



CAO MONITORING REPORT

Uganda/Agri-Vie Fund-01/Kiboga
March 2015

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 CAO¹ by five affected community representatives, Oxfam International, Oxfam Great Britain, and the Uganda Land Alliance on behalf of people living around the plantation in Kiboga. Through a subsequent Dispute Resolution process facilitated by CAO between community representatives and NFC, the parties were able to reach agreement regarding how issues raised in the complaint would be resolved.² CAO has been monitoring implementation of this agreement since it was reached in May 2014. This is the first monitoring report issued by CAO in relation to this agreement.

Implementation of Agreements

The Kiboga affected community created the community-owned Kiboga Twegatte Cooperative Society (Cooperative Society) to represent affected community members and all beneficiaries to the agreement. The Cooperative Society initiates and manages development projects aimed at improving conditions and building sustainable livelihoods on their behalf.

The agreement set forth the first stages of a joint program of sustainable development aimed at benefiting the affected community. The parties also agreed to the following aspects being made public:

- NFC undertook to provide significant support to the Cooperative Society and expanding its social responsibility investment program to meet some of the community's specific needs. NFC also agreed to work closely with the Cooperative Society and its members to build more solid and lasting mutually beneficial relations with the community.
- The affected community agreed to respect NFC's legal rights to operate within the Luwunga Central Forest Reserve, and both NFC and the community agreed to act lawfully and to engage with each other to develop long-term co-operation and good neighborliness.
- The parties agreed to work closely together on a range of programs and projects aimed at the long term sustainable development of the community.

Since signature of the settlement, CAO has been monitoring implementation of the agreed actions between the parties. A Community Development Coordinator, contracted by CAO, is assisting the Cooperative Society in implementing components of its sustainable development program, as described below:

¹ Details on the case including the full text of the complaint can be found at: http://www.cao-ombudsman.org/cases/case_detail.aspx?id=180

² A summary of the CAO process and the agreement can be found at http://www.cao-ombudsman.org/cases/document-links/documents/CAOPROGRESSREPORT_Kiboga_June2014.pdf

Land: Central to the affected community's priorities was the need to acquire and secure land for resettlement and agriculture. Two parcels of non-contiguous land were successfully identified and acquired in installments. The Cooperative Society set up an internal land committee to allocate land among its members, as well as to consult and develop a resettlement plan to map the communal areas and assist families in the resettlement process. By January 2015, the land committee had been able to demarcate 120 land plots, and plan for the location of roads, a school, a trading place, and a health center. NFC and the Cooperative Society also agreed on the location for the drilling and construction of a borehole, and NFC is assisting in establishing an accessible road.

The implementation of some of these processes was delayed by the dispersed nature of the community and health issues among its leadership. More importantly, although land titles in the name of the Cooperative Society were processed, the resettlement on one of the land parcels was complicated by the discovery of informal occupants and disputed demarcation of land boundaries. Limited and gradual resettlement of 100 households onto the non-contested land began in January 2015; however the issues previously mentioned have prevented resettlement on the other parcel. The Cooperative Society has been working with a land surveyor as well as local authorities to look for solutions to the challenges facing the second land parcel.

In terms of the agreement, identification and acquisition of the land by the Cooperative Society lay within the sole discretion of the Cooperative Society itself. Along with legal assistance, and the support of the Community Development Coordinator, the Cooperative Society identified land and commenced the process of acquisition. NFC did not play any part in this process and was not expected to do so in terms of the agreement reached.

Capacity-building: Recognizing the need for increased capacity among community leaders and members as they take on the challenge of managing a Cooperative Society and establishing a community, several training initiatives were implemented by the Community Development Coordinator. Community representatives were trained on co-operative finance, governance and management, investments and enterprise development, policies and documentation.

Next Steps

CAO continues to monitor implementation of the agreement between the Kiboga Cooperative Society and NFC.