

Briefing on the Nyamagasani 1 and Nyamagasani 2 Gender Based Violence and Harassment (GBVH) / Sexual Exploitation, Abuse, and Harassment (SEAH) Case

Summary

This case concerns a group of 41 women who became pregnant and were later abandoned with their children allegedly fathered by workers of the EPC contractor and its sub-contractors on the Nyamagasani 1 and Nyamagasani 2 Hydropower projects in Uganda. Some of the women were below the Ugandan age of consent of 18 years at the time. Although the projects adhered to IFC Performance Standards, the grievance mechanisms did not detect or address these cases. Frontier Investment Management deeply regrets not meeting its high environmental and social standards and has engaged independent gender experts to investigate the cases, strengthened its policies to prevent similar cases in the future, and partnered with a community-based organization to implement a 2–3-year response program for the affected women.

Background

The Nyamagasani 1 and Nyamagasani 2 Hydropower plants located in the Kyarumba Town council, Kasese district, Uganda, developed and financed by Frontier Investment Management through its renewable energy investment funds for Africa, were constructed by VS Hydro Ltd as EPC contractor for a period of over 4 years between 2017 and 2021.

At the peak of the construction period, the EPC contractor had over 800 employees working at the project sites. In the interest of providing local employment, 95% of the employees were from within Uganda, majorly the Rwenzori Region, which is the general area where the plants are located. The remaining employees were from Sri Lanka where the EPC contractor is domiciled.

In 2023, the management of the project companies, Rwenzori Hydro (PVT) Ltd and Nyamagasani 2 HPP Ltd, and Frontier Investment Manager became aware of a case concerning 34 women (later revised to 41 following investigation) who were alleged to have had children with employees of the EPC contractor and its subcontractors, who subsequently abandoned their parental obligations following the end of the construction of the projects. Adding to the severity of the case was that a number of the women were alleged to be below the Ugandan age of consent of 18 years at the time of conception. The project companies' management and Frontier Investment Management also became aware that a project company employee had failed to pass on an allegation about the case the employee received in 2021 from a member of the community, leaving the management and Frontier Investment Management unaware of the case until 2023. The project companies, supported by Frontier Investment Management, have taken extensive steps to investigate and remediate the cases after becoming aware of the same.

Steps taken before and during construction

Both Nyamagasani 1 and 2 were developed and constructed in accordance with IFC Performance Standards and Ugandan rules and regulations as defined at the start of construction.

In compliance with IFC Performance Standards, the Nyamagasani 1 and 2 project companies and the EPC contractor had a comprehensive Environmental Social Management System (ESMS) in place during construction. Various independent E&S consultants were involved in the planning and monitoring, including advising the project companies and EPC contractor regarding reducing the risk of unwanted pregnancies, prevention of Gender Based Violence and Harassment (GBVH) and HIV/AIDS transmission. In this respect, the project companies and the EPC contractor implemented the following structures and activities:

- Grievance Redress Mechanism with a Grievance Management Committee (GMC) was established within the communities of the project areas.

- Code of conduct was implemented for all employees of the project companies and the EPC contractor.
- Monthly consultations were held with the communities around in the project areas.
- Condoms were made available to all site workers under a program to reduce HIV/AIDS transmission during the whole construction period.
- Quarterly health monitoring and surveillance was conducted.
- Monthly HIV/AIDS testing and counselling for site workers.
- Monthly community sensitization was conducted through music, dance and drama to educate the community on the risk of early pregnancies and GBVH, and prevention of contraction of HIV/AIDS, other sexually transmitted diseases, and other diseases.
- Suggestion boxes were placed at private places within the site premises and at the Grievance Management Committee (GMC) Office located close to the community, to encourage community members and workers to submit any complaints anonymously.

Standards compliance

The cases have highlighted a number of gaps and the need for improved detection and reporting of Gender Based Violence and Harassment (GBVH) and Sexual Exploitation, Abuse, and Harassment (SEAH).

Both the project companies' and the EPC contractor's Environmental Social Management Systems (ESMS) – and their individual and combined efforts to sensitize and minimize the impact of the project – were based on IFC Performance Standards. As part of the compliance with IFC Performance Standards, both projects had Grievance Redress Mechanisms (GRM) in place. Once the projects began construction, there were two separate complaints mechanisms for each project company, namely a Community Grievance Management Committee (CGMC) and a Workers Grievance Management Committee (WGMC). The CGMCs were comprised of 5 members for each project with the following composition: Local Council Representative I, Local Council Representative III, one women representative, one project affected persons representative, and one project company representative. In accordance with best practice the project affected persons representative and the women representative were both elected by the community, and the project affected persons representative automatically became the Chairperson of the CGMC.

All grievances that were received by the projects through the grievance management system have been resolved and there are currently no pending grievances on the projects. Independent consultants visited the projects multiple times during and after construction and did not bring any unreported grievances to the attention of the project companies or Frontier Investment Management. Notwithstanding, it is apparent that the grievance management system as well as the general awareness and training of the project companies and EPC contractor were not effective in detecting and managing GBVH and SEAH related cases during construction.

External experts and investigation

Due to the complexity of the issue of the 41 women and the failure of a project company employee to pass on an allegation about the cases in 2021, the most prudent course of action was determined to be to engage an independent group of experts to investigate the case. Frontier Investment Management and the project companies, together with the EPC contractor, therefore engaged a team of gender experts to obtain a better understanding of the situation of the abandoned mothers and their children, and to recommend good and ethical practices for planning appropriate further engagement with the women. The investigation adopted a survivor-centered approach and included an evaluation of the contextual situation in the project area, a review of the project companies' and EPC contractor's policies, activities and programs in place during construction, identifying where gaps may have occurred, and recommendations for remedial activities to be implemented.

After being appointed in February 2024, the group of gender experts submitted their investigation report in September 2024. The report recommended the project companies collaborate with Kasese district local government and an identified Civil Society Organisation to execute a 2 to 3-year GBVH response initiative aimed at addressing the community challenge of GBVH, child marriages, and teenage pregnancies, and the related social and economic empowerment needs targeting the alleged survivors as priority beneficiaries. The report also highlighted several areas for improvement, including the project companies Code of Conduct and GRM and other safeguarding interventions. The recommendations furthermore encompassed a framework for reducing the risk of – and better identifying and handling – GBVH and SEAH cases.

Current status

Following a careful selection process, Frontier Investment Management and the project companies have selected the community-based organisation UGANET as partner in implementing the recommendations from the investigation report. UGANET commenced the implementation in January 2025, and it is expected to continue for approximately two to three years. The implementation of the programme is being supported financially by the EPC contractor, VS Hydro.

Frontier Investment Management is committed to the highest environmental and social standards, including preventing all forms of GBVH and SEAH, in relation to its projects and their surrounding communities. The company deeply regrets that this was not achieved in this case and will do its best to ensure it will not happen in the future and to work with the affected women through its portfolio companies.

As part of its effort to prevent GBVH and SEAH in the future, Frontier Investment Management has undertaken a process to increase awareness of GBVH and SEAH, update the relevant policies, code of conduct, etc., invest in staff training, and enhance GBVH and SEAH referral pathways in its projects.

Frontier Investment Management is committed to transparency and sharing of its learnings, wherefore it has made this briefing, the executive summary of the investigation report, and a summary of the action plan publicly available on its website.

March 2025