



CAO PROGRESS REPORT

Uganda/Agri-Vie Fund-02/Mubende

March 2013

Background to the Complaint

The IFC-supported Agri-Vie Agribusiness Fund is a private equity fund with the purpose of making equity 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, four affected community representatives, Oxfam International, Oxfam Great Britain, and the Uganda Land Alliance (a national consortium of organizations advocating on land issues) submitted a complaint to the CAO on behalf of people living around the plantation in Mubende. 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 the IFC's due diligence .

CAO Action

The CAO found the complaint eligible for further assessment in January 2012. The CAO team travelled to the field in February and March to meet with the relevant stakeholders to explore options for a collaborative solution of the issues raised in the complaint.

After CAO conducted its assessment, both the representatives of the Mubende affected community and NFC indicated their willingness to participate in a dispute resolution process. This is captured in CAO's Assessment Report (also available on CAO's website at www.cao-ombudsman.org).

Current Status

A mediation process was proposed and accepted by the parties, with the mediation process aimed at finding an acceptable and workable solution between the affected community and NFC (“parties”). Over 2012 and early 2013, the CAO mediator conducted extensive caucus sessions with each of the parties (Mubende Community representatives, NFC), as well as their advisors (Oxfam, Uganda Land Alliance). The contents of these caucuses are by agreement confidential, and will not be reported on. The mediator also facilitated direct bi-lateral discussions and negotiation sessions between the parties, and assisted the parties in developing greater understanding of the issues at hand. The CAO mediation team also worked extensively with the parties, and more particularly the affected community representatives, to ensure they had the requisite capacity to participate in the mediation process.

All the parties who have participated in the mediation, including the affected community representatives, their advisors Oxfam, and NFC have shown considerable commitment, patience, tolerance, determination, creativity and goodwill through the mediation process.

The parties have reached agreement on a range of principles, and have captured these in a Framework Agreement endorsed by their representatives in March 2013, the content of which is to remain confidential to the parties and their advisors. The parties will now quickly work toward a final agreement based on these principles. When reached, this will reflect a full and final settlement of the CAO complaint. In essence, and in terms of the Framework Agreement, the parties have agreed 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 a cooperative society 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 community and build more solid mutually beneficial relations with the community.
- The affected community has agreed to respect NFC’s legal rights and the boundaries of the Government of Uganda’s forest reserve, to act lawfully and to engage with the company to develop long term co-operation and co-habitation.
- The parties have agreed to work closely together on a range of programmes and projects aimed at long term sustainable development, and building strong and lasting good relations between them.

Oxfam has provided ongoing support to the affected community throughout the CAO mediation process.

The framework agreement marks substantial progress between the parties who have now agreed all the principles of a full and final settlement of the dispute which will be formalised

in a final agreement. In terms of the CAO process, a final agreement between NFC and the Mubende community will bring to an end the CAO dispute resolution process. However, the CAO will have an on-going role to monitor and evaluate implementation of the agreement between the parties. CAO commends the parties for working together in trying to find resolution to the issues.