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Moves to Snap Up Land in Africa Draw Scrutiny

By [PATRICK MCGROARTY](#)

Some foreign companies are acquiring land in Africa without proper approval or adequate compensation for the people living on it, according to a new report by the international aid group Oxfam, highlighting the political risk of pursuing agricultural projects as the continent's economy heats up.

In anticipation of rising demand for construction materials such as lumber and food staples such as corn, investors in Africa have been buying land for forestry and agriculture projects. Those investments often have been in countries where individual property rights are still being refined or land laws aren't evenly enforced. As a result, friction over land usage is rising.

In Uganda, Oxfam says the government removed more than 20,000 people from their homes in 2006 to 2010 in the central Mubende and Kiboda districts as well as the eastern Bugiri district, to make way for a telephone-pole and construction-material venture.

Police and army troops deployed by Uganda's National Forestry Agency burned homes and destroyed crops and livestock to get people to leave land owned and managed by the New Forests Co., a U.K.-based company, according to Oxfam. The U.K. aid organization said it based its findings on interviews with former residents in Uganda.

The Ugandan forestry agency didn't respond to requests to comment.

New Forests, partially owned by [HSBC Holdings](#) PLC and partially funded by the World Bank's International Finance Corporation, paints a different picture. It says that the Ugandan government moved fewer than 10,000 people and that the company's employees witnessed no violence.

The relocations were "voluntary, legal and fully respected and in accord with all stringent protocols," said board chairman Robert Devereux. In light of the Oxfam report, the company "will devise a formal, detailed and immediate investigation to try to get to the truth of the matter," he said.

HSBC Holdings, which owns a 16% stake of New Forests Company's Uganda operations, valued at about \$8 million, and holds a seat on its board, said two of the Uganda sites have been independently certified as legal and respectful of local residents. An evaluation of the third site is under way, a bank spokesman said in an email.

The HSBC spokesman said investing in companies pursuing responsible development in countries like Uganda was better than ignoring those markets entirely. "Engagement rather than exclusion is the right approach," the spokesman said in an email.

The World Bank private equity arm, the International Finance Corporation, is also linked to New Forests through a \$7 million investment in the South Africa-based private equity fund Agri-Vie, which has invested in

the Ugandan project. Desmond Dodd, an IFC spokesman, said the World Bank arm is monitoring the project but that it had met its standards so far.

"We continue to take these issues seriously and will closely monitor and follow up on developments and new information in consultation with Agri-Vie," he said.

Agri-Vie didn't immediately respond to calls seeking comment.

Matt Grainger, an Oxfam spokesman and co-author of the Uganda report, faults New Forests and its investors for not digging deeper into the project. In interviews with hundreds of former residents, he said, "we can't find any evictee that doesn't describe violence....We can't find anybody who was compensated."

Oxfam also profiled investments in Indonesia, Guatemala and Honduras that it says demonstrate that foreign companies are taking control of rural lands without proper consent from residents.

In the other Africa example provided by Oxfam, the group says the Dallas-based Nile Trading & Development Inc. signed a 49-year lease with three tribal leaders in South Sudan to log and develop plantations on nearly 1.5 million acres.

Organizations including Oxfam have charged that the tribal leaders don't fully and legally represent residents, and that the deal would lead to the removal of tens of thousands of people. Many residents spoke out against the deal to Oxfam in recent months, it said.

The government of the newly independent South Sudan has acknowledged Oxfam and other groups' protests, saying in August they are reviewing the deal.

A phone number listed as belonging to Nile Trading rang without answer Wednesday. Eugene Douglas—managing director of Kinyeti Development Inc., a Texas-based project-development firm advising Nile Trading, who said he had authority to speak on Nile's behalf—said any claims of relocation aren't true because plans for the land haven't been finalized.

He says Nile negotiated in good faith with tribal leaders who they believed to represent the land and that no money has traded hands and no final price tag has been put on the agreement.

Mr. Douglas said property rights will be protected and that his company is seeking "to calm the fears that people are going to be thrown off their land."

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