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CAO PROGRESS REPORT

Uganda/Agri-Vie Fund-01/Mubende

August 14, 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 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 aimed at finding an acceptable and workable solution between the affected community and NFC (“parties”) was proposed and accepted. Over 2012 and early 2013, CAO conducted extensive bilateral, plenary and caucus sessions with the parties (Mubende Community representatives, NFC), as well as their advisors (Oxfam, Uganda Land Alliance). 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 had or acquired the requisite capacity to participate effectively in the mediation process.

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

In March 2013 the parties signed a Framework Agreement capturing a range of agreed principles. After extensive further work and negotiations, the parties have reached consensus on a Final Agreement, endorsed by their representatives in July 2013. The details of the Agreement are to remain confidential to the parties and their advisors. The Agreement represents full and final settlement between the Mubende affected community and NFC on the set of issues between them that are set out in the complaint lodged by the community with the CAO.

In essence, and 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:

- The NFC has undertaken to provide significant support to the MUBENDE BUKAKIKAMA CO-OPERATIVE SOCIETY LTD representing the affected community, expanding its social responsibility investment programme to meet some of the specific needs of this community. The 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 affected community has agreed to respect NFC’s legal rights to operate within the Namwasa 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 neighbourliness.
- 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 Mubende community will bring to an end the CAO dispute resolution process. The CAO will continue to monitor and evaluate progress for the duration of the Agreement to ensure its smooth implementation, sustainability and success.