel de Velasco</i> (Indigenous Community Center of San Miguel de Velasco)
CIDOB	<i>Confederación de Pueblos Indígenas de Bolivia</i> (Confederation of Indigenous Peoples of Bolivia)
DNNA	<i>Defensoría de Niñas, Niños y Adolescentes</i> (Ombudsman for Girls, Boys and Adolescents)
EHS	Environmental, Health, and Safety
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
ESIA	Environmental and Social Impact Assessment
GBV	Gender-based Violence
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INRA	<i>Instituto Nacional de Reforma Agraria</i> (National Institute for Agrarian Reform)
IPN	Inspection Panel
IPP	Indigenous Peoples Plan
Km	Kilometer
MAP	Management Action Plan
OHS	Occupational Health and Safety
OICH	<i>Organización Indígena Chiquitana</i> (Chiquitana Indigenous Organization)
OP	Operational Policy
PGSST	<i>Programa de Gestión de Seguridad y Salud en el Trabajo</i> (OHS Management Plan)
PPE	Personal Protective Equipment
RAP	Resettlement Action Plan
ROW	Right of Way
RPF	Resettlement Policy Framework
SA	Social Assessment
SEA/SH	Sexual Exploitation and Abuse, and Sexual Harassment
SLIM	<i>Servicio Legal Integral Municipal</i> (Municipal Comprehensive Legal Service)
TCO	<i>Tierras Comunitarias de Origen</i> (Community Lands of Origin)

EXECUTIVE SUMMARY

- (i) Management greatly appreciates the insights provided by the Panel in its Investigation Report. Management will continue to provide implementation support to the Project, including for the Management Action Plan (MAP) proposed in Section V.
- (ii) ***The World Bank is committed to supporting Bolivia to address the challenges in its transport sector, which has a significant potential to contribute to the country's economic development and help address rural poverty.*** The four municipalities along the Project road corridor rank low in accessibility and high in poverty, compared with national averages. Inhabitants of the villages and towns in the broader area will obtain benefits from the Project, as reduced transport costs translate into lower prices and availability of the goods and services that they consume and higher returns from those they produce. Moreover, the Project will provide people with better access to off-farm and seasonal employment opportunities in the area and beyond.
- (iii) ***Management notes that from early on, Project implementation was delayed by almost two years, due to various factors, including the COVID-19 pandemic, political instability in the country and severe wildfires in the region, which resulted in access restrictions.*** These delays affected the recruitment of the Supervision Consultant in a timely manner, leading to insufficient oversight of the Contractor's activities initially. They also affected the Bank's ability to closely monitor developments on the ground and contributed to the construction-related impacts described in the Panel's report, some of which the Bank became aware of with delay. Further, the Contractor faced difficulties in meeting contractual obligations in accordance with Bank policy requirements and frequently demonstrated reluctance to address requests for correction, even when faced with the threat of penalties.
- (iv) ***As explained in the [Management's Response to the Request for Inspection](#), Management had concluded that there were some shortcomings regarding compliance with Bank safeguard policy requirements relating to construction activities.*** As soon as these shortcomings came to Management's attention, remedial actions were discussed and agreed with the Borrower. By the time the Request for Inspection was filed, Management was already working with the Borrower to address many of these shortcomings and has continued to do so since. Some instances of non-compliance led to the Notice of Potential Suspension of Disbursements dated May 19, 2023. Following the Notice, the Borrower improved its environmental and social management, and made significant progress in the implementation of the remedial actions outlined in said Notice. However, personnel and organizational changes in the Bolivian Highway Administration (ABC, *Administradora Boliviana de Carreteras*) between November 2023 and January 2024 undermined its capacity to effectively manage the Project's environmental and social risks and impacts. On February 8, 2024, the Bank issued the Notice of Suspension of Disbursements. The Borrower agreed to a Remedial Action Plan to

address the issues identified in the Notice of Suspension and has expressed its commitment to implement this plan, as well as to implement the actions set out in Section V of this report. Management will continue to provide hands-on implementation support to the Borrower in implementing these actions and to the Project as a whole.

Assessment of the Project's potential adverse impacts

- (v) ***Management believes that – apart from some construction-related impacts – the Project appropriately assessed the anticipated direct and indirect impacts resulting from the upgrading of the existing road financed by the Project.***
- (vi) ***Management acknowledges the complex social, economic, territorial and political contexts of the larger Chiquitania region, of which the Project area constitutes only a small part.*** Many potential issues and impacts in the region, such as the economic, land use and demographic changes, relate to longstanding agrarian policies, plans and legislation that are part of a broader national effort to increase agricultural development, as explained in detail in the background section of [Management's Response to the Request for Inspection](#). These policies, plans and laws are unrelated to the Project. The contextual aspects were analyzed and discussed in the 2015 and 2022 Social Assessments (SA).
- (vii) ***In Management's view, the responsibility of a project to assess and manage future induced impacts needs to be commensurate with the scope and scale of such project. This responsibility should also be commensurate with the project's possible contribution to expected impacts and anticipated risks.*** It is noteworthy that the road under rehabilitation by the Project has been in existence for more than 30 years. Despite being unpaved, it is regularly maintained and usable all year round and is part of a much broader regional road network that already facilitates access to and through the region and includes two major national oceanic corridors that run from east to west. Management would also like to note that the road upgrading under the Project does not provide new access into forest areas and represents only about 2 percent of the existing regional road network.
- (viii) In Management's view, the most appropriate support the Project can provide to mitigate any potential future impacts on the Chiquitano communities resulting from the broader context is to raise awareness among the communities about such potential impacts and to strengthen their capacity to participate in established political and administrative processes and advocate for their interests more effectively. This is what the Project's Chiquitano Indigenous Peoples Plan (IPP) is doing.
- (ix) ***The Borrower is also undertaking additional efforts for prevention and early response to emerging environmental challenges that may affect local communities.*** These efforts aim to bring together and support a wide range of relevant stakeholders, including indigenous communities, to discuss and collectively tackle regional environmental challenges in a comprehensive way.

Managing the Risk for Gender-based Violence (GBV)

- (x) ***The Project has implemented robust measures to prevent and address the risk and occurrence of GBV in the Project area, drawing from lessons derived from prior Bank-supported projects.*** Leveraging this knowledge, the Project has developed comprehensive provisions designed to effectively manage GBV risks. These measures are aligned with the requirements of Bank policy, ensuring that the Project operates within a framework that focuses on the prevention and mitigation of GBV. Management notes the Panel’s finding of compliance with Operational Policy (OP) 4.01 on Environmental Assessment in managing risks of sexual exploitation and abuse/sexual harassment (SEA/SH).
- (xi) ***Specifically, the Project was designed in accordance with best practice in addressing SEA/SH issues at the time and has been regularly updated and strengthened since then, based on emerging good practice, lessons from implementation and global experience.*** This included a retrofitting in 2019 of all relevant key documents with the support of specialized NGOs to help address the SEA/SH risk for minors and adolescents. Moreover, targeted implementation arrangements were put in place prior to the start of any civil works in 2019, such as signing of the Code of Conduct by all workers, regular trainings, and sensitization on SEA/SH for workers and communities, and design and adoption of a Grievance Redress Mechanism (GRM), which is linked to the local service providers in the four municipalities in the Project area.

Construction-related impacts

- (xii) ***Management acknowledges that some construction-related impacts were not adequately assessed in the Environmental Impact Assessment (EIA), and the proposed MAP includes measures to address identified weaknesses.*** This specifically pertains to the assessment of impacts related to borrow pits, as well as impacts on water resources (*atajados*) used by communities or individuals in the Project area due to Project construction works. The EIA/Environmental Management Plan (EMP) did not explicitly stipulate environmental and social requirements for the Contractor to develop borrow pits on private or community property outside the Right of Way (ROW), including acceptable processes for the Contractor to gain access to said properties. Steps have been agreed to rectify these weaknesses, and the MAP contains further measures to that effect.

Road safety

- (xiii) ***Management is aware of the road safety challenges the Project has faced and recognizes that this remains an ongoing issue. This has been an area of focus during Bank supervision throughout Project implementation.*** Since the start of the Project’s civil works, supervision missions highlighted the importance of road safety during construction. The Bank also reiterated the importance of having road safety expertise within the teams implementing the Project, and such specialists

have been included in the teams of ABC, the Contractor and the Supervision Consultant. With the engagement of an independent field-based expert consultant, the strengthening of ABC's capacity, and close monitoring by the Bank, significant improvements were made by the end of 2023. However, some weak aspects remained, as presented in the February 8, 2024 Notice of Suspension of Disbursements. Pursuant to the Notice, the agreed Remedial Action Plan and the MAP presented herein contain measures to further address ongoing road safety challenges.

Occupational Health and Safety (OHS)

- (xiv) ***Management agrees that there have been weaknesses in enforcing Contractor implementation of Occupational Health and Safety (OHS) measures and appropriate working conditions, particularly during the early stages of Project implementation.*** In response to these challenges, Management commissioned two specialized consultants from April to August 2023 on OHS and broader labor issues to directly support the Borrower in undertaking a labor and OHS assessment of the Project. Reports from both consultants provided input for corrective actions to manage existing and emerging risks as construction advances. While some challenges remain, the situation on the ground with regard to OHS and broader working conditions has improved. The Contractor also made progress in absorbing the majority of subcontracted workers, which has facilitated regularizing their access to medical insurance and other benefits.

Indigenous Peoples Plan (IPP)

- (xv) ***The IPP includes culturally appropriate measures to provide adequate social and economic benefits for the Indigenous Peoples affected by the Project and to mitigate adverse impacts.*** These measures were identified through a robust process of free, prior, and informed consultations that identified and took into account the Chiquitanos' views. The IPP is still under implementation and although closely monitored, Management agrees that its results can only be credibly assessed once implementation is completed.
- (xvi) Implementation of the IPP has progressed consistently since November 2022 in two of the four *Centrales*. It did not advance in the other two *Centrales* for most of 2023 due to internal leadership disputes that halted implementation for several months. Implementation is now advancing in all four *Centrales* and, as of December 2023, ABC reports physical progress of 31 percent of the IPP-related construction works.

Grievance redress

- (xvii) Management agrees that the Project GRM requires strengthening. To address this, the Bank has supported the Borrower to identify and implement measures to strengthen the GRM, through specialized support, workshops and training. Actions to strengthen the GRM were also included in the Remedial Action Plan agreed with the Borrower in accordance with the Notice of Suspension of Disbursements and the MAP below.

Resettlement

- (xviii) The Project successfully reduced its footprint for involuntary land acquisition. There have been eleven (11) cases where compensation payment was made after works had started on the respective land. The process of compensation in these 11 cases has now been concluded. Implementation of the Resettlement Action Plan (RAP) is nearing completion, and the Bank is closely supervising the process. ABC has provided information showing that no further works have been initiated in lands for which compensation has not yet been paid.

Conclusion

- (xix) Management believes that it has sought to apply its policies and procedures and to pursue its mission statement in the context of the Project. Nevertheless, Management agrees that some of the Project's implementation arrangements require strengthened measures and believes that the proposed MAP contained in this document addresses the Panel's findings.

I. INTRODUCTION

1. On January 13, 2023, the Inspection Panel registered a Request for Inspection, IPN Request RQ22/07 (hereafter referred to as “the Request”), concerning the Bolivia: Santa Cruz Road Corridor Connector Project (San Ignacio-San José) (P152281), (“the Project”) financed by the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (together “the Bank”). The Request for Inspection was submitted by leaders of four “*Centrales Chiquitanas*” (associations of Chiquitano Indigenous People) in the Chiquitania region in eastern Bolivia (hereafter referred to as the “Requesters”), represented by two local civil society organizations.

2. The Executive Directors and the President of IDA were notified by the Panel of receipt of the Request. Management responded to the claims in the Request on February 14, 2023, and proposed a series of actions. In its Eligibility Report to the Board on March 17, 2023, the Panel recommended an investigation, which was authorized by the Executive Directors on March 31, 2023.

3. Following Board approval of the Panel’s recommendation to investigate, the Accountability Mechanism Secretary (AMSec) offered the Requesters and the Borrower – the Plurinational State of Bolivia (“Bolivia” or the “Government”) – the opportunity to participate in dispute resolution. On May 12, 2023, the AMSec informed the Board, the Panel, and Bank Management, in a “Notice of No Agreement to Pursue Dispute Resolution,” that there was no agreement from the Parties to pursue dispute resolution. The Panel Investigation commenced after this notice, with the Panel posting its Investigation Plan on its website on May 16, 2023.

4. On February 12, 2024, the Panel issued its report outlining the findings of the investigation. Management appreciates the Panel’s clear and thorough presentation of its findings. This report, which responds to the findings of the Panel, is organized in six sections. Section II provides Project background information. Section III summarizes the findings of the Panel. Section IV contains the Management’s responses to the Panel’s findings. Section V presents the Management’s Action Plan (MAP) in response to the findings, and Section VI contains the conclusion. The Panel’s findings, along with the Management’s responses, are described in detail in Annex 1.

II. PROJECT BACKGROUND

5. **The Project.** The Santa Cruz Road Corridor Connector Project is financed by a Loan in the amount of US\$200 million (IBRD Loan 8648-BO) and a Credit in the amount of US\$30 million (IDA Credit 5903-BO) to the Plurinational State of Bolivia (the Borrower). The Bank and the Borrower entered into a Loan Agreement for the Loan and a Financing Agreement for the Credit (together, the “Legal Agreements”) on February 2, 2017. The Project is implemented by the Bolivian Highway Administration (*Administradora Boliviana de Carreteras*, ABC).

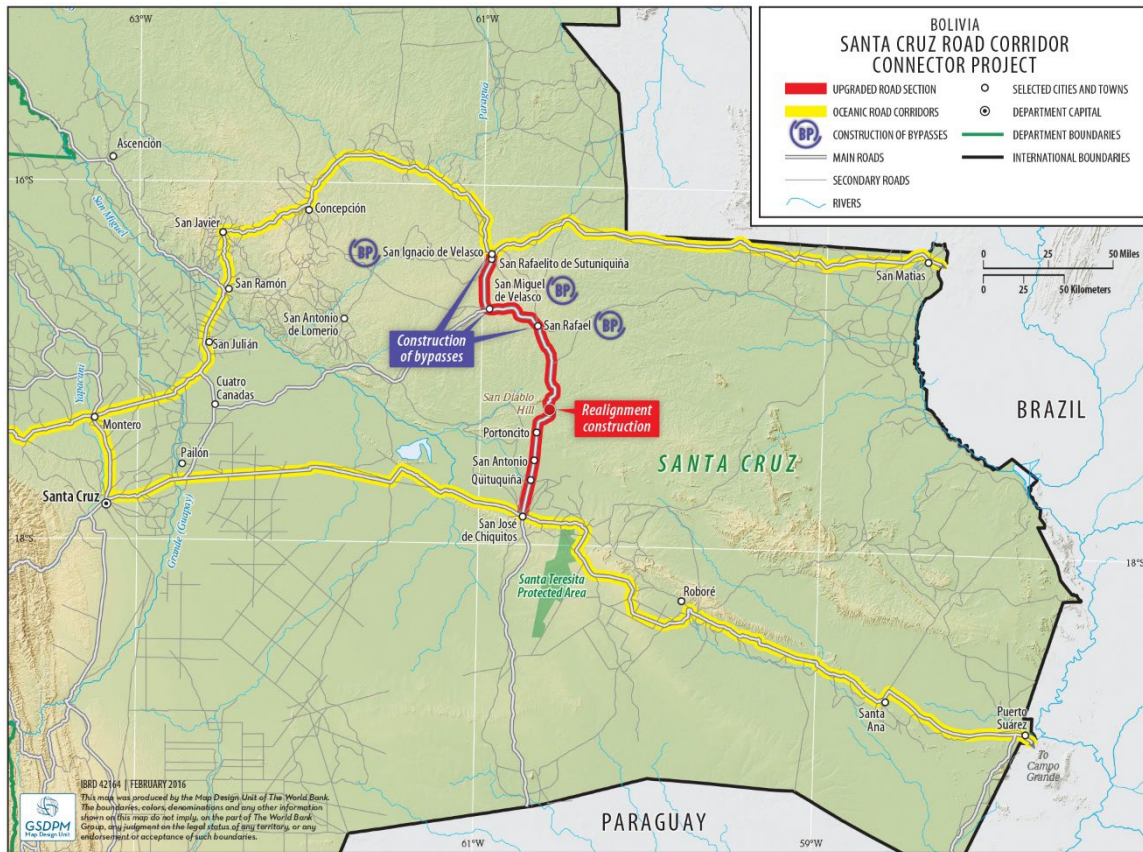
6. **Project Objectives.** The Project Development Objective is to improve transport accessibility along the road corridor between San Ignacio de Velasco and San José de Chiquitos in the Department of Santa Cruz (see Map 1). Specifically, the Project finances the upgrading of about 208 kilometers of the existing road connecting the two towns, including paving of the road, the construction of three bypasses, straightening of alignment over a hilly area, as well as bridges and culverts. The Project also supports the implementation and supervision of the environmental and social instruments—Environmental Impact Assessment (EIA) / Environmental Management Plan (EMP), Resettlement Policy Framework (RPF), Resettlement Action Plan (RAP), Indigenous Peoples Plan (IPP)—including training and technical assistance. In addition, the Project supports the preparation of relevant feasibility studies and bidding documents for upgrading the roughly 300 kilometers of the San Matias-San Ignacio de Velasco Road. The Project directly benefits close to 125,000 inhabitants, of whom 51 percent are considered poor and 62 percent are of indigenous descent, together with businesses and road users who will benefit from improved local connectivity and reduced travel times and vehicle operating costs along the target road.

7. For more than two decades, particularly during the 2000-2014 commodity boom, Bolivia has made significant progress in reducing inequality and poverty. Despite these positive socioeconomic results, Bolivia still faces numerous development challenges. The country has one of the lowest Gross Domestic Product (GDP) per capita levels (9,737 international dollars in 2022)¹ in the Latin America and Caribbean Region (average 19,269 international dollars). Other social indicators, while improving since the 1990s, are still below those of neighboring countries.²

¹ The *international dollar* is a hypothetical unit of currency that has the same purchasing power parity that the US dollar had in the United States at a given point in time. It is mainly used in economics and financial statistics for various purposes, most notably to determine and compare the purchasing power parity and GDP of various countries and markets at a given benchmark year.

² Bolivia still has some of the poorest levels in the region for critical social indicators, such as maternal mortality (155 vs. 80 per 100,000 live births in 2017), infant mortality (21 vs. 15 per 1,000 live births in 2019), prevalence of severe wasting (0.9 vs. 0.6 percent of children under 5 in 2019), prevalence of tuberculosis (106 vs. 28 cases per 100,00 people in 2019), access to at least basic sanitation facilities (66 vs. 88 percent of the population in 2020), and fixed-broadband internet subscriptions (9 vs. 18 percent in 2021).

Map 1. Bolivia Santa Cruz Road Corridor Project (IBRD 42164)



8. The road sector is strategically relevant to Bolivia’s economic development: it provides efficient transport services, serves as a key corridor for trade and economic activity, and facilitates socially important integration between Bolivia’s regions. The Project supports the Government’s overall agenda, priorities, and investment planning for the road sector by upgrading part of the primary network to improve connectivity between population centers in Santa Cruz, and through its Technical Studies and Project Management component, contributes to improving Bolivia’s connection to a bi-oceanic corridor connecting with Brazil (northern corridor).

9. **Project Components.** Project activities are organized around two components.

- **Component A. Road Upgrading.** This component covers the 208-km road upgrading, which is the focus of the Request. From a technical standpoint, the upgrading of the road is uncomplicated; for the most part, it follows the alignment of an existing gravel road and is thus largely within an already established Right of Way (ROW). Construction of three bypasses is needed to avoid heavy vehicle traffic in populated areas (San Ignacio de Velasco, San Miguel, and San Rafael). Also, the road alignment will be straightened in some sections. Construction also includes three small bridges (35 m, 40 m, and 46 m) and a few large box culverts that will replace existing bridges. In total, about 300 culverts will be needed over the full route. The terrain is mostly flat to gently rolling hills.

- *Component B. Technical Studies and Project Management.* This component links with the main investment by financing preparatory activities for upgrading the roughly 300-km San Matias-San Ignacio de Velasco Road, which is part of the bi-oceanic corridor. The component finances the preparation of relevant feasibility studies (including technical, economic, environmental, and social aspects) and bidding documents. In addition, the component finances gender studies, poverty and social impact analyses, audits and capacity building.

10. ***First Project Restructuring.*** The Project was approved on January 11, 2017, and declared effective on December 21, 2017. The original Closing Date was set for December 31, 2021. In December 2021, the Borrower requested a 35-month extension of the Project's Closing Date to November 11, 2024, given significant implementation delays due, among other causes, to a protracted process for the procurement of the Contractor and Supervision Consultant firm (hereafter, "Supervision Consultant"), extensive wildfires, the COVID-19 pandemic, and social unrest nationwide and in Santa Cruz, leading to the stoppage of works for several months. A first restructuring of the Project was approved on December 21, 2021, to extend the Project's Closing Date by 23 months, to November 30, 2023. The extension was consistent with the civil works schedule at the time, with completion estimated by September 1, 2023. The extension for the additional 12 months requested was to be considered at a later stage, depending on the progress made with necessary contract amendments and related civil works.

11. ***Second Project Restructuring.*** On April 7, 2022, the Bank approved another restructuring of the Project to support a request from the Borrower to finance costs of involuntary resettlement resulting from Project activities under the Loan, instead of using counterpart financing as originally planned. This included financing expenditures for land (including compensation for acquisition of land and land-based assets related to the implementation of the resettlement instrument), cash compensation, and other cash assistance for involuntary resettlement resulting from activities under the Project.

12. ***Potential Suspension of Disbursements.*** During implementation support missions in the first few months of 2023, the Bank identified issues that constituted a failure of the Borrower to comply with its environmental and social obligations under the Legal Agreements. The instances of non-compliance related to resettlement, occupational health and safety, borrow pit management, environmental management of industrial sites, and road safety. On May 19, 2023, the Bank issued a Notice of Potential Suspension of Disbursements to the Borrower communicating the Bank's intention to suspend the right of the Borrower to make withdrawals from the Loan Account and Credit Account unless the remedial actions described in the Notice were implemented. The Notice outlined 23 remedial actions for the Borrower to avoid suspension. By the last quarter of 2023, the Borrower had made significant progress in the achievement of the remedial actions included in the Notice, except for two related to road safety issues and one to industrial pollution clean-up.

13. ***Third Project Restructuring.*** On November 22, 2023, at the Borrower's request, the Bank approved a third restructuring of the Project to extend the Project's Closing Date by an additional 18 months, from November 30, 2023, to May 31, 2025, to accommodate

the revised civil works schedule. Civil works had been facing additional delays due to poor planning of works implementation, reliance on rented equipment, limited availability of diesel oil in the country, and the need to improve environmental and social management, which slowed the pace of implementation.

14. ***Suspension of Disbursements.*** In early 2024, the Bank found that between November 2023 and January 2024, ABC made decisions that significantly and abruptly undermined its capacity to manage the Project's environmental and social risks and impacts, in violation of the Legal Agreements. In addition to the three outstanding remedial actions from the Notice of May 19, 2023, the new issues were mainly related to the Project's capacity to manage Gender-Based Violence (GBV) risks, ABC's environmental and social management capacity, the functioning of the Project's Grievance Redress Mechanism (GRM), and reduced staffing of the Contractor and Supervision Consultant. Consequently, on February 8, 2024, the Bank notified the Borrower that Disbursements for Component A of the Project were suspended and requested the Borrower to agree to a Remedial Action Plan with the Bank by February 19, 2024. The Plan was agreed by said date and the Borrower is currently working toward completion of the specified remedial actions.

III. PANEL FINDINGS

The Chiquitano Context, Environmental and Social Assessment, and Free, Prior and Informed Consultation
<p><i>Analysis of the Project’s Potential, Adverse Effects</i></p> <p>The Panel notes that Management did not ensure that there was adequate consideration of the wider implications of upgrading the road, thereby improving access to an area where Indigenous Peoples had unresolved territorial land claims and identified vulnerabilities relating to land and natural resources. Furthermore, the Panel notes that the SA did not adequately assess the Project’s direct, negative impacts on the Chiquitanos, and how it may affect them in a differentiated manner. The Panel finds Management did not ensure that the 2015 and 2022 Social Assessments had adequate breadth and depth of analysis of the Project’s potential, adverse effects on the Chiquitano communities in the Project area, given the complexity, risks, and challenges facing them. The Panel therefore finds Management in non-compliance with OP 4.01, paras. 2 and 3, and OP 4.10, para. 9 and its Annex A, para. 2(b).</p>
<p><i>Free, Prior, and Informed Consultation</i></p> <p>The Panel notes that OP 4.10 requires that assessment of potential, adverse effects of the project on the affected Indigenous Peoples ensure free, prior, and informed consultation with them. The Panel also notes the absence of a framework for ensuring free, prior, and informed consultation with the affected indigenous communities during the Project implementation, as per the Policy requirement. The Panel finds Management did not ensure the provision of an assessment of the Project’s potential, adverse impacts on the Chiquitano communities and consequently did not ensure an adequate process of free, prior, and informed consultation with them in non-compliance with OP 4.01, para. 14, OP 4.10, paras. 6(c) and 10(c) and its Annex B, para. 2(d).</p>
The Indigenous Peoples Plan and the Grievance Redress Mechanism
<p><i>IPP Implementation</i></p> <p>The Panel notes several problems in – and community concerns about – the implementation of the IPP projects. The Panel notes that OP 4.10 requires the IPP to ensure culturally appropriate social and economic benefits for the project-affected Indigenous Peoples, and an appropriate action plan to avoid, minimize, mitigate, or compensate potential, adverse effects on Indigenous Peoples. The Panel recognizes the importance of the IPP projects and activities to the Chiquitano community, and the Project’s efforts to complete these in a timely manner. However, the Panel notes discrepancies between the objectives and the designs of some of these projects. Notwithstanding the above, the Panel notes the IPP is still under implementation and recognizes the full effectiveness of the IPP implementation can only be assessed once the implementation is completed. The Panel also notes OP 4.10 does not tie provision of benefits to a specific project implementation timeline. The Panel hopes that serious issues raised on the benefit projects, their execution and sustainability are addressed before the conclusion of the IPP implementation.</p>
<p><i>Grievance Redress Mechanism</i></p> <p>The Panel observes that the initial grievance management system was neither culturally appropriate nor developed in consultation with the Chiquitano representatives. However, following the Request for Inspection, the Panel notes the Project has increased the number of channels available for raising complaints in an effort to make the GRM more accessible, and has improved its presence in communities where there are issues. The Panel notes the communities have expressed concerns that when they do raise concerns through the Project’s GRM channels, they claim these are not accepted or go unanswered, and their issues are not followed up. The Panel notes the communities’ claims that issues receive responses only after extreme measures, such as blockades, are taken. Notwithstanding the Project’s recent efforts to resolve grievances through increased presence in the communities, the Panel finds Management in non-compliance with OP 4.10, Annex B, para. 2(h) for not ensuring the existence of a functioning method for responding to concerns raised, and for not accommodating the customary dispute resolution process used by the Indigenous People.</p>

Impact from the Right-of-Way, Borrow Pits, and Atajados

Resettlement and Compensation Relating to the Right-of-Way

The Panel finds that ABC made efforts to reduce the width of the ROW in several road sections to avoid or minimize the number of houses, structures, crops, and trees affected by resettlement. The Panel notes that, in order to minimize resettlement, the Project took account of “an effective use of ROW” (UEDDV) which was used by ABC in different sections of the road alignment. **The Panel finds Management in compliance with OP 4.12, para. 2(a) for minimizing resettlement.**

The Panel noted during its March 2023 eligibility field mission that some PAPs said they received no – or in some cases, only partial – compensation prior to Project acquisition of their land and assets. The Panel notes Management acknowledged this in its “Notice of Potential Disbursement Suspension” sent to the Borrower in May 2023, and identified it as noncompliance with the RAP. The Panel understands, according to Management and ABC, these payments have now been closed out. **The Panel finds Management in non-compliance with OP 4.12, paras. 8 and 10, for not ensuring payment of compensation prior to taking of land and related assets, and for not ensuring an adequate process for compensation payments.**

Borrow Pits

The Panel notes that while the 2016 [Environmental and Social Impact Assessment (ESIA)] required a specific EMP for each borrow pit – including a closure plan – no social impact assessment or social management plan was developed for potential impacts from borrow pits, nor were potentially affected communities farther from the road identified or included in any safeguard document. The Panel further notes additional safety measures relating to borrow pits are required to bring all of them into compliance, and that Management requested full implementation of the borrow pit EMPs, including their closure plans, after submission of the Request. **The Panel finds Management in non-compliance with OP 4.01, para. 2 for not ensuring adequate implementation of the ESIA and EMPs for borrow pits. The Panel also finds Management in non-compliance with OP 4.01, para. 3 for not ensuring consideration of environmental and social aspects in an integrated way when identifying and mitigating impacts from borrow pits.**

The Panel notes that the communities, Bank Management, ABC, and the Supervision Consultant all acknowledge the issues regarding the borrow pits. As covered in Chapter 2, the Panel observes the SAs did not adequately assess the Project’s direct impacts on the Chiquitano communities, including the impact of creating the borrow pits. The Panel observes that as a result, the Project provided no measures to mitigate those impacts, such as assisting the indigenous communities in negotiations with the Contractor.

The Panel notes that Management understands such agreements are voluntary in nature, and it is therefore up to property owners to decide what they will accept as compensation. The Panel notes the Chiquitano communities were expected to negotiate the use of the borrow pits with the Contractor without the benefit of adequate information, prior knowledge of how to negotiate, or an understanding of the legal implications of what they signed. The Panel notes there appears to have been a lack of supervision and oversight when these agreements were being negotiated. No community with whom the Panel spoke with received assistance when negotiating and signing the agreements and the communities negotiated the agreements without the benefit of information about adequate compensation – in other words, without “informed consent and power of choice.” The Panel also notes the wide power imbalance between the Contractor and Chiquitano communities during the negotiation of these agreements and the stringent nondisclosure and arbitration clauses that were included in the agreements. **The Panel finds Management did not ensure provision of measures to minimize, mitigate, or compensate adequately for the negative impacts associated with development of the borrow pits, including adequate support to the Chiquitano communities regarding the Contractor’s negotiated access to their lands for development of borrow pits. The Panel therefore finds Management in non-compliance with OP 4.01, para. 2, and OP 4.10, para. 1.**

Atajados

The Panel notes that the impact of the road construction on their *atajados* is important to the communities, as it affects their sources of water for human and animal consumption. The Panel notes that the Chiquitania region is water-stressed, and that during the long, dry season, communities suffer acute water

shortages. Therefore, any impact on their existing water sources is significant. The Panel also notes Management's acknowledgement that although the 2016 ESIA identified *atajados* as existing infrastructure that would be affected by acquisition of the ROW, it lacked detailed analysis of all potential impacts on them. The Panel notes no social impact assessment or social management plan was developed for potential impacts on the *atajados*. **The Panel finds Management did not ensure identification or mitigation of impacts on *atajados* and therefore is noncompliant with OP 4.01, para. 2.**

Road Safety, Occupational Health and Safety, and Labor Working Conditions

Road Safety

The Panel believes that sufficient attention to the risk of serious accidents was not paid before receipt of the Request and that Road Safety concerns are an ongoing challenge for the Project. The Panel notes that adding worksites without a corresponding increase in safety equipment or in the Supervision Consultant's and Contractor's resources would predictably exacerbate the shortcomings in Project road safety. The Panel notes that despite Management's efforts to ensure improvements in road safety, the implementation of adequate and effective road safety measures protective of local communities and road-users, including pedestrians, are not in place. The Panel notes the EHS guidelines focus on the construction phase road safety issues for local communities and road-users. **The Panel finds Management did not ensure adequate implementation of the ESIA and road safety measures to protect the community and workers' human health, safety, and livelihoods in non-compliance with OP 4.01, paras. 2 and 3.**

Occupational Health and Safety and Labor Working Conditions

Although the ESIA included prevention and mitigation measures for OHS, working conditions, and accommodation camps, the Panel observes significant shortcomings in their implementation. **The Panel finds prior to the submission of the Request, Management did not ensure implementation of OHS measures, including working conditions, which led to inadequate implementation of the ESIA, in non-compliance with OP 4.01 on Environmental Assessment, and the Bank's Environmental Health and Safety Guidelines.** The Panel notes Management's increased focus on this issue after the submission of the Request for Inspection, but there remain serious concerns regarding the capacity challenges of the ABC, the Supervision Consultant and the Contractor in managing and implementing OHS measures until the completion of the Project.

Sexual Exploitation, Abuse, and Sexual Harassment (SEA/SH)

Sexual Exploitation, Abuse, and Sexual Harassment

This Investigation afforded the Panel an opportunity to assess how the Project is implementing the measures put forward by the Bank following the Panel's Uganda and Democratic Republic of Congo investigations involving GBV cases. As noted in this chapter, there are still areas related to SEA/SH the Bank and the Project are working on, but after retrofitting the Project in 2019, the Project's system to prevent and manage SEA/SH issues has been continuously strengthened and improved. **The Panel finds Management in compliance OP 4.01 on Environmental Assessment in managing SEA/SH risks.**

Project Supervision

Frequency of Supervision

The Panel notes the frequency of Bank supervision of the Project was adequate. The Bank undertook regular supervision missions since Project approval. The Panel finds that Management periodically assessed the Project and reviewed the Borrower's monitoring of results, risks, and implementation status. **The Panel finds the frequency of Management's supervision of the Project in compliance with the requirements of the Directive on Investment Project Financing, para. 44.**

Quality of Supervision

The Panel notes that, before submission of the Request, Management overlooked several complex issues raised along the entire road corridor, and missed the early warning signs in the GRM log and the Supervision Consultant's monthly reports. The Panel notes the Supervision Consultant was hired nine months after the Contractor was retained, and was given insufficient time to establish itself prior to

commencing works. The Panel notes that Management was unaware of the serious issues the Project faced until it identified instances of noncompliance related to resettlement, borrow pits, OHS, and road safety after submission of the Request. The Panel observes that Management’s lack of awareness of these issues until submission of the Request may have prolonged impacts that could have been mitigated earlier. **The Panel finds that, except for SEA/SH issues, Management did not effectively monitor the Project implementation or identify appropriate follow-up actions needed prior to submission of the Request. The Panel therefore finds that, prior to submission of the Request, Management was in non-compliance with the Bank Policy on Investment Project Financing, para. 20, and the Bank Directive on Investment Project Financing, para. 44.**

The Panel notes Management’s increased supervision following submission of the Request, and the various actions taken to address the issues relating to resettlement, borrow pits, OHS, and road safety – such as issuing the “Notice of Potential Disbursement Suspension” and follow- up actions with the Borrower. **The Panel finds Management in compliance with the Bank Policy on Investment Project Financing, para. 20, and the Bank Directive on Investment Project Financing, para. 44, after submission of the Request.**

IV. MANAGEMENT RESPONSE

15. Management appreciates the insights provided by the Panel in its Investigation Report. Management will continue to provide implementation support to the Project, including for the Management Action Plan (MAP) proposed in Section V.

16. *The World Bank is committed to supporting Bolivia to address the challenges in its transport sector, which has a significant potential to contribute to the country's economic development and help address rural poverty.* The four municipalities³ along the Project road corridor rank low in accessibility and high in poverty, compared with national averages. Inhabitants of the villages and towns in the area will obtain benefits from the Project, as reduced transport costs translate into lower prices and greater availability of goods and services that they consume and higher returns from those they produce. Moreover, the Project will provide people with better access to off-farm and seasonal employment opportunities in the area and beyond.

17. *Management notes that from early on, Project implementation was delayed by almost two years, due to various factors, including the COVID-19 pandemic, political instability in the country and severe wildfires in the region, which resulted in access restrictions.* The delays affected the recruitment in a timely manner of the Supervision Consultant, leading to insufficient oversight of the Contractor's activities initially. They also affected the Bank's ability to closely monitor developments on the ground and contributed to the construction-related impacts described in the Panel's report, some of which the Bank became aware of with delay. Further, the Contractor faced difficulties in meeting contractual obligations in accordance with Bank policy requirements and frequently demonstrated reluctance to address requests for correction, even when faced with the threat of penalties.

18. *As explained in the [Management Response to the Request for Inspection](#), Management had concluded that there were some shortcomings regarding compliance with Bank safeguard policy requirements relating to construction activities.* As soon as these shortcomings came to Management's attention, remedial actions were discussed and agreed with the Borrower. By the time the Request for Inspection was filed, Management was already working with the Borrower to address many of these shortcomings and has continued to do so since. Some instances of non-compliance led to the Notice of Potential Suspension of Disbursements dated May 19, 2023 (see paragraph 12 above). Following the Notice, the Borrower improved its environmental and social management, and made significant progress in the implementation of the remedial actions outlined in said Notice. However, personnel and organizational changes in ABC between November 2023 and January 2024 undermined its capacity to effectively manage the Project's environmental and social risks and impacts. On February 8, 2024, the Bank issued the Notice of Suspension of Disbursements (see paragraph 14 above). The Borrower agreed to a Remedial Action Plan to address the issues identified in the Notice of Suspension and has expressed its commitment to implement this plan, as well as to implement the actions set out in Section V of this report. Management will continue to provide hands-on

³ San Miguel, San Rafael, San Ignacio, and San José.

implementation support to the Borrower in implementing these actions and to the Project as a whole.

19. Below are more detailed responses to the Panel's findings and observations.

Assessment of the Project's potential adverse impacts

20. ***Management submits that – apart from some construction-related impacts – the Project appropriately assessed the anticipated direct and indirect impacts resulting from the upgrading of the existing road financed by the Project.***

21. ***Management acknowledges the complex social, economic, territorial and political contexts of the larger Chiquitania region, of which the Project area constitutes only a small part.*** Many potential issues and impacts in the region, such as the economic, land use and demographic changes, relate to longstanding agrarian policies, plans and legislation that are part of a broader national effort to increase agricultural development, as explained in detail in the background section of [Management's Response to the Request for Inspection](#). These policies, plans and laws are unrelated to the Project.

22. ***These contextual aspects were discussed in the 2015 and 2022 Social Assessments (SA).*** While the language in the Project documents is not always clear or fully consistent across the various documents, all the documents note that major changes to the region related to agricultural expansion, expansion of settlements, and deforestation are highly likely to occur regardless of the Project since they result primarily from implementation of national laws, policies, and regulations that pre-date the Project and are outside its scope.

23. ***Management believes that the responsibility of a project to assess and manage future induced impacts needs to be commensurate with the scope and scale of such project. This responsibility should also be commensurate with the project's possible contribution to expected impacts and anticipated risks.*** It is noteworthy that the road under rehabilitation by the Project has been in existence for more than 30 years. Despite being unpaved, it is regularly maintained and usable all year round and is part of a much broader regional road network that already facilitates access to and through the region and includes two major national oceanic corridors that run from east to west. Management would also like to note that the road upgrading under the Project does not provide new access into forest areas and represents only about 2 percent of the existing regional road network. Therefore, the Project is neither an appropriate, nor would it be an effective, platform to address such potential broader impacts. Those need to be assessed at a regional and sectoral level and addressed by the relevant Government agencies.

24. ***In Management's view, the most appropriate way to mitigate any potential future impacts on the Chiquitano communities resulting from the broader context is to raise awareness among the communities about such impacts and to strengthen their capacity to participate in political and administrative processes and advocate for their interests more effectively.*** This is what the Project seeks to achieve through the Chiquitano IPP. It includes activities for organizational strengthening of the community organizations as a key aspect of the plan. It also includes activities designed to strengthen the capacity of

indigenous communities of the area to enable them to benefit from the economic developments that are expected to result from the Project. The original and revised IPPs also provide measures to mitigate potential impacts on culture due to Project-related population influx and the related risk of GBV.

25. ***In addition, there are two programs required by the EIA and environmental license that aim to address indirect or potential induced impacts in the Project area.***

- First, the 2016 EIA specified an Environmental Education Program to be carried out by the Contractor, which, among other elements, aims to highlight the economic potential as well as potential related environmental and social impacts associated with the future use of the upgraded road to raise awareness, strengthen capacity and encourage adaptation to evolving regional conditions. Management is aware that the implementation of this Program is still ongoing and will require further strengthening to fulfill its objective, and it is supporting and supervising ABC's efforts in this regard.
- ***Second, in November 2023, the Borrower undertook additional efforts in the context of meeting national requirements to update the Project's national environmental license, and incorporated activities that seek to contribute to prevention and early response to emerging environmental challenges that may affect local communities.*** Specifically, this includes: (a) establishing an intersectoral coordination body, including representatives of the four municipalities, the national army, indigenous and non-indigenous communities, and livestock producer associations in the area, and holding regular meetings to discuss and agree on priority environmental and security threats within the Project's area of influence, local capacity to address them, and areas for collaboration; (b) developing and embedding within local institutions an information and early warning system, including a mobile app, to record, categorize and facilitate response to environmental and social infractions or emerging threats in the area, and facilitate coordination in actions of response, monitoring and control/enforcement of applicable environmental and territorial laws and regulations; and (c) holding seminars and sensitization workshops with local stakeholders and the general public on the types of environmental and social risks that the region is facing, and the various coordination and response activities mentioned above.

26. These efforts aim to bring together and support a wide range of relevant stakeholders, including indigenous communities, to discuss and collectively tackle regional environmental challenges in a comprehensive way. While ABC will contribute to such efforts through initial coordination, sensitization and modest technical assistance support, the future success of these efforts in providing platforms and tools for addressing regional issues goes beyond the responsibility of the Project, and would need to be sustained by local institutions and stakeholders.

27. Management is aware that securing land titles is a major priority of the Chiquitano community. According to INRA, there are no outstanding formal territorial claims filed

with INRA in the Project area at the time the Management Report and Recommendation was prepared. As noted in the 2015 SA and 2022 SA, the land titling process undertaken by the National Institute for Agrarian Reform (INRA in Spanish) for Chiquitano communities located in the Project area (which is unrelated to the Project) has almost been completed. Community property land titles have been issued for 16 of the 17 Chiquitano communities located in the Project area, and the remaining community has been issued with an administrative resolution authorizing its settlement (*Resolución Administrativa de Autorización de Asentamiento*).⁴ Management also notes there are no Chiquitano Community Lands of Origin (*Tierras Comunitarias de Origen*, TCOs) in the Project area.

Box 1. Chiquitania Region

The “*Chiquitano territories*” mentioned in the Request are not a clearly defined area. There are different concepts that refer to the “Chiquitania region,” as shown below with some examples. For the purpose of this Management Response and Recommendation, the Project area comprises the 17 Chiquitano communities located in the four municipalities along the road alignment, which are directly affected by the Project.

Department of Santa Cruz: One of the nine departments that are part of the official territorial subdivisions of Bolivia.

Chiquitania region: An area within Santa Cruz, which includes the 17 municipalities in the eastern section of the department, where the majority of Chiquitanos live. This area is not an official territorial unit.

Chiquitania Dry Forest (Chiquitania Bosque Seco): The largest dry tropical forest in the world, located almost entirely in the Department of Santa Cruz, overlapping with the Chiquitania region.

Chiquitano Community Lands of Origin (TCOs in Spanish): Indigenous territories that have been registered with INRA, in accordance with the Agrarian Land Law.

Chiquitano Community Property: Indigenous Chiquitano community property that has been registered with INRA in accordance with the Agrarian Land Law.

Chiquitano Area: The area where the Chiquitano language is commonly spoken (approx. 40,000 to 60,000 speakers).

⁴ The issuance of this resolution is a prior step to obtain the title.

Managing the risk of Gender-based Violence

28. ***The Project has implemented robust measures to address the risk and occurrence of GBV in the Project area, drawing from lessons derived from prior Bank-supported projects.*** Leveraging this knowledge, the Project has developed comprehensive provisions designed to effectively manage GBV risks. These measures are aligned with the requirements of Bank policy, ensuring that the Project operates within a framework that focuses on the prevention and mitigation of GBV. Management notes the Panel’s finding of compliance with Operational Policy (OP) 4.01 on Environmental Assessment in managing risks of sexual exploitation and abuse/sexual harassment (SEA/SH).

29. Specifically, the Project was designed in accordance with best practice in addressing SEA/SH issues at the time and has been regularly updated and strengthened since then, based on emerging good practice, lessons from implementation and global experience. This included the following steps: (i) in 2019, GBV retrofitting took place following issuance of the SEA/SH Good Practice Note; (ii) all key documents (Code of Conduct, GRM, Contractor Environmental and Social Management Plan) were improved – with the help of specialized NGOs to help address issues related to potential SEA/SH involving minors, and to ensure protection of adolescents and minors, following the Bank’s guidance note approved in September 2022.

30. Targeted implementation arrangements were put in place prior to the start of any civil works in 2019: (i) signing of the Code of Conduct by all workers, (ii) regular trainings and sensitization on GBV for the workers and communities, and (iii) designing and adopting a GRM, which is linked to the SLIM⁵/DNNA⁶ of each of the 4 municipalities in the Project area. SLIMS and DNNA perform the role of services providers to GBV survivors, and they provide services regardless of connection to the Project.

Construction-related impacts

31. ***Management acknowledges that some construction-related impacts were not adequately assessed in the EIA, and the proposed MAP includes measures to address identified weaknesses.*** This specifically pertains to the assessment of impacts related to borrow pits, as well as impacts on water resources (*atajados*)⁷ used by communities or individuals in the Project area due to Project construction works.

Borrow pits

32. Management acknowledges that borrow pit management has been challenging. While the EIA included an assessment of impacts as well as two management programs

⁵ *Servicio Legal Integral Municipal (SLIM)* is the municipal psychosocial and legal support service for victims of violence.

⁶ *Defensoría de Niñas, Niños y Adolescentes (DNNA)* is the Ombudsman's office for the defense and protection of the rights of girls, boys and adolescents.

⁷ *Atajados* are small reservoirs or ponds used for collecting rainwater or water from streams. They are commonly built in rural areas to store water for agricultural purposes or for household use during dry seasons.

related to borrow pit exploitation (one for lateral borrow pits and one for quarry sites), management of borrow pit impacts requires further strengthening in order to address the full range of environmental and social impacts that may occur. The 2016 EIA/EMP focused mainly on the environmental risks and impacts of lateral borrow pits within the ROW, which were prioritized as a source of aggregate material to minimize impacts on third-party land. However, it did not explicitly stipulate environmental and social requirements for the Contractor to develop additional borrow pits on private or community lands, including any required processes for the Contractor to obtain access to land in case such borrow pits outside the ROW were deemed necessary.

33. Only three quarry sites were pre-identified in the 2016 EIA/EMP, as it was expected that those, together with lateral borrow pits, would be sufficient to source the required materials. The Project assigned the Contractor with the responsibility of sourcing the materials, which included verifying the technical viability and sufficiency of the materials available at the pre-identified sites. Once the Contractor was selected and mobilized, it was confirmed that the pre-identified sources did not contain the required construction materials in sufficient amount or quality. For this reason, the Contractor turned to private and communal lands to meet the material needs.

34. Beginning in February 2023, Management expressed concern to the Borrower about inadequate attention to managing safety risks to both communities and road users related to borrow pits. On May 19, 2023, Management issued a Notice of Potential Suspension of Disbursements, requesting ABC to take action to address several shortcomings in borrow pit management and oversight related to safety risk management, and to provide detailed information about all borrow pits associated with the Project.

35. Following the Notice of Potential Suspension of Disbursements, ABC and the Supervision Consultant actively followed up on borrow pit management. In May 2023, Management learned that the Contractor had 29 lateral borrow pits along the ROW and that it had negotiated access to 76 borrow pits outside the ROW, mostly through bilateral agreements with landowners (individuals or communities). All 29 lateral borrow pits underwent a risk analysis in the same month to identify and prioritize safety measures and installation of additional safety signaling. In June 2023, Management confirmed that all 76 borrow pits outside the ROW had their own Borrow Pit EMP, which includes, among others, a site assessment, environmental, health and safety measures for the exploitation, and a requirement to prepare a Closure Plan to remediate the site. Each Borrow Pit EMP includes as an annex the respective bilateral agreement negotiated with landowners. In some cases, an *acta*⁸ was signed instead of a bilateral agreement.

36. ***In most cases, the Contractor and landowners agreed on in-kind benefits (i.e., works to be carried out by the Contractor) in lieu of monetary payments; these included, among others, construction of atajados and small community infrastructure, upgrading of community or private access roads, as well as land clearing.*** When this became clear,

⁸ In this context, an *acta* means a document, which is typically hand-written, summarizing the outcomes of a meeting between the Contractor and the community and/or private landowner(s) to provide access to land for borrow pit development in exchange for compensation. It lacks the formality of a written contract.

ABC – at the request of the Bank – reviewed the agreements with private owners and communities to identify all activities entailing environmental and social impacts that would require assessment and management in line with Bank policy requirements. The Contractor was instructed to stop any land clearing until the above concerns were addressed, and to identify potential impacts and propose appropriate mitigation measures.

37. ABC’s draft report in December 2023 recommended renegotiation of five bilateral agreements to offer a different form of compensation to avoid further land clearing processes. Additionally, it indicated that contractual agreements for six borrow pits that were no longer needed and where exploitation had not started would need to be terminated. The draft report (currently under review by the Bank) outlined a process for renegotiating compensation to avoid land clearing processes, and for early termination of unexploited borrow pits. It also indicated that the Contractor had negotiated access to develop four additional borrow pits, for a total of 80 borrow pits outside the ROW.

38. ***The borrow pits were not acquired using eminent domain.*** The Contractor gained access to the land for temporary exploitation through contractual arrangements with the respective owners. These are therefore voluntary willing-buyer-willing-seller transactions where the seller has the possibility to reject the contract. Management acknowledges that there may have been challenges in contract negotiations between the Contractor and landowners. ***However, Management found no indication suggesting that individuals or communities were forced into signing bilateral agreements providing access to their land for borrow pit development in exchange for compensation.***

39. Management nonetheless agreed with the Borrower on measures aimed at strengthening borrow pit management, including developing and implementing a protocol for carrying out a comprehensive assessment of environmental and social risks and impacts for all existing borrow pits that have not fully completed closure activities, as well as future borrow pits, as detailed in the MAP below. This protocol will also set out a process to approach relevant landowners to negotiate access to their land for borrow pit / material extraction site development, covering: (a) information about the proposed excavation, including potential environmental and social impacts and risks; (b) the voluntary and informed nature of the “willing-buyer willing-seller” transaction; (c) type of compensation offered; (d) requirements for preparation of a specific EMP for each borrow pit, including land reclamation measures upon completion in addition to the compensation; (e) references to the Project’s GRM; and (f) development of a template agreement to be used by the Contractor.



Photo 1. Borrow pit site in process of closure, pending revegetation

Impacts to surface water sources (atajados)

40. ***Management agrees that potential impacts to atajados were not comprehensively assessed by the Project during its preparation phase.*** The Project safeguard instruments assessed impacts to *atajados* with regard to the potential impacts stemming from the Project's water usage, and direct impacts on some *atajados* as part of clearance of the ROW. Additional potential impacts on *atajados* beyond these two aspects were not sufficiently addressed in the EIA/EMP. These include, for example, potential impacts to water quality of existing *atajados* resulting from erosion and siltation from the road platform, borrow pits, access roads or other Project infrastructure, as well as potential changes to drainage patterns associated with Project earthworks affecting existing *atajados*, or potential partial restrictions to community access to *atajados*.

41. ***Some of these impacts have already been identified and managed through the Project's GRM and through regular meetings and/or joint inspections with communities.*** Given the dynamic nature of both the *atajados* in the Project area, as well as of Project activities, it is understandable that this issue could not be fully assessed at a site-specific level in advance of construction, and that adaptive management will continue to be required. Nonetheless, there is a need to strengthen the Project's proactive management of potential impacts on *atajados*. This has been discussed with ABC, and corresponding actions for a more systemic approach in managing *atajados* are included in the MAP.



Photo 2. Atajado secured by the Project

Road safety

42. ***Management is aware of the road safety challenges the Project has faced and recognizes that this remains an ongoing issue. This has been an area of focus during Bank supervision throughout Project implementation.*** Since the start of the Project's civil works, supervision missions highlighted the importance of road safety during construction, including adequate signaling, especially in areas with reduced visibility. The Bank also reiterated the importance of having road safety expertise within the teams implementing the Project.

43. ***In its supervision missions early in 2023, the Bank identified several shortcomings in road safety management, including at the Contractor level.*** In May 2023, the Bank issued its Notice of Potential Suspension of Disbursements and requested ABC to work with the Contractor and the Supervision Consultant on a series of actions to improve road safety.

44. ***Management has supported ABC closely in improving the road safety aspects of the Project, including ABC's addressing the actions in the Notice.*** The Bank engaged a short-term independent consultant from June to December 2023 to work solely on road safety aspects and support ABC extensively in the field in addressing related challenges and improving its performance. The Bank has also supported ABC in implementing improvements, including reinforcing road safety schemes.

45. ***Another key action is the updating of the Contractor's Road Safety EMP to respond to progress in the works and the identification of new risks in new work areas.*** The Contractor's Road Safety EMP was prepared to implement the 2016 EIA/EMP's Road Safety Program. The Contractor is now updating its Road Safety EMP, and will update it quarterly thereafter to respond to progress in the works and the identification of risks in new work areas; each update requires approval by the Supervision Consultant.

46. ***The Bank has also stressed the importance of including road safety specialists within ABC, the Supervision Consultant, and the Contractor.*** As a result, in July 2023, ABC assigned a road safety specialist from the Santa Cruz Regional Office to monitor the Project, and requested the Supervision Consultant to add road safety expertise to its team. In January 2024, ABC modified the assignment of its road safety specialist to include more time in the field. In February 2024, the Supervision Consultant engaged two new road safety / occupational health and safety (OHS) specialists who will oversee the Project and implementation of the Contractor's Road Safety EMP.



Photo 3. Improved traffic management with signage and flag man

47. ***With the engagement of the independent field-based consultant, the strengthening of ABC's capacity, and close monitoring by the Bank, important improvements were made by the end of 2023.*** ABC addressed all but two of the nine critical road safety-related issues raised in the May 2023 Notice of Potential Suspension of Disbursements. Due to these two issues, as well as a recent sharp deterioration in ABC's capacity to fully implement previously agreed road safety measures during December 2023 and January 2024, Management partially suspended Project disbursements on February 8, 2024 and agreed with ABC to include additional road safety strengthening measures in the Remedial Action Plan to lift suspension on disbursements, as well as in the MAP presented below.

48. In November 2023, the Bank engaged a consultant to conduct a preliminary assessment of ABC's capacity nationally in terms of road safety, going beyond just Project level capacity. The assessment was finalized and presented to ABC in February 2024. It provides ABC with recommendations on how to strengthen its capacity to better manage road safety, in particular during construction projects, at the institutional level.

Occupational Health and Safety (OHS)

49. Management agrees that there have been weaknesses in enforcing Contractor implementation of OHS measures and appropriate working conditions, particularly during the early stages of Project implementation.

50. ***Management notes that the Bank has focused on OHS in its supervision since the start of Project implementation.*** Management undertook missions and held monthly calls with the Borrower that included attention to OHS aspects, among others. Field supervision was limited during 2020 and 2021 because of the COVID-19 pandemic and was further hampered through much of 2022 by political instability and protests in the region. During the pandemic, two virtual missions were held (September 2020 and April 2021), which included labor and OHS-related actions. In August 2021, the Contractor's workers unionized, and short strikes were held in September 2021, October 2021, and February 2022 to protest various labor issues. Management followed up with the Borrower in each instance.

51. ***Since early 2023, Management has further increased the focus of its supervision on OHS and working conditions.*** All field missions in 2023 (February, March, April, May, June and September) included meetings with Project workers (including meetings that comprised only Bank staff and workers), as well as with the Contractor and Supervision Consultant, in which a range of labor issues were discussed, including provision and use of personal protective equipment (PPE) and health insurance, as well as various broader working condition concerns. Due to the seriousness of the concerns raised and observed, Management cited OHS and labor issues in its May 2023 Notice of Potential Suspension of Disbursements.

52. ***In parallel, Management commissioned two specialized consultants from April to August 2023 on OHS and broader labor issues to directly support the Borrower in fulfilling Management's request for a labor and OHS assessment of the Project.*** Reports from both consultants were shared with ABC, and the Bank has been following up on the issues they identified. Some of the main observations raised in those reports were to: update the OHS Management Plan to reflect a comprehensive assessment of the emerging risks as construction advances; provide comprehensive training on industrial safety to all personnel involved in the Project; establish clear procedures and safe working practices for each Project task or activity; and conduct regular monitoring to ensure that safety standards are met.



Photo 4. PPE used by contractor workers

53. ***While some challenges remain, the situation on the ground with regard to OHS and broader working conditions has improved.*** In response to Bank requests, the Contractor’s OHS Management Plan was fully updated in November 2023, and both ABC and the Supervision Consultant are reinforcing their OHS teams. Moreover, in response to the May 2023 Notice of Potential Suspension of Disbursements, the Project established its Joint Committee of worker representatives and Contractor management, which together with the labor union, raises OHS concerns to be addressed by the Contractor and then monitored by the Supervision Consultant. During the September 2023 mission, improvements were observed in different areas, including: (a) implementation of preliminary risk analyses and work permits for specific activities, and reinforcement of safety talks and trainings; and (b) improvement in the use of PPE by workers in all areas of the Project, including by subcontractors. The Contractor also made progress in absorbing most subcontracted workers, which facilitated regularizing their access to medical insurance and other benefits. The MAP below includes actions to continue strengthening OHS management.

Indigenous Peoples Plan (IPP)

54. ***The IPP includes culturally appropriate measures to provide adequate social and economic benefits for the Indigenous Peoples affected by the Project and to mitigate adverse impacts to the Chiquitano communities that were analyzed in the 2015 and 2022 SAs. These measures were identified through a robust process of free, prior, and informed consultations that identified and took into account the Chiquitanos’ views. The IPP is still under implementation and although closely monitored, Management agrees that its results can only be credibly assessed once implementation is completed.***

55. ***Implementation has progressed consistently since November 2022 in two of the four Centrales. It did not advance in the other two Centrales for most of 2023 due to internal leadership disputes, which halted implementation for several months.*** Implementation is now advancing in all four *Centrales* and, as of December 2023, ABC reported physical progress of 31 percent of the IPP-related construction works.

56. The IPP measures agreed with the communities aim to mitigate potential long-term adverse impacts and risks (identified in the SA as pre-dating the Project) potentially affecting the Chiquitano people with respect to their cultural identity. These include:

- (a) Local economic development projects that promote the recognition of traditional Chiquitano practices;
- (b) Organizational strengthening and capacity building; and
- (c) Building productive community infrastructure where activities promoting Chiquitano identity and culture can be carried out.

57. ***The 2015 SA analyzed the vulnerabilities of the Chiquitano people, which predate the Project, and identified the potential Project adverse impacts on the Chiquitano people in relation to possible acculturation caused by an increase in population mobility and commerce, possible risk of SEA/SH caused by Project-related labor influx, and possible exacerbation of lack of access to potable water.*** The 2022 SA did not identify any new impacts caused by the Project and reconfirmed the vulnerabilities of the Chiquitano people in the broader Chiquitania region not directly associated with the Project.

58. To address the identified impacts, the 2016 IPP, in consultation with the IP organizations, included measures such as:

- (a) Economic development projects focused on traditional art and crafts, mainly for women;
- (b) Building of community infrastructure in each indigenous *Central* (for example, the Community Productive House, “*Casa Comunal y Productiva in San Ignacio*”) to improve marketing conditions and production capacities for traditional products;
- (c) Community livestock projects; and
- (d) Adoption of a Code of Conduct for Project workers with a focus on GBV and child protection.

59. ***The 2022 IPP revised and improved these measures based on the indigenous organizations’ proposals, which were presented to ABC as part of free, prior, and informed consultations; it also added an organizational strengthening component to support the internal processes of dialogue in each of the four Centrales in the Project area, to help them advocate for their rights before regional and national authorities, including on issues of land tenure.*** The provision of water wells was included in the 2016

IPP but, during the consultation for the revision of the 2022 IPP, these activities were transferred from the IPP to the Project's Water Resources Management Plan.

60. ***The scope of the agreed measures is based on proposals presented by the four indigenous Centrales to ABC***, which were discussed and evaluated in a broad participatory process. These measures aim to benefit and strengthen all the Chiquitano communities represented by the *Centrales*, not just the communities along the road corridor affected by the Project.

61. ***The design of the IPP activities is consistent with the communities' chosen objectives***. For example, the design and locations of the productive community infrastructure were discussed with the communities and indigenous representatives to ensure they met inclusive, equitable and participatory criteria. The design of the artisanal modules was also consulted upon with the communities and responds to their preferences and needs. Varied artisanal skills classes are fully advancing in the Central Turubo for example. A painting class has recently concluded successfully, as noted by the Central representatives, and classes of sewing and weaving are about to start.

62. ***Following approval of the IPP in February 2022, additional consultations were carried out in April 2022 to plan the implementation of the agreed IPP activities in detail***. In these meetings, the indigenous communities agreed that they would periodically follow up on the implementation of each activity; review the technical specifications for the acquisition of equipment; and plan the organizational strengthening activities on a monthly basis. To date, all the indigenous organizations carry out regular monitoring visits, coordinating with the Supervision Consultant and the Contractor, with different schedules per activity. For example, the IP organization of San Jose carries out a visit to monitor the implementation of the artisanal modules every Tuesday.



Photo 5. Construction of community center financed by the IPP

63. ***Implementation of the IPP.*** Progress has been achieved mainly in the San José (CCICH-TURUBO) and San Rafael (ACISARV) *Centrales*, which were without leadership disputes. Internal divisions and the emergence of competing and parallel representative organizations in San Miguel (CCSIM) and San Ignacio de Velasco (ACISIV) significantly reduced the space for consensus and delayed implementation of the agreed IPP projects from February 2023 onwards, despite ABC's attempts to help resolve them. The regional and national umbrella organizations, OICH and CIDOB, helped settle the conflict in December 2023 and conveyed the updated list of agreed leaders to ABC.

64. ***Supervision of the IPP.*** Management notes that Bank staff have adequately supervised the IPP. The three local social staff that Management deployed to support the IPP process have a deep understanding of the cultural particularities involved. Management has guided ABC in each phase of the consultation process for the IPP update and the Bank has participated in some meetings as an observer. Management notes that the IPP update was an iterative process, which required not only consultations with the indigenous organizations, but even more importantly allowed time for their own internal consultations and consensus building within their respective organizations.

65. ***The supervision of the implementation of the IPP has been hands-on, with the Bank providing close guidance to ABC to manage challenges that have arisen during implementation, including in the divided Centrales, and by systematically reiterating to ABC its responsibilities to ensure the Supervision Consultant and Contractor meet their obligations under the contractual agreements.*** Actions to maintain adequate capacity to implement the IPP and monitor implementation were also included in the list of required actions accompanying the Notice of Suspension.

Grievance redress

66. ***Management agrees that the Project GRM requires strengthening.*** To address this, the Bank has supported the Borrower to identify and implement measures to strengthen the GRM, through specialized support, workshops and trainings. Actions to strengthen the GRM were also included in the list of required actions accompanying the Project's Notice of Suspension of Disbursements dated February 8, 2024.

67. The GRM accommodated the customary dispute resolution process used by the Chiquitano people, for example by involving *Caciques* to present and facilitate disputes, and by increasing the channels to present complaints to reflect indigenous communities' preferences, such as additional opportunities to voice concerns verbally and by using regular Project meetings with the communities and with representatives of the *Centrales* to gather complaints.

68. The GRM was established when Project implementation began and has been receiving and addressing complaints since 2019. To date, 205 complaints have been recorded in the GRM registry and 163 have been addressed and closed. Based on feedback by communities and IP organizations, complaint channels were expanded to include verbal options to lodge a complaint. Complaints can be presented: (a) by message to cell phones or WhatsApp of the Supervision Consultant and Contractor, as advertised in many

locations throughout the Project area; (b) by talking to social specialists of the Contractor or Supervision Consultant; (c) at regular meetings between the Supervision Consultant and representatives of indigenous organizations and at regular meetings between the Supervision Consultant and the communities along the road corridor; (d) at community relations offices established in the workers' camps; (e) by approaching local officials/inspectors of the Supervision Consultant and Contractor on the ground; and (f) by writing to ABC and using mailboxes located in different communities. Information about how to access the GRM is advertised in all communities.

69. Management acknowledges that implementing an effective process to address complaints and monitor their solutions has encountered challenges. Some of these related to the Contractor's inability to mobilize resources to address issues raised in complaints in a timely manner; weak internal coordination and decision-making processes in the Supervision Consultant; limited capacity of the Contractor and Supervision Consultant's staff; and weak monitoring capacity by ABC. In the first years of Project implementation, the COVID-19 pandemic and other external impacts such as the forest fires and political unrest in the area also slowed down resolution of some complaints.

70. *As detailed in the MAP, the Bank will support ABC to further strengthen grievance redress at the Project and institutional level by providing advice based on good international practice*, training for ABC staff, Supervision Consultant and Contractor staff on grievance management and dispute resolution. The Bank will also support ABC to assess the ABC-wide grievance redress system and to identify recommendations for improvement.

Resettlement

71. Management acknowledges that a group of eleven (11) affected people received their compensation payment after works had started on their land. When it identified this issue in March 2023, the Bank immediately requested ABC to urgently complete the pending compensation payments and not to proceed with works on the remaining sections that had not been fully compensated. On March 21, 2023, the Contractor suspended all works in road sections with pending compensation payments. Completion of outstanding payments was a required remedial action in the Notice of Potential Suspension of Disbursements to the Borrower, dated May 19, 2023. The process of compensation in these 11 cases has now been concluded.

72. Management notes that for approximately two years starting in 2019, political unrest, street protests, forest fires, and the COVID-19 pandemic precluded access to the Project area and mission visits. During this time, Bank virtual and other limited access supervision missions systematically reiterated to ABC that the Contractor could only start works in sections where the compensation of affected people was completed and that access to properties by the Contractor prior to compensation contravened Bank policy and the Legal Agreements. Implementation of the RAP is nearing completion, and the Bank is closely supervising the process. According to information provided by ABC, compensation for 22 affected people remaining to be compensated is being processed. ABC has provided


information showing that no further works have been initiated in lands for which compensation has not yet been paid.

73. Management acknowledges that affected people did not receive written information on the amount of compensation each was entitled to, prior to the actual payment. Nevertheless, consultations were held in every community to explain how compensation was calculated for the different types of affected assets, and to provide affected people the opportunity to request information about their specific case. In response to feedback from communities, six of these meetings were conducted in June 2023. A detailed account of the amount of compensation was provided to affected people after the payment, and if they decided to challenge such amount, this could be reviewed and adjusted. Management also notes that people may access the GRM for any reason, even after receiving the payment, including to challenge the amount of compensation. Management notes that no complaint was registered in the GRM with respect to lack of information on the compensation prior to receiving payment nor on the amount of compensation received. In addition, affected people are individually and collectively notified in a timely manner (five to 15 days) ahead of the payment day. Finally, the Supervision Consultant has been providing funds to vulnerable affected people to reach the payment locations in San Jose or San Ignacio.

V. MANAGEMENT'S ACTION PLAN IN RESPONSE TO THE FINDINGS

74. On February 20, 2024, Management invited the Requesters to participate in consultations on a proposed MAP. The invitations were extended through one of the civil society organizations authorized to represent the Requesters, who had asked for anonymity in their Request for Inspection. The Requesters responded by accepting and confirming their participation in the consultation meeting, which was held on February 28-29, 2024, at Hotel La Villa Chiquitana in San Jose de Chiquitos. The Bank did not set a limit on the number of participants.

75. At the start of the first session, the civil society organization representative confirmed that all four Requesters were among the 16 community members attending (9 women and 7 men). No representatives of ABC or any other Borrower agency were present during the consultations. The second session was attended by 13 community members. Community members agreed to a photograph being taken at the end of the consultations.



*The photo was removed for the public version of this report
for purposes of protecting privacy.*

Photo 6. MAP Consultations in San Jose de Chiquitos (February 29, 2024) with Requesters, community members and Bank staff

76. The Bank presented the draft MAP, after which there was an initial round of comments, queries, and clarifications. The following day, after the Requesters and community members had had time to consult among themselves, further comments were made, including presentation of specific proposals made by the community members on each of the Panel's findings. Throughout the sessions, participants were actively engaged in the discussion.

77. The community members expressed appreciation of the Bank's presentation and the clarifications provided on the process and the roles and responsibilities of the parties involved. The community members expressed views on most of the actions proposed and provided ample context for issues faced by the communities. Many suggestions and

requests were made, most of which, however, were outside the purview of the MAP or did not relate to findings of non-compliance. Some suggestions, however, resulted in adjustments to the actions already being considered, specifically related to the GRM, borrow pits, *atajados* and road safety.

78. The community members expressed support for the actions proposed in the MAP and satisfaction that the Bank would oversee its implementation.

79. In separate meetings the proposed MAP has been discussed and agreed with the Borrower.

PROPOSED MANAGEMENT ACTION PLAN

Issue/Finding	Borrower Action	Bank Action
<p>4. Notwithstanding the Project’s recent efforts to resolve grievances through increased presence in the communities, the Panel finds Management in non-compliance with OP 4.10, Annex B, para. 2(h) for not ensuring the existence of a functioning method for responding to concerns raised, and for not accommodating the customary dispute resolution process used by the Indigenous People.</p>	<p>(1) ABC will update the GRM Manual and submit it to the Bank. Timeline: By May 30, 2024.</p> <p>(2) ABC will carry out training and capacity building on the GRM Manual for all relevant staff of ABC, Supervision Consultant, and Contractor. Timeline: By September 30, 2024.</p> <p>(3) ABC will continue disseminating the GRM with the population in the Project area, including indigenous communities, to expand knowledge about the functioning and utility of the mechanism. Timeline: By September 30, 2024.</p>	<p>(1) The Bank will provide advice based on good international practice and review and clear the updated GRM Manual. Timeline: By June 15, 2024.</p> <p>(2) The Bank will assess implementation and effectiveness of the Project GRM after the update and share the results with ABC. Timeline: By January 15, 2025.</p> <p>(3) The Bank will provide additional support to ABC on (a) training to ABC staff, Supervision Consultant and Contractor staff on Bank requirements on GRM; and (b) to ABC staff on dispute resolution principles and techniques for road projects, including on culturally appropriate mechanisms, with expert advice. Timeline: By September 30, 2024.</p> <p>(4) The Bank will support ABC to assess its wider grievance redress system and to identify recommendations for improvement. Timeline: By February 15, 2025.</p>
<p>6. The Panel finds Management in non-compliance with OP 4.01, para. 2 for not ensuring adequate implementation of the ESIA and EMPs for borrow pits. The Panel also finds Management in non-compliance with OP 4.01, para. 3 for not ensuring consideration of environmental and social aspects in an integrated way when identifying and mitigating impacts from borrow pits.</p> <p>The Panel finds Management did not ensure provision of measures to minimize, mitigate, or compensate</p>	<p>(1) ABC will develop and apply a protocol containing: (a) a section for the comprehensive assessment of environmental and social risks and impacts associated with the exploitation of borrow pits that includes the methodology to approach landowners and effectively consider their inputs, when provided, and which also covers impacts and risks associated with the complementary works or activities committed to in exchange for borrow pit exploitation; and (b) a section covering the process to approach relevant landowners to negotiate access to their land for</p>	<p>(1) The Bank will review and clear the protocol. Timeline: By July 15, 2024 for section (a) and September 15, 2024 for section (b).</p>

Issue/Finding	Borrower Action	Bank Action
<p>adequately for the negative impacts associated with development of the borrow pits, including adequate support to the Chiquitano communities regarding the Contractor’s negotiated access to their lands for development of borrow pits. The Panel therefore finds Management in non-compliance with OP 4.01, para. 2, and OP 4.10, para.</p>	<p>borrow pit / material extraction site development.⁹</p> <p>Timeline: Develop protocol by June 30, 2024 for section (a) and August 30, 2024 for section (b).</p> <p>(2) Section (a) of the protocol will be applied to all borrow pits that have not fully completed closure activities, following the requirements in the Borrow Pit EMPs. ABC will produce a report documenting the implementation of the protocol; said report will include the update on applying the protocol and including the updated Borrow Pit EMPs and Closure Plans reflecting all necessary mitigation and remedial measures.</p> <p>Timeline: Submit report by September 30, 2024.</p> <p>(3) ABC will require the Contractor to implement and Supervision Consultant to oversee all commitments included in the Borrow Pit EMPs and Closure Plans, considering milestones for sharing updates with relevant landowners.</p> <p>Timeline: Until Project closure.</p>	<p>(2) The Bank will review the report documenting the update of applying the protocol for its adequacy.</p> <p>Timeline: By October 15, 2024.</p>
<p>7. The Panel finds Management did not ensure identification or mitigation of impacts on <i>atajados</i> and therefore is noncompliant with OP 4.01, para. 2.</p>	<p>(1) ABC will prepare a detailed report on the <i>atajados</i> in the Project area, including: (a) full inventory of all <i>atajados</i> within the ROW, adjacent to Project construction areas, or which could otherwise be affected by construction activities, as well as new <i>atajados</i> developed by the Contractor; (b) assessment of all relevant environmental and social risks and impacts associated with each <i>atajado</i>, and identification of site-specific mitigation measures. The assessment of environmental and social risks and impacts in each</p>	<p>(1) The Bank will review the <i>atajados</i> report and the updated Water Resource Management Plan, and will supervise implementation of the mitigation and remedial measures identified.</p> <p>Timeline: By August 15, 2024 for reviewing the updated Water Resource Management Plan, by October 15, 2024 for reviewing the <i>atajados</i> report.</p>

⁹ Section (b) of the protocol will cover: (i) information about the proposed excavation, including potential environmental and social impacts and risks; (ii) the voluntary and informed nature of the “willing-buyer willing-seller” transaction; (iii) type of compensation that may be offered; (iv) requirements for preparation of a specific EMP for each borrow pit, including land reclamation measures upon completion in addition to the compensation; (v) references to the Project’s GRM; and (vi) a template agreement to be used by the Contractor.

Issue/Finding	Borrower Action	Bank Action
	<p><i>atajado</i> will be shared with and will consider inputs from users of the corresponding affected <i>atajado</i>.</p> <p>Timeline: By September 30, 2024.</p> <p>(2) ABC will require the Contractor to implement all mitigation and/or remedial measures as specified in the <i>atajados</i> report.</p> <p>Timeline: until the end of Project construction.</p> <p>(3) ABC will require the Contractor to continue updating the Project’s Water Resource Management Plan to comprehensively address environmental and social impacts on <i>atajados</i> from road construction.</p> <p>Timeline: By July 30, 2024.</p>	
<p>8. The Panel finds Management did not ensure adequate implementation of the ESIA and road safety measures to protect the community and workers’ human health, safety, and livelihoods in non-compliance with OP 4.01, paras. 2 and 3.</p>	<p>(1) ABC will require the Contractor to update the Road Safety EMP, based on the review undertaken in August 2023, and subsequently update the plan every three months reflecting the actual status of Project work fronts. Said updated Road Safety EMP will include provisions for engagement with local communities.</p> <p>Timeline: By July 2024, and thereafter every 3 months until the end of Project construction.</p> <p>(2) ABC will strengthen its capacity to address Road Safety issues in the Project by designating qualified staff as focal points with oversight responsibility for road safety supervision, one each at ABC headquarters and at the ABC Santa Cruz Regional Office.</p> <p>Timeline: By May 15, 2024.</p> <p>(3) ABC will undertake at least monthly road safety field supervisions to ascertain the Contractor’s compliance with the Updated Road Safety EMP.</p>	<p>(1) The Bank will review each updated version of the Road Safety EMP and supervise its implementation.</p> <p>Timeline: By August 2024, and every 3 months thereafter until the end of Project construction.</p> <p>(2) The Bank will review ABC’s steps taken to enhance capacity to address road safety management in construction and provide feedback in accordance with good international practice.</p> <p>Timeline: By May 30, 2024, and thereafter until Project closure.</p>

Issue/Finding	Borrower Action	Bank Action
	<p>Timeline: By May 15, 2024, and thereafter monthly until the end of Project construction.</p>	
<p>9. The Panel finds prior to the submission of the Request, Management did not ensure implementation of OHS measures, including working conditions, which led to inadequate implementation of the ESIA, in non-compliance with OP 4.01 on Environmental Assessment, and the Bank's Environmental Health and Safety Guidelines.</p>	<p>(1) ABC will strengthen its capacity to address OHS in road construction, by appointing at least one accredited specialist in OHS for Project oversight.</p> <p>Timeline: By May 15, 2024.</p> <p>(2) ABC will provide a report to the Bank with evidence that all pending grievances related to OHS raised by workers in the GRM as of the date of approval of this MAP are addressed.</p> <p>Timeline: By September 30, 2024.</p> <p>(3) ABC will provide a report to the Bank with evidence that the Contractor has implemented the recommendations from the OHS assessment undertaken in August 2023.</p> <p>Timeline: By September 30, 2024.</p>	<p>(1) The Bank will review the steps taken to enhance ABC's capacity to address OHS issues in road construction and provide feedback on good international practice.</p> <p>Timeline: By May 30, 2024, and thereafter until Project closure.</p> <p>(2) The Bank will review the report with evidence that all pending grievances related to OHS as of the date of approval of this MAP are addressed.</p> <p>Timeline: By October 15, 2024.</p> <p>(3) The Bank will review the report with evidence of implementation of the recommendations from the OHS assessment.</p> <p>Timeline: By October 15, 2024.</p>

VI. CONCLUSION

80. Management believes that it has made every effort to apply its policies and procedures and to pursue its mission statement adequately in the context of the Project. Nevertheless, Management agrees that some of the Project's implementation arrangements require strengthened measures and believes that the proposed MAP contained in Section V addresses the Panel's compliance findings.

**ANNEX 1
FINDINGS AND RESPONSES**

No.	Panel Findings/Observations	OP/BP	Responses
The Chiquitano Context, Environmental and Social Assessment, and Free, Prior and Informed Consultation			
1.	<p>Analysis of the Project’s Potential, Adverse Effects</p> <p>The Panel notes that Management did not ensure that there was adequate consideration of the wider implications of upgrading the road, thereby improving access to an area where Indigenous Peoples had unresolved territorial land claims and identified vulnerabilities relating to land and natural resources. Furthermore, the Panel notes that the SA did not adequately assess the Project’s direct, negative impacts on the Chiquitanos, and how it may affect them in a differentiated manner. The Panel finds Management did not ensure that the 2015 and 2022 Social Assessments had adequate breadth and depth of analysis of the Project’s potential, adverse effects on the Chiquitano communities in the Project area, given the complexity, risks, and challenges facing them. The Panel therefore finds Management in non-compliance with OP 4.01, paras. 2 and 3, and OP 4.10, para. 9 and its Annex A, para. 2(b).</p>	4.01	<p><i>Except for some construction-related impacts, in Management’s view the Project has appropriately assessed the anticipated impacts resulting from the upgrading of the existing road supported by the Project.</i></p> <p><u>Regarding the potential induced impacts,</u> Management acknowledges the complex social, economic, territorial and political contexts of the larger Chiquitania region, of which the Project constitutes only a small part. Many potential issues and impacts in the region, such as the economic, land use and demographic changes, relate to long-standing agrarian policies, plans and legislation that are part of a broader national effort to increase agricultural development. This was explained in detail in the background section of Management’s Response to the Request for Inspection. These policies, plans and laws are unrelated to the Project.</p> <p>These contextual aspects were discussed in the 2015 and 2022 SA. While the language in the Project documents is not always clear or fully consistent across the various documents, all the documents note that major changes to the region related to agricultural expansion, expansion of settlements, and deforestation are highly likely to occur regardless of the Project since they result primarily from implementation of national laws, policies, and regulations that pre-date the Project and are outside its scope.</p> <p>Management’s view is that the Project is not an appropriate or effective platform to address these broader regional challenges for the following reasons:</p> <ul style="list-style-type: none"> (a) Some of these trends (migration and agricultural development) are the result of explicit laws, plans and policies actively promoted by the Government; (b) There are Government agencies in place with a specific mandate to address these induced trends and impacts in a manner that is in accordance with national laws, plans and policies; and (c) The Project does not involve greenfield development of a new road, but upgrading of an

No.	Panel Findings/Observations	OP/BP	Responses
			<p>already existing one. Thus, any potential contribution to ongoing trends of migration and agricultural development in the area would be incremental and small, given that no new access to the region is being created.</p> <p>Regarding this last point, it is noteworthy that the road under rehabilitation by the Project has been in existence for more than 30 years. Despite being unpaved, it is regularly maintained and usable all year round and is part of a much broader regional road network that already facilitates access to and through the region and includes two major national oceanic corridors that run from east to west.</p> <p>In Management’s view, the most appropriate support the Project can provide to mitigate any potential future impacts on the Chiquitano communities resulting from the broader context is to raise awareness among the communities about such impacts and strengthen their capacity to participate in political and administrative processes and advocate for their interests more effectively.</p> <p>This is precisely what the Project seeks to achieve through the Chiquitano IPP. It includes activities for organizational strengthening of the community organizations as a key aspect of the plan. It also includes activities designed to strengthen the capacity of indigenous communities of the area to enable them to benefit from the economic development that is expected to result from the Project. The original and revised IPP also provide measures to mitigate potential impacts on culture due to Project-related population influx and the related risk of GBV.</p> <p>In addition, there are two programs required by the Environmental Impact Assessment (EIA) and environmental license that aim to address impacts that may be associated with the Project: First, the 2016 EIA specified an <i>Environmental Education Program</i> to be carried out by the Contractor, which, among other elements, aims to highlight the economic potential as well as potential related environmental and social impacts associated with the future use of the upgraded road, in order to raise awareness, strengthen capacity and encourage adaptation to evolving regional conditions. Management is aware that the implementation of this Program is still ongoing and will require further strengthening to fulfill its</p>

No.	Panel Findings/Observations	OP/BP	Responses
			<p>objective, and it is supporting and supervising ABC's efforts in this regard.</p> <p>Second, in November 2023 the Borrower undertook additional efforts in the context of meeting national requirements to update the Project's <i>national</i> environmental license, and incorporated activities that seek to contribute to prevention and early response to emerging environmental challenges that may affect local communities. Specifically, this includes: (a) establishing an intersectoral coordination body, including representatives of the four municipalities, the national army, indigenous and non-indigenous communities, and livestock producer associations in the area, and holding regular meetings to discuss and agree on priority environmental and security threats within the Project's area of influence, local capacity to address them, and areas for collaboration; (b) developing and embedding within local institutions an information and early warning system, including a mobile app, to record, categorize and facilitate response to environmental and social infractions or emerging threats in the area, and facilitate coordination in actions of response, monitoring and control/enforcement of applicable environmental and territorial laws and regulations; and (c) holding seminars and sensitization workshops with local stakeholders and the general public on the types of environmental and social risks that the region is facing, and the various coordination and response activities mentioned above.</p> <p>These efforts aim to bring together and support a wide range of relevant stakeholders, including indigenous communities, to discuss and collectively tackle regional environmental challenges in a comprehensive way. While ABC will contribute to such efforts through initial coordination, sensitization and modest technical assistance support, the future success of these efforts in providing platforms and tools for addressing regional issues goes beyond the responsibility of the Project, and will need to be sustained by local institutions and stakeholders.</p> <p>Management is aware that securing land titles is a major priority of the Chiquitano community. According to INRA, there are no outstanding formal territorial claims filed with INRA in the Project area at the time the Management Report and Recommendation was prepared. As noted in the 2015 SA and 2022 SA, the land titling process undertaken</p>

No.	Panel Findings/Observations	OP/BP	Responses
			<p>by INRA in the Project area (unrelated to the Project) has almost been completed. Community property land titles have been issued for 16 of the 17 Chiquitano communities located in the Project area. The remaining community has an administrative resolution authorizing its settlement (<i>Resolución Administrativa de Autorización de Asentamiento</i>), which is a prior step to the issuance of a title by INRA. Management also notes there are no Chiquitano Community Lands of Origin (TCOs) in the Project area. Documentation was attached to the 2015 SA and the updated 2022 IPP. Therefore, Management notes that According to INRA, there are no outstanding formal territorial claims filed with INRA in the Project area at the time the Management Report and Recommendation was prepared.</p> <p><u>Construction-related impacts</u></p> <p><i>Management acknowledges that certain construction-related impacts were not adequately assessed in the EIA, and the proposed MAP includes measures to address identified weaknesses.</i></p> <p>Specifically, the range of social and environmental impacts on the <i>atajados</i> due to Project construction works were not comprehensively assessed as part of the EIA. Specific measures to further strengthen the Project’s management of these impacts are proposed as part of the MAP (see also Item 7 below). In addition, while the EIA included a management program related to borrow pit exploitation, additional measures are required to fully address the range of environmental and social impacts that have occurred (see also Item 6 below).</p> <p>These issues have been a focus of Management’s supervision of the Project over the last year, and the proposed MAP includes measures to further address identified issues.</p>
2.	<p>Free, Prior, and Informed Consultation</p> <p>The Panel notes that OP 4.10 requires that assessment of potential, adverse effects of the project on the affected Indigenous Peoples ensure free, prior, and informed consultation with them. The Panel also notes the absence of a framework for ensuring free, prior, and informed consultation with the affected</p>	4.01; 4.10	<p><i>Management considers that during the development of the 2015 SA and 2016 IPP and the updated 2022 SA and IPP, a robust process of free, prior, and informed consultations was undertaken with them to fully identify and take into account their views, in compliance with OP 4.10.</i></p> <p><i>Management also considers that the Project ascertained their broad community support. Further, Management underscores that the Project includes a framework for ensuring free, prior, and informed consultation with affected IPs during Project</i></p>

No.	Panel Findings/Observations	OP/BP	Responses
	<p>indigenous communities during the Project implementation, as per the Policy requirement. The Panel finds Management did not ensure the provision of an assessment of the Project’s potential, adverse impacts on the Chiquitano communities and consequently did not ensure an adequate process of free, prior, and informed consultation with them in non-compliance with OP 4.01, para. 14, OP 4.10, paras. 6(c)and 10(c) and its Annex B, para. 2(d).</p>		<p><i>implementation.</i></p> <p><u>Adequate assessment of the Project’s potential adverse impacts</u></p> <p>Management notes that the 2015 SA analyzed the situation of the Chiquitano communities in the broader region, including vulnerabilities that pre-dated the Project. With regard to the Project, the SA identified the following potential adverse impacts on the Chiquitano people:</p> <ul style="list-style-type: none"> (a) Possible acculturation caused by an increase in population mobility and commerce; (b) Possible risk of SEA/SH for indigenous girls and women caused by Project-related labor influx; (c) Possible exacerbation of lack of access to potable water. <p>To address these, the IPP includes mitigation measures, such as:</p> <ul style="list-style-type: none"> i) Economic development projects focused on traditional art and crafts, mainly for women; ii) Building of community infrastructure in each indigenous <i>Central</i> (for example, “<i>Casa Comunal y Productiva in San Ignacio</i>”) to improve marketing conditions and production capacities for traditional products; iii) Community livestock projects; and iv) Adoption of a Code of Conduct for Project workers with focus on GBV and child protection. <p>In addition, to address one of the main concerns of the Chiquitano communities, lack of access to potable water, the IPP proposed drilling wells in the Municipality of San José.</p> <p>The 2015 SA also analyzed the land rights of the Chiquitano. It recognized that in the broader Chiquitania region (outside the Project area) some communities lacked land titles and secure tenure. However, it noted that in the Project area (San Jose de Chiquitos - San Ignacio de Velasco), titles have been issued to indigenous communities providing security of tenure for their territories.</p> <p>The 2016 RPF, the RAP updated in 2019 and the 2022 Abbreviated RAP for the San Ignacio bypass all identified the impacts resulting from land acquisition</p>

No.	Panel Findings/Observations	OP/BP	Responses
			<p>by the Project and provided mitigation measures in accordance with Bank policies.</p> <p>The 2022 SA did not identify any new impacts caused by the Project and reconfirmed the vulnerabilities of the Chiquitano people in the broader region identified in the 2015 SA. The 2022 SA noted that vulnerabilities in areas such as water, health, food security, land tenure and socio-economic conditions were the result of factors not directly linked to the Project, and had to be considered in a manner <i>proportional</i> to the nature and possible impacts stemming from the road upgrading.</p> <p>Importantly, according to the 2022 SA, the 2022 IPP revised and improved activities from the 2016 IPP, based on the indigenous organizations’ proposals presented to ABC following the deliberative phase of the free, prior, and informed consultations. The 2022 IPP also included an organizational strengthening component to support the internal processes of dialogue in each of the four <i>Centrales</i> in the Project area, to help them advocate for their rights before regional and national authorities, including on issues of land tenure.</p> <p>In consultations with the indigenous communities, it was also decided to transfer the construction of water wells from the IPP to the Project’s Water Resource Management Plan.</p> <p>Finally, the budget for the updated IPP was increased in response to feedback received from the indigenous organizations and communities.</p> <p>In sum, except for some construction-related impacts referred to in Item 1 above, in Management’s view the Project has adequately assessed the anticipated impacts resulting from the upgrading of the existing road supported by the Project.</p> <p><u>Free, prior, and informed consultations during preparation and implementation of the Project</u></p> <p>Management notes the Project used a framework to ensure free, prior, and informed consultations with the affected Indigenous Peoples during preparation and implementation, based on the decision-making processes requested by the indigenous organization representatives and the communities’ <i>Caciques</i>, which led to broad community support. The SAs were published by ABC in February 2016 and February 2022, respectively.</p>

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			<p><i>Between 2015 and 2022, the Chiquitano organizations representing the communities in the Project area as well as other communities in the vicinity of the Project have participated in 56 consultation meetings as part of the development and implementation of the SA and IPP, and related updates.</i> As the minutes of these meetings show, representatives of nongovernmental organizations with a presence in the Chiquitania region, such as Fundación Tierra, also joined several consultation meetings.</p> <p>The consultation process for the 2016 IPP took place in two phases, following a process agreed with the Indigenous Peoples. First, the SA was presented, including the analysis of adverse effects, and feedback on the results obtained. Next, the measures to be included in the IPP were discussed and agreed upon, based on the priorities and concerns identified by the indigenous communities themselves, in compliance with OP 4.10, paragraph 10 (c).</p> <p>During these consultations, concerns were raised by the communities related to negative impacts that had occurred in other, previous road projects, such as labor influx, GBV issues, and road safety.</p> <p>In 2020, for the revision that led to the 2022 IPP, the consultation process was similarly culturally appropriate and informed. The first, informative phase, aimed at agreeing with the Chiquitano on a culturally adequate methodology to undertake free, prior, and informed consultations to update the IPP and to present and consult on the SA. Nongovernmental organizations representing the interests of the IPs, including Fundación Tierra, joined these meetings. The second, deliberative phase, was conducted based on the agreed framework and discussed the proposed IPP activities that had been submitted by the <i>Centrales</i>. Management notes that all the consultations followed the requirements set out in OP 4.10, Annex B, paragraph 2 (d), and OP 4.01 paragraph 14.</p>
The Indigenous Peoples Plan and the Grievance Redress Mechanism			
3.	<p>IPP Implementation</p> <p>The Panel notes several problems in – and community concerns about – the implementation of the IPP projects. The Panel notes that OP 4.10 requires the IPP to ensure</p>	N/A	<p><i>The IPP is still under implementation and although closely monitored, Management agrees that its results can only be assessed when it is completed.</i></p> <p><i>Management further notes that the IPP includes culturally appropriate measures to provide adequate social and economic benefits for the Indigenous</i></p>

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	<p>culturally appropriate social and economic benefits for the project-affected Indigenous Peoples, and an appropriate action plan to avoid, minimize, mitigate, or compensate potential, adverse effects on Indigenous Peoples. The Panel recognizes the importance of the IPP projects and activities to the Chiquitano community, and the Project’s efforts to complete these in a timely manner. However, the Panel notes discrepancies between the objectives and the designs of some of these projects.</p> <p>Notwithstanding the above, the Panel notes the IPP is still under implementation and recognizes the full effectiveness of the IPP implementation can only be assessed once the implementation is completed. The Panel also notes OP 4.10 does not tie provision of benefits to a specific project implementation timeline. The Panel hopes that serious issues raised on the benefit projects, their execution and sustainability are addressed before the conclusion of the IPP implementation.</p>		<p><i>Peoples affected by the Project and to mitigate adverse impacts to the Chiquitano communities that were analyzed in the 2015 and 2022 SAs.</i></p> <p><i>Implementation has progressed consistently since November 2022 in two of the four Centrales. It did not advance in the other two Centrales for most of 2023 due to internal leadership disputes. As of December 2023, ABC reported physical progress of 31 percent of the IPP-related construction works.</i></p> <p>The IPP measures agreed with the communities aim to mitigate the potential long-term negative impacts and risks (identified in the SA as pre-dating the Project) affecting the Chiquitano people with respect to their cultural identity. These include:</p> <ul style="list-style-type: none"> (a) Local economic development projects that promote the recognition of traditional Chiquitano practices; (b) Organizational strengthening and capacity building; and (c) Building productive community infrastructure where activities promoting Chiquitano identity and culture can be carried out. <p>The scope of the agreed measures is based on proposals presented by the four indigenous <i>Centrales</i> to ABC, which were discussed and evaluated in a broad participatory process (see Item 2 above). These measures aim to benefit and strengthen all the Chiquitano communities represented by the <i>Centrales</i>, not just the communities along the road corridor affected by the Project.</p> <p>The design of the IPP activities is consistent with <i>the communities’ chosen objectives</i>. For example, the design and locations of the productive community infrastructure were discussed with the communities and indigenous representatives to ensure they met inclusive, equitable and participatory criteria. The design of the artisanal module was also consulted upon with the communities and responds to their preferences and needs. Varied artisanal skills classes are fully advancing in the Central Turubo for example. A painting class has recently concluded successfully, as noted by the Central representatives, and classes of sewing and weaving are about to start.</p> <p>As also noted by the Panel, these activities are still under implementation.</p>

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			<p><u>Implementation of the IPP</u></p> <p>Following approval of the IPP in February 2022, additional consultations were carried out in April 2022 to plan implementation of <i>agreed</i> IPP activities in detail. In these meetings, the indigenous communities agreed on the following: (i) periodic follow-up by the indigenous organizations on the implementation of each of the activities; (ii) review of the technical specifications for the acquisition of equipment by the indigenous organizations; and (iii) monthly planning of organizational strengthening activities.</p> <p>Progress has been achieved mainly in the San José (CCICH -TURUBO) and San Rafael (ACISARV) <i>Centrales</i>, which were without leadership disputes in the community organizations. Internal divisions and the emergence of competing and parallel representative organizations in San Miguel (CCSIM) and San Ignacio de Velasco (ACISIV), which were described in the 2022 SA, significantly reduced the space for consensus and delayed implementation of the agreed IPP projects from February 2023 onwards, despite ABC's attempts to mediate. The regional and national umbrella organizations, OICH and CIDOB, helped settle the conflict in December 2023 and conveyed the updated list of agreed leaders to ABC. ABC communicated to each <i>Central</i> that it would initiate activities with the persons authorized by the umbrella organizations.</p> <p>In San José:</p> <ul style="list-style-type: none"> (a) The construction of artisanal modules has been completed and the procurement of machinery and training for artisans is underway; (b) The livestock modules are being implemented with community labor and technical assistance from the Contractor and Supervision Consultant; (c) The organizational strengthening activities are planned monthly by the indigenous organizations with support from the Supervision Consultant; <p>In San Rafael:</p> <ul style="list-style-type: none"> (d) The Community Productive House, intended to strengthen the indigenous organizations and promote productive activities of the communities, is expected to be completed by March 2024.

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			<p>Both <i>Centrales</i> have received office equipment and motorcycles for monitoring the implementation of the IPP and the GBV action plan.</p> <p>Annual plans for the activities are prepared by the Supervision Consultant. The Contractor submits a work schedule for each construction activity to the Supervision Consultant for approval. ABC and the indigenous organizations jointly monitor whether goals and objectives of the activities are being met. The indigenous organizations carry out regular monitoring visits, coordinating with the Supervision Consultant and the Contractor. For example, in San Jose every Tuesday the organizations carry out a visit to monitor the implementation of the artisanal modules. When there is a need for changes or adjustments, corrective measures are implemented, and the activities are adapted or complemented accordingly.</p>
4.	<p>Grievance Redress Mechanism</p> <p>The Panel observes that the initial grievance management system was neither culturally appropriate nor developed in consultation with the Chiquitano representatives. However, following the Request for Inspection, the Panel notes the Project has increased the number of channels available for raising complaints in an effort to make the GRM more accessible, and has improved its presence in communities where there are issues. The Panel notes the communities have expressed concerns that when they do raise concerns through the Project's GRM channels, they claim these are not accepted or go unanswered, and their issues are not followed up. The Panel notes the communities' claims that issues receive responses only after extreme measures, such as blockades, are taken. Notwithstanding the Project's recent efforts to resolve grievances through increased presence in the communities, the Panel finds Management in non-compliance with OP 4.10, Annex B, para. 2(h) for not ensuring the</p>	4.10	<p><i>Management agrees that the Project GRM requires strengthening. To address this, the Bank has supported the Borrower to identify and implement measures to strengthen the GRM, through specialized support, workshops and trainings. Actions to strengthen the GRM were also included in the list of required actions accompanying the Project's Notice of Suspension of Disbursements dated February 8, 2024.</i></p> <p><i>Management agrees with the Panel that the Project made efforts to increase the number of channels available for raising complaints, hence making the GRM more accessible, as well as enhancing its presence in communities where issues have arisen.</i></p> <p><i>Management notes that from the outset, the GRM accommodated the customary dispute resolution process used by the Chiquitano people, for example by involving Caciques to present and facilitate disputes, and by increasing the channels to present complaints to reflect indigenous communities' preferences, such as additional opportunities to voice concerns verbally and using regular meetings with the communities and with representatives of the Centrales to gather complaints.</i></p> <p>The GRM was established when Project implementation began and has been receiving and addressing complaints since 2019. To date, 205 complaints have been recorded in the GRM registry and 163 have been addressed and closed. Based on feedback, complaint channels were expanded to include verbal options. Complaints can be presented: (a) by message to cell phones or WhatsApp</p>

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	<p>existence of a functioning method for responding to concerns raised, and for not accommodating the customary dispute resolution process used by the Indigenous People.</p>		<p>of the Supervision Consultant and Contractor, as advertised in many locations throughout the Project area; (b) by talking to social specialists of the Contractor or Supervision Consultant; (c) at regular meetings between the Supervision Consultant and representatives of indigenous organizations and at regular meetings between the Supervision Consultant and the communities along the road corridor; (d) at community relations offices established in the workers' camps; (e) by approaching local officials/inspectors of the Supervision Consultant and Contractor on the ground; and (f) by writing to ABC and using mailboxes located in different communities. Information about how to access the GRM is advertised in all communities.</p> <p>Management notes that the 205 complaints in the GRM registry were lodged through all the means available, but mostly through community meetings, telephone calls and messages. Management acknowledges that implementing an effective process to address complaints and monitor their solutions has encountered challenges. Some of these related to bottlenecks in the Contractor's internal decision-making process to mobilize resources to address issues raised in complaints in a timely manner; weak internal coordination and decision-making processes in the Supervision Consultant; limited capacity of the Contractor and Supervision Consultant's staff; and weak monitoring capacity by ABC. The COVID-19 pandemic and other external impacts such as the forest fires and political unrest in the area also slowed down resolution of some complaints.</p> <p>The Bank team has been supporting ABC, the Supervision Consultant, and the Contractor since 2022 to strengthen the GRM and ensure it is an effective and accessible mechanism. Actions that ABC is implementing upon the Bank's recommendations include:</p> <ul style="list-style-type: none"> (a) Revising the GRM Manual and the internal procedures to clarify roles and responsibilities of officials of ABC, the Supervision Consultant and the Contractor to ensure clarity of tasks, clear decision-making processes and accountability; (b) Keeping the complaint registry regularly updated and following up on all complaints received to identify and implement actions to address them in a timely manner; and

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			<p>(c) Carrying out capacity building for all relevant officials from ABC, the Supervision Consultant, and the Contractor regarding their responsibilities in the complaint resolution process.</p> <p>The Bank will continue to support ABC to further strengthen grievance management at the Project and institutional level, as set out in the MAP.</p>
Impact from the Right of Way, Borrow Pits, and Atajados			
5.	<p>Resettlement and Compensation Relating to the Right-of-Way</p> <p>The Panel finds that ABC made efforts to reduce the width of the ROW in several road sections to avoid or minimize the number of houses, structures, crops, and trees affected by resettlement. The Panel notes that, in order to minimize resettlement, the Project took account of “an effective use of ROW” (UEDDV) which was used by ABC in different sections of the road alignment. The Panel finds Management in compliance with OP 4.12, para. 2(a) for minimizing resettlement.</p> <p>The Panel noted during its March 2023 eligibility field mission that some PAPs said they received no – or in some cases, only partial – compensation prior to Project acquisition of their land and assets. The Panel notes Management acknowledged this in its “Notice of Potential Disbursement Suspension” sent to the Borrower in May 2023, and identified it as noncompliance with the RAP. The Panel understands, according to Management and ABC, these payments have now been closed out. The Panel finds Management in non-compliance with OP 4.12, paras. 8 and 10, for not ensuring payment of compensation prior to taking of land and related assets, and for not ensuring an adequate process for compensation</p>	4.12	<p>Management notes the Panel’s finding of compliance with OP 4.12 on minimizing resettlement.</p> <p>Management also acknowledges that a group of eleven (11) affected people did not receive their compensation payment prior to the start of works on their land. In 2019, political unrest, street protests, forest fires, and the onset of the COVID-19 pandemic precluded access to the Project area and mission visits for two years. However, upon identifying this issue in March 2023, the Bank immediately requested ABC to urgently complete the pending compensation payments to the eleven affected people. This was part of the remedial actions in the Notice of Potential Suspension of Disbursements to the Borrower, dated May 19, 2023. The process of compensation in these 11 cases has now been concluded, and corresponding evidence was provided to the Bank.</p> <p>Bank supervision missions have systematically reiterated to the Borrower that the Contractor can only start works in sections where the compensation of affected people was completed and that access to properties by the Contractor prior to compensation contravenes Bank policy and the Legal Agreements.</p> <p>Management also insisted that ABC not allow works to proceed on the remaining sections that had not been fully compensated, immediately cease any works that had started and leave work sites in a safe condition. On March 21, 2023, the Contractor suspended all works in road sections where works had started despite pending compensation payments. Management escalated the matter through a Notice of Potential Suspension of Disbursements to the Borrower, dated May 19, 2023. The Notice provided a 120-day deadline to complete the pending payments and to provide evidence to the Bank accordingly.</p> <p>In response to feedback from affected people and based on Management’s request, ABC:</p>

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	<p>payments.</p>		<p>(a) Held six specific informative and consultation meetings in Project-affected communities in June 2023 to inform them of progress in implementation of the RAP and clarify questions on the methodology for the evaluation of assets, how the compensation would be determined, the amount of land taken in each road section and respond to individual inquiries on compensation;</p> <p>(b) Installed information boards in communities to provide information on RAP implementation and GRM channels to submit complaints;</p> <p>(c) Explained the ROW as implemented by ABC and place stakes to mark the boundaries of the land required by the Project.</p> <p>In line with the RAP, the Supervision Consultant conducted a field visit and a meeting with each affected person/family to discuss with them the assets that would be compensated, the methodology for valuation of assets and determining the compensation. At the end of this process, the Supervision Consultant signed with each affected person a register of the affected assets.</p> <p>Management acknowledges that people were not provided with a copy of the register of affected assets that they had signed and did not receive written information on the amount of compensation each was entitled to, prior to the actual payment. Nevertheless, consultations were held in every community to explain how compensation was calculated for the different kinds of assets and to provide affected people the opportunity to request information about their specific case. Affected people received a detailed account of the amount of compensation after the payment, and if they decided to challenge the amount, this could be reviewed and adjusted.</p> <p>In addition, Management notes that people may access the GRM for any reason, even after receiving the payment, including to challenge the amount of compensation. Management notes that to date no complaint has been registered in the GRM with respect to the lack of information on the compensation prior to receiving payment nor on the amount of compensation received.</p> <p>According to information provided by ABC, to date compensation for 22 affected people remaining to be compensated is being processed. ABC has provided</p>

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			<p>evidence to show that no works have directly affected areas where compensation is yet to be paid.</p> <p>The payment of compensation is made on specific days in central locations. Affected people are individually notified from five to fifteen days prior to the payment and collectively notified and invited through radio announcements. The Supervision Consultant provides funds for vulnerable affected people to reach the payment locations in San Jose or San Ignacio.</p>
6.	<p>Borrow Pits</p> <p>The Panel notes that while the 2016 ESIA required a specific EMP for each borrow pit – including a closure plan – no social impact assessment or social management plan was developed for potential impacts from borrow pits, nor were potentially affected communities farther from the road identified or included in any safeguard document. The Panel further notes additional safety measures relating to borrow pits are required to bring all of them into compliance, and that Management requested full implementation of the borrow pit EMPs, including their closure plans, after submission of the Request. The Panel finds Management in non-compliance with OP 4.01, para. 2 for not ensuring adequate implementation of the ESIA and EMPs for borrow pits. The Panel also finds Management in non-compliance with OP 4.01, para. 3 for not ensuring consideration of environmental and social aspects in an integrated way when identifying and mitigating impacts from borrow pits.</p> <p>The Panel notes that the communities, Bank Management, ABC, and the Supervision Consultant all acknowledge the issues regarding the borrow pits. As covered in Chapter 2, the Panel observes the SAs did not adequately</p>	4.01; 4.10	<p><i>Management acknowledges that borrow pit management has been challenging. The 2016 EIA/EMP focused mainly on the environmental risks and impacts of lateral borrow pits; it did not explicitly stipulate environmental and social requirements for the Contractor to develop additional borrow pits on private or community lands, including any required processes for the Contractor to obtain access to land in case borrow pits outside the ROW were deemed necessary. It also did not contemplate the risks and impacts of civil works provided as in-kind payment to communities and individuals to obtain access to their land.</i></p> <p>The 2016 EIA/EMP indicated that aggregate materials for road construction were expected to be sourced from lateral borrow pits within the ROW, three quarry sites which had been pre-identified, as well as from riverbeds, and specified management programs for each. In practice, however, the Project assigned the Contractor with the responsibility of sourcing the materials, which included verifying the technical viability of the materials. Once the Contractor was selected and mobilized, it was confirmed that riverbed sources were scarce in the Project area, and that the lateral borrow pits and pre-identified quarry sites together did not contain the required construction materials in sufficient amount or quality. For this reason, the Contractor turned to private and communal lands to meet the material needs.</p> <p>As such, the Project currently uses two types of borrow pits:</p> <p>(a) Lateral borrow pits, which are located within the ROW, and do not require obtaining access to private or community property; and</p>

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	<p>assess the Project’s direct impacts on the Chiquitano communities, including the impact of creating the borrow pits. The Panel observes that as a result, the Project provided no measures to mitigate those impacts, such as assisting the indigenous communities in negotiations with the Contractor.</p> <p>The Panel notes that Management understands such agreements are voluntary in nature, and it is therefore up to property owners to decide what they will accept as compensation. The Panel notes the Chiquitano communities were expected to negotiate the use of the borrow pits with the Contractor without the benefit of adequate information, prior knowledge of how to negotiate, or an understanding of the legal implications of what they signed. The Panel notes there appears to have been a lack of supervision and oversight when these agreements were being negotiated. No community with whom the Panel spoke with received assistance when negotiating and signing the agreements and the communities negotiated the agreements without the benefit of information about adequate compensation – in other words, without “<i>informed consent and power of choice.</i>” The Panel also notes the wide power imbalance between the Contractor and Chiquitano communities during the negotiation of these agreements and the stringent nondisclosure and arbitration clauses that were included in the agreements. The Panel finds Management did not ensure provision of measures to minimize, mitigate, or compensate adequately for the negative impacts associated with development of the borrow pits,</p>		<p>(b) Borrow pits located outside the ROW, which require obtaining access to private or community property.</p> <p>The EIA/EMP required the Contractor to prepare a site-specific environmental management plan for each borrow pit (Borrow Pit EMPs). The Supervision Consultant approves each Borrow Pit EMP, consistent with the EIA/EMP. In practice, the process to identify, access, exploit and close borrow pits outside the ROW is the following:</p> <ul style="list-style-type: none"> (a) The Contractor approaches the landowner (individual or community) to obtain consent to carry out exploratory work; (b) If materials are of good quality, the Contractor enters into negotiations with the respective individual or community; (c) The Contractor prepares a specific Borrow Pit EMP and submits it to the Supervision Consultant for review and approval. Such Borrow Pit EMP normally includes the contractual agreement between the Contractor and the individual or community; (d) Exploitation of the respective borrow pit occurs according to the Project’s need for material and work progress. In some cases, Borrow Pit EMPs have been prepared and approved but exploitation has not begun; (e) During exploitation of the borrow pit, the Contractor is required to prepare a Closure Plan for the end of exploitation and share it with the landowner. The Contractor submits the Closure Plan to the Supervision Consultant for review and approval; and (f) The Contractor signs a closure conformity certificate with the landowner and the Supervision Consultant, respectively, based on accomplishment of the environmental and social commitments stated in the Borrow Pit EMP and the Closure Plan, as well as the compensation offered in exchange for borrow pit development. <p><i>The Contractor and Supervision Consultant did not consistently follow this approach, which created challenges for borrow pit management that contributed to Management’s decision to issue its</i></p>

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	<p>including adequate support to the Chiquitano communities regarding the Contractor’s negotiated access to their lands for development of borrow pits. The Panel therefore finds Management in non-compliance with OP 4.01, para. 2, and OP 4.10, para. 1.</p>		<p><i>Notice of Potential Suspension of Disbursements on May 19, 2023.</i></p> <p>Beginning in February 2023, Management expressed concern to the Borrower about inadequate attention to managing safety risks to both communities and road users related to borrow pits. On May 19, 2023, Management issued a Notice of Potential Suspension of Disbursements, requesting ABC to take action to address shortcomings in borrow pit management and oversight. In May 2023, Management learned that the Contractor had 29 lateral borrow pits along the ROW and that it had negotiated access to 76 borrow pits outside the ROW, mostly through bilateral agreements with landowners (individuals or communities).</p> <p>Following the Notice of Potential Suspension of Disbursements, ABC and the Supervision Consultant actively followed up on borrow pit management. In May 2023, all 29 lateral borrow pits underwent a risk analysis to identify and prioritize safety measures and installation of additional safety signaling.</p> <p>In June 2023, Management confirmed that all 76 borrow pits outside the ROW had their own Borrow Pit EMP, which includes, among others, a site assessment, environmental, health and safety measures for the exploitation, and a requirement to prepare a Closure Plan to remediate the site. Each Borrow Pit EMP includes as an annex the respective bilateral agreement negotiated with landowners. In some cases, an <i>acta</i> was signed instead of a bilateral agreement.</p> <p>When Management learned that in most cases the Contractor and landowners had agreed on in-kind benefits (i.e., works to be carried out by the Contractor) in lieu of monetary payments, it requested more information about such in-kind benefits. In August 2023, ABC compiled this information, as neither the Contractor’s environmental and social staff nor the Supervision Consultant had been supervising these in-kind activities from a safeguards perspective. ABC provided an overview of all Contractor commitments to private or community landowners for in-kind compensation activities, which included, among others, construction of <i>atajados</i>, construction of small community infrastructure, upgrading of community or private access roads, as well as land clearing.</p> <p>Management requested ABC to carry out a review of the agreements with private owners and communities</p>

No.	Panel Findings/Observations	OP/BP	Responses
			<p>for the use of borrow pits to identify any activities that would entail environmental and social impacts requiring assessment and management in line with Bank policy requirements. The Contractor was instructed to stop any land clearing until the above concerns were addressed. In cases where land clearing had already occurred, the Contractor was requested to identify impacts, in particular on any natural habitats, and propose mitigation measures.</p> <p>ABC submitted its draft report in December 2023. The draft report recommended that 5 bilateral agreements be renegotiated to offer a different form of compensation to avoid further land clearing processes. Additionally, 6 bilateral agreements for borrow pits where exploitation had not started would need to be terminated.</p> <p>The draft report outlined the process for renegotiating compensation where required, and for early termination of unexploited borrow pits. It also indicated that the Contractor had negotiated access to develop four additional borrow pits, for a total of 80 borrow pits outside the ROW. The draft report is under review by the Bank.</p> <p><i>The borrow pits were not acquired using eminent domain. The Contractor gained access to the land through contractual arrangements with the respective owners. These are voluntary willing-buyer-willing-seller transactions where the seller has the possibility to reject the contract.</i></p> <p><i>Management acknowledges that Project documents did not identify the social risks and impacts of negotiating access to borrow pits with Chiquitano communities and that there may have been challenges in contract negotiations between the Contractor and landowners. However, Management has found no indication suggesting that landowners or communities were forced into signing these contracts.</i></p> <p>The MAP includes measures for the Project to strengthen borrow pit management, including a requirement that ABC develop and implement a protocol for carrying out a comprehensive assessment of environmental and social risks and impacts of all existing borrow pits that have not fully completed closure activities.</p> <p>This protocol will also set out a process to approach relevant landowners to negotiate access to their land</p>

No.	Panel Findings/Observations	OP/BP	Responses
			for borrow pit / material extraction site development. Further details are described in the MAP.
7.	<p><i>Atajados</i></p> <p>The Panel notes that the impact of the road construction on their <i>atajados</i> is important to the communities, as it affects their sources of water for human and animal consumption. The Panel notes that the Chiquitania region is water-stressed, and that during the long, dry season, communities suffer acute water shortages. Therefore, any impact on their existing water sources is significant. The Panel also notes Management’s acknowledgement that although the 2016 ESIA identified <i>atajados</i> as existing infrastructure that would be affected by acquisition of the ROW, it lacked detailed analysis of all potential impacts on them. The Panel notes no social impact assessment or social management plan was developed for potential impacts on the <i>atajados</i>. The Panel finds Management did not ensure identification or mitigation of impacts on <i>atajados</i> and therefore is noncompliant with OP 4.01, para. 2.</p>	4.01	<p><i>Management agrees that a detailed analysis of all potential environmental and social impacts on atajados in the Project area was not included in the Project’s EIA/EMP.</i></p> <p>As explained in Management’s November 2023 written response to the Panel (Annex 3 of the Panel’s report), the Project safeguard instruments assessed impacts to <i>atajados</i> mainly from two angles: (1) potential impacts on <i>atajados</i> stemming from the Project’s water usage, and (2) direct impacts on some <i>atajados</i> as part of clearance of the ROW.</p> <p>Management agrees that broader potential impacts on <i>atajados</i> beyond these two angles were not sufficiently addressed in the EIA/EMP. These include, for example, potential impacts to water quality of existing <i>atajados</i> as a result of erosion and siltation from the road platform, borrow pits, access roads or other Project infrastructure; potential changes to drainage patterns affecting existing <i>atajados</i> due to either placement of culverts or temporary blockages associated with Project earthworks; or potential partial restrictions to community access to <i>atajados</i>.</p> <p>Management has also learned that these types of impacts have not been proactively assessed and managed for the 33 <i>atajados</i> and their replacements identified in the RAP. Most notably, potential impacts to the water quality of the remaining portions of <i>atajados</i> that extend beyond the ROW were not considered in calculating the water volume required for the replacement <i>atajados</i>.</p> <p>Some of these impacts have been identified and managed already through the Project’s GRM and through regular meetings and/or joint inspections with communities. Given the dynamic nature of both the <i>atajados</i> in the Project area as well as of Project activities, it is understandable that this issue could not be fully assessed at a site-specific level in advance of construction, and that adaptive management will continue to be required. Nonetheless, Management agrees that a more systemic approach is warranted to ensure ongoing integrated environmental and social assessment and proactive management of all <i>atajados</i> that could be affected in diverse ways by Project construction activities. This was discussed with ABC</p>

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			during the February 2024 mission, and actions to this effect were agreed upon and reflected in the MAP.
Road Safety, Occupational Health and Safety, and Labor Working Conditions			
8.	<p>Road Safety</p> <p>The Panel believes that sufficient attention to the risk of serious accidents was not paid before receipt of the Request and that Road Safety concerns are an ongoing challenge for the Project. The Panel notes that adding worksites without a corresponding increase in safety equipment or in the Supervision Consultant's and Contractor's resources would predictably exacerbate the shortcomings in Project road safety. The Panel notes that despite Management's efforts to ensure improvements in road safety, the implementation of adequate and effective road safety measures protective of local communities and road-users, including pedestrians, are not in place. The Panel notes the EHS guidelines focus on the construction phase road safety issues for local communities and road-users. The Panel finds Management did not ensure adequate implementation of the ESIA and road safety measures to protect the community and workers' human health, safety, and livelihoods in non-compliance with OP 4.01, paras. 2 and 3.</p>	4.01	<p><i>Management is aware of the road safety challenges the Project has faced and recognizes that this remains an ongoing issue. Road safety has been an area of focus for Bank supervision throughout Project implementation.</i></p> <p>The 2016 EIA/EMP includes a Road Safety Program, which identified road safety risks and their respective prevention, minimization, and mitigation measures. Under the contract between ABC and the Contractor, the Contractor is required to implement the Road Safety Program.</p> <p>Since the commencement of the civil works, Bank supervision missions have highlighted the importance of road safety during construction, including adequate signaling, especially in areas with reduced visibility. The Bank also reiterated the importance of having road safety expertise within the teams implementing the Project.</p> <p>Nevertheless, road safety has remained a constant challenge. In its supervision missions early in 2023, the Bank identified several shortcomings in road safety management, including at the Contractor level. In May 2023, the Bank issued its Notice of Potential Suspension of Disbursements and requested ABC to work with the Contractor and the Supervision Consultant on a series of actions to improve road safety.</p> <p>From June to December 2023, the Bank also engaged a short-term independent consultant to work solely on road safety aspects and support ABC in the field in addressing related challenges and improving its performance. The Bank has also supported ABC in implementing improvements, including reinforcing road safety schemes, as requested in the Notice.</p> <p>To implement the 2016 EIA/EMP's Road Safety Program, the Contractor prepared a Contractor's Road Safety EMP. ABC requested the Contractor to update this plan to respond to progress in the works and the identification of new risks in new work areas. The Contractor is now updating its Road Safety EMP, and will update it quarterly thereafter to respond to progress in the works and the identification of risks in</p>

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			<p>new work areas; each update requires approval by the Supervision Consultant.</p> <p>The Bank has also stressed the importance of including road safety specialists within ABC, the Supervision Consultant, and the Contractor. As a result, in July 2023, ABC assigned a road safety specialist from the Santa Cruz Regional Office to monitor the Project, and requested the Supervision Consultant to add road safety expertise to its team. In January 2024, ABC renewed the contract of its road safety specialist and adjusted the assignment to include more time in the field. Also, the Supervision Consultant has engaged two new road safety / OHS specialists in February 2024 who will oversee the Project and implementation of the Contractor’s Road Safety EMP.</p> <p>With the engagement of the independent field-based consultant, the strengthening of ABC’s capacity, and close monitoring by the Bank, important improvements were made by the end of 2023. ABC addressed all but two of the nine critical road safety-related issues raised in the May 2023 Notice of Potential Suspension of Disbursements. Due to these two issues, as well as a recent sharp deterioration in ABC’s efforts to fully implement previously agreed road safety measures during December 2023 and January 2024, Management partially suspended Project disbursements on February 8, 2024 and agreed with ABC to include additional road safety strengthening measures in the Remedial Action Plan to lift suspension on disbursements, as well as in the MAP.</p> <p>Regarding road safety incidents in the Project area, as well as the implementation of corrective actions, the Bank has noted that some deadlines and agreed procedures were not fully adhered to. The Bank team is working closely with ABC’s new staff to support improvements. Separately, in November 2023, as part of broader institutional support, the Bank engaged a consultant to conduct a preliminary assessment of ABC’s capacities in terms of road safety at the national level. The assessment was finalized and presented to ABC in February 2024. It provides ABC with recommendations on how to strengthen its capacities to better manage road safety, in particular during construction projects, at the institutional level.</p>
9.	Occupational Health and Safety and Labor Working Conditions	4.01	<i>Management agrees that there have been weaknesses in enforcing Contractor implementation of OHS measures and appropriate working conditions,</i>

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	<p>Although the ESIA included prevention and mitigation measures for OHS, working conditions, and accommodation camps, the Panel observes significant shortcomings in their implementation. The Panel finds prior to the submission of the Request, Management did not ensure implementation of OHS measures, including working conditions, which led to inadequate implementation of the ESIA, in non-compliance with OP 4.01 on Environmental Assessment, and the Bank’s Environmental Health and Safety Guidelines. The Panel notes Management’s increased focus on this issue after the submission of the Request for Inspection, but there remain serious concerns regarding the capacity challenges of the ABC, the Supervision Consultant and the Contractor in managing and implementing OHS measures until the completion of the Project.</p>		<p><i>particularly during the early stages of Project implementation.</i></p> <p><i>However, a new OHS Management Plan is now in place (Programa de Gestión de Seguridad y Salud en el Trabajo or PGSST in Spanish) as of November 2023, replacing the 2021 version, and both ABC and the Supervision Consultant are reinforcing their OHS teams. Moreover, in response to the May 2023 Notice of Potential Suspension of Disbursements, the Project established a Joint Committee of worker representatives and Contractor management, which together with the labor union, regularly raises OHS concerns to be addressed by the Contractor and monitored by the Supervision Consultant.</i></p> <p><i>Management notes that the Bank has included OHS in its supervision since the start of Project implementation.</i> Management undertook missions and held monthly calls with the Borrower that included attention to OHS aspects, among others. Field supervision was limited during 2020 and 2021 because of the COVID-19 pandemic and was further hampered through much of 2022 by political instability and protests in the region. During the pandemic, two virtual missions were held (September 2020 and April 2021), which included labor and OHS-related actions, such as: incorporating an OHS professional in the Project, following up on Labor Ministry approval of the PGSST, and ensuring provision of pPPE to all workers. In August 2021, the Contractor’s workers unionized, and short strikes were held in September 2021, October 2021, and February 2022 to protest various labor issues. Management followed up with the Borrower in each instance.</p> <p><i>Since early 2023, Management has increased the focus in its supervision on OHS and working conditions.</i> All field missions in 2023 (February, March, April, May, June and September) included meetings with workers as well as with the Contractor and Supervision Consultant, in which a range of labor issues were discussed, including provision and use of PPE and health insurance, as well as various broader working condition concerns. Due to the seriousness of the concerns raised and observed, Management cited OHS and labor issues in its May 2023 Notice of Potential Suspension of Disbursements.</p> <p><i>In parallel, Management commissioned two specialized consultants from April to August 2023 on OHS and broader labor issues to directly support the</i></p>

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			<p><i>Borrower in fulfilling Management’s request for a labor and OHS assessment of the Project.</i> Reports from both consultants were shared with ABC, and the Bank has been following up on the issues they identified since then. Some of the main observations raised in those reports were to: update the OHS Management Plan (PGSST) to reflect a comprehensive assessment of the emerging risks as construction advances; provide comprehensive training on industrial safety to all personnel involved in the Project; establish clear procedures and safe working practices for each Project task or activity; and conduct regular monitoring to ensure that safety standards are met.</p> <p><i>While Management acknowledges that challenges remain, the situation on the ground with regard to OHS and broader working conditions has improved.</i> A new PGSST was approved by the Supervision Consultant and presented to the Labor Ministry for formal approval in November 2023, including updated information on the Project status and an occupational risk analysis. During the September 2023 mission, improvements were observed in different areas including: (a) implementation of preliminary risk analyses and work permits for specific activities, and reinforcement of safety talks and trainings; and (b) improvement in the use of PPE by workers in all areas of the Project, including by subcontractors. The Contractor also made progress in absorbing the majority of subcontracted workers, which facilitated regularizing their access to medical insurance and other benefits.</p> <p>The MAP includes actions to continue strengthening OHS management.</p>
Sexual Exploitation, Abuse, and Sexual Harassment			
10.	<p>Sexual Exploitation, Abuse, and Sexual Harassment</p> <p>This Investigation afforded the Panel an opportunity to assess how the Project is implementing the measures put forward by the Bank following the Panel’s Uganda and Democratic Republic of Congo investigations involving GBV cases. As noted in this chapter, there are still areas related to SEA/SH the Bank and the Project are working</p>	4.01	<p><i>Management notes the Panel’s finding of compliance with OP 4.01 on Environmental Assessment in managing SEA/SH risks.</i></p>

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	<p>on, but after retrofitting the Project in 2019, the Project's system to prevent and manage SEA/SH issues has been continuously strengthened and improved. The Panel finds Management in compliance OP 4.01 on Environmental Assessment in managing SEA/SH risks.</p>		
Project Supervision			
11.	<p>Frequency of Supervision</p> <p>The Panel notes the frequency of Bank supervision of the Project was adequate. The Bank undertook regular supervision missions since Project approval. The Panel finds that Management periodically assessed the Project and reviewed the Borrower's monitoring of results, risks, and implementation status. The Panel finds the frequency of Management's supervision of the Project in compliance with the requirements of the Directive on Investment Project Financing, para. 44.</p>	Dir on IPF	<p><i>Management notes the Panel's finding of compliance with the requirements of the Directive on Investment Project Financing, paragraph 44.</i></p>
12.	<p>Quality of Supervision</p> <p>The Panel notes that, before submission of the Request, Management overlooked several complex issues raised along the entire road corridor, and missed the early warning signs in the GRM log and the Supervision Consultant's monthly reports. The Panel notes the Supervision Consultant was hired nine months after the Contractor was retained, and was given insufficient time to establish itself prior to commencing works. The Panel notes that Management was unaware of the serious issues the Project faced until it identified instances of noncompliance related to resettlement, borrow pits, OHS, and</p>	Pol and Dir on IPF	<p>In its coverage of the quality of supervision, the Panel's Report examined four areas: (i) supervision of the IPP; (ii) resettlement and compensation payments relating to the ROW; (iii) direct impacts from construction and the Project (borrow pits, <i>atajados</i>, road safety, labor and OHS); and (iv) the SEA/SH risk. Management notes that the Panel did not include item (iv) in its finding. As such, it responds below to items (i) through (iii).</p> <p><u>Supervision of the IPP</u></p> <p>Management notes that challenges in formulating and updating of IPPs are not uncommon. It was understood from the start that an IPP update would be an iterative process, which required not only consultations with the Indigenous Peoples organizations, but even more importantly time for their own internal consultations and consensus building within their respective organizations (which by their nature did not include</p>

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	<p>road safety after submission of the Request. The Panel observes that Management’s lack of awareness of these issues until submission of the Request may have prolonged impacts that could have been mitigated earlier. The Panel finds that, except for SEA/SH issues, Management did not effectively monitor the Project implementation or identify appropriate follow-up actions needed prior to submission of the Request. The Panel therefore finds that, prior to submission of the Request, Management was in non-compliance with the Bank Policy on Investment Project Financing, para. 20, and the Bank Directive on Investment Project Financing, para. 44.</p> <p>The Panel notes Management’s increased supervision following submission of the Request, and the various actions taken to address the issues relating to resettlement, borrow pits, OHS, and road safety – such as issuing the “Notice of Potential Disbursement Suspension” and follow- up actions with the Borrower. The Panel finds Management in compliance with the Bank Policy on Investment Project Financing, para. 20, and the Bank Directive on Investment Project Financing, para. 44, after submission of the Request.</p>		<p>the Bank or ABC). The social staff that Management deployed to support the process had a deep understanding of the cultural particularities involved.</p> <p>Moreover, Management does not consider that there is a lack of clarity in accountability for implementation of the IPP activities among the implementing entities. As Project implementing agency, ABC holds overall responsibility for IPP implementation, and contractually assigns different parts to the Contractor and Supervision Consultant for execution.</p> <p><u>Resettlement and compensation payments relating to ROW</u></p> <p>The Panel recognizes that prior to the submission of the Request, Management on several occasions stressed to the Borrower the importance of ROW resettlement prior to the Contractor’s commencement of works as well as its adherence to the RAP and RPF per OP 4.12. ABC had executed previous Bank-financed road projects demonstrating good compliance with these requirements. Prior to March 2023, there was no indication that this would not be the case for this Project. Management notes that once it became aware that compensation was pending for eleven affected people, it immediately requested ABC to take corrective action, as explained in Item 5 above.</p> <p><u>Direct impacts from construction and the Project</u></p> <p>Management notes that from early on, Project implementation was delayed by almost two years, due to various factors, including the COVID-19 pandemic, political instability in the country and severe wildfires in the region, which resulted in access restrictions. The delays affected the recruitment of the Supervision Consultant in a timely manner, leading to insufficient oversight of the Contractor’s activities initially. They also impacted the Bank’s ability to closely monitor developments on the ground and contributed to the construction-related impacts described in the Panel’s report, some of which the Bank became aware of with delay.</p> <p>Further, the Contractor faced difficulties in meeting contractual obligations in accordance with Bank policy requirements and frequently demonstrated reluctance to address requests for correction, even when faced with the threat of penalties.</p> <p>Management also acknowledges that prior to the Request, there were issues, some of which were</p>

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			<p>already identified in the Supervision Consultant’s monthly reports and in the GRM log, in particular related to road safety. In Management’s view, this finding should be considered in proportion to the 200 km of linear works, most of which had appropriate signage. Normally, the Supervision Consultant’s instructions and notification to the Contractor are sufficient to rectify the situation concurrently or within a brief period.</p> <p><i>Management notes the Panel’s finding of compliance with the Bank Policy on Investment Project Financing, paragraph 20, and the Bank Directive on Investment Project Financing, paragraph 44, after submission of the Request.</i></p>