



CAO PROGRESS REPORT

Uganda/Agri-Vie Fund-01/Kiboga

June 5, 2014

Background

The IFC-supported Agri-Vie Agribusiness Fund is a private equity fund with investments in agribusiness companies in Southern and Eastern Africa. In its current portfolio, Agri-Vie has invested in New Forests Company (NFC), a UK-based forestry company operating established and growing timber plantations in Eastern Africa. Operational in Uganda since 2005, NFC operates three pine and eucalyptus plantations in the Mubende, Kiboga and Bugiri districts respectively.

In December 2011, a complaint was submitted to CAO by affected community representatives, Oxfam International, Oxfam Great Britain, and the Uganda Land Alliance (a national consortium of organizations advocating on land issues) on behalf of people living around the plantation in Kiboga District. The complaint raised concerns about evictions and displacement in the plantation area, alleging that the evictions negatively impacted the communities by displacing them from land, destroying their private property, and forcing them to forgo health, education, and livelihood opportunities. The complaint also voiced broader concerns about IFC's due diligence.

CAO Action

CAO found the complaint eligible for assessment in January 2012. A CAO team travelled to the field in February and March to meet with the relevant stakeholders and explore options for addressing the issues raised in the complaint.

After CAO conducted its assessment, both the representatives of the Kiboga Affected Community and the company, NFC, indicated their willingness to participate in a dispute resolution process (mediation). This is captured in CAO's Assessment Report, which was released in April 2012 (see www.cao-ombudsman.org).

Status

A mediation process aimed at finding an acceptable and workable solution between the Kiboga Affected Community and NFC ("parties") was proposed and accepted. Between April 2012 and mid-2014, CAO conducted extensive bilateral, plenary and caucus sessions with the parties (Kiboga Affected Community representatives and NFC), as well as their advisors (Oxfam) and legal representatives. The contents of these sessions are by agreement confidential, and will not be reported on. CAO also worked extensively with the parties and, more particularly, the representatives of the affected community, to ensure they acquired the requisite capacity to participate effectively in the mediation process.



All the parties who participated, including the Kiboga representatives, their legal advisors, Oxfam, and NFC showed considerable commitment, patience, tolerance, determination, creativity and goodwill through the mediation process.

The process culminated in the parties signing a Final Agreement in May 2014, the details of which are, by agreement, to remain confidential to the parties and their advisors. The Agreement represents full and final settlement between the Kiboga Affected Community and NFC on the set of issues between them that are set out in the complaint to CAO.

In terms of the Agreement, the parties will launch a joint programme of sustainable development aimed at benefiting the affected community. The parties have agreed to the following aspects being made public:

- NFC has undertaken to provide significant support to the KIBOGA TWEGATTE CO-OPERATIVE SOCIETY LTD representing the affected community, expanding its social responsibility investment programme to meet some of the specific needs of this community. NFC has also agreed to work closely with the co-operative and its members to build more solid and lasting mutually beneficial relations with the community.
- The Kiboga Affected Community has agreed to respect NFC's legal rights to operate within the Luwunga Central Forest Reserve, and both NFC and the community have agreed to act lawfully and to engage with each other to develop long-term co-operation and good neighborliness.
- The parties have agreed to work closely together on a range of programmes and projects aimed at the long term sustainable development of the community.

Oxfam, through its Uganda office, provided on-going support to the affected community throughout the CAO mediation process, and will continue to do so.

In terms of the CAO process, this Agreement between NFC and the Kiboga Affected Community will bring to an end the CAO dispute resolution process. CAO will continue to monitor and evaluate progress for the duration of the Agreement to ensure its smooth implementation, sustainability, and success. CAO has appointed a Cooperative Development Coordinator to work with the Kiboga Twegatte Cooperative Society to assist in this regard.