



## The project: Kaweri and the leasing of clean title land in Uganda

In 2000, the land that the Kaweri farm is on today was chosen together with the Ugandan government for the set-up of a sustainable coffee farm. Kaweri Coffee Plantation Ltd. (Kaweri), a subsidiary of Neumann Gruppe GmbH (NG), does not own the land. Rather, Kaweri leased the land from the Ugandan state in 2001 for the duration of 99 years– subject to NG’s requirement that it have a clean title, i.e. the land would be unencumbered by any claims.

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The previous owner had sold the land in 2001 to the state of Uganda. Prior to that, he had informed the people having settled there - also via local government representatives - about the upcoming sale and subsequently made offers of compensation. The compensation comprised allocations of new land and free transport to the new land or statutory monetary compensation. Also, a state-approved and chartered land surveyor surveyed the land, and a consulting firm looked into the possible social and ecological impacts of the project.

Kaweri itself was at no point involved in the compensation payment negotiations, since these were to take place before the hand-over and furthermore were internal Ugandan affairs. The Ugandan government, just like any other state, does not tolerate the interference of foreign companies into national affairs. Nonetheless, Kaweri did get involved in the actual handling of this as much as possible by demanding copies of the receipts for the compensation payments. Kaweri did indeed receive such receipts: 166 families entitled to compensation accepted



compensation and verifiably confirmed this. The families were specifically permitted to harvest their crops after the relocation period had expired.

A few individual residents – some of who were not aware that they lived on land that was part of the property in question – refused to move and did not accept compensation payments. These persons were subsequently forced to leave the land; government authorities assisted the former owner in this process.

Those legal proceedings happened without NG or Kaweri having known about it and before the lease contract was signed. NG very much then and now regrets how these 25 families were treated. Following these events, NG and Kaweri immediately got in contact with the Catholic diocese of Mityana and initiated a relief programme for the people involved.

## The accusations: FIAN's campaign against Kaweri and Neumann Gruppe

FIAN accused NG of land grabbing, and of having tolerated or endorsed the displacement of small farmers. What's more, this NGO is also publicly questioning the compensation payments to the other rural inhabitants despite comprehensive documentation to the contrary. One of the allegations is that Kaweri is unlawfully claiming land in addition to the leased area itself. NG unconditionally denies all of these allegations.

To give further evidence to NG's rightful cause of activities, a new survey of the land was commissioned by the Uganda Investment Authority and carried out in December 2012 together with all parties involved. This was done although the initial survey was correct and conducted professionally to prove that FIAN's claims are lacking any evidence. As was to be fully expected, the results of this survey conclusively disprove the allegations.

Among other things, FIAN filed a complaint against NG in 2009 because of alleged violations of the OECD Guidelines for Multinational Companies. In 2011, the National Point of Contact of the OECD in the German Federal Ministry of Economics (NKS) acquitted NG from all charges after a detailed investigation and a hearing of all parties. It also requested the complainants (in particular FIAN) to refrain from



publically attacking NG. Unfortunately, this has still not been complied with to this date.

Furthermore, FIAN is making the false accusation that NG has been delaying court proceedings in Uganda since 2002 in this same context. This claim again is completely untrue: Quite to the contrary, it is very much in the interest of NG to clarify the legal situation quickly and fully; rather it seems that the complainants are actively delaying the proceedings – for instance by repeatedly not having appeared at court.

In the meantime, FIAN has allowed the situation to escalate further so that there are now economic consequences for the Kaweri project and further consequences cannot be excluded. Such a very negative development would severely affect the jobs on the farm and therefore also directly the people in the region. It is only because of NG's social responsibility and the belief in the Kaweri project that NG is willing to continue to despite all adversities.

FIAN's initiatives are evidently no longer about negotiating further benefits for the families concerned, if they have ever been taken up to that goal. Rather, they aim to make an example of a so-called multinational company. This also transpired from the various unsuccessful attempts by Kaweri and NG to organise round tables.

## Our goal: sustainability for the region – what Kaweri does in Mubende

Kaweri pursues its economic interests with strict consideration of social and ecological aspects. The very positive effect of the farm on the region as a whole is being confirmed in many different ways. Already today Kaweri employs 250 local people full-time, up to 800 carry out various jobs on the farm on a daily basis (or under the task system), and during harvest up to 2,500 coffee pickers are employed. In the longer term the farm will create more than 3,250 direct and further indirect jobs. On an individual basis, every worker and employee gains from Kaweri's activities: Presently, the wage of USH 3,200 for a defined "task" is generally earned in 5 hours, and it is up to the employees whether they want to carry out another half or full task. This wage is clearly above that for similar work on Ugandan tea and



sugar plantations; there are no other large coffee plantations in Uganda for comparisons sake.

A better infrastructure, access to free medical care, electricity and school education improve the quality of life for local people. In addition, Kaweri has passed water pipes into two neighbouring villages, supplying the people there with fresh drinking water free of charge. Furthermore, biodiversity in Kaweri is being maintained in an exemplary way through protected areas, biological corridors and shade trees.

The independent not-for-profit German Foundation, Hanns R. Neumann Stiftung, conducts in the vicinity of Kaweri Plantation a substantial development project called "Building Coffee Farmer's Alliances in Uganda" in collaboration with donor organizations such as the EU and USAID as well as the Bill and Melinda Gates Foundation servicing 53.000 small farmers presently. Kaweri supports this project actively promoting sustainable cultivation in the region as a whole and divulging knowledge exchange and best agricultural practices. An active exchange in agricultural practices with students of near-by universities takes place as well.

Although Kaweri has not yet been profitable, Neumann Gruppe remains committed to Uganda. "We firmly believe that our sustainable approach on our coffee plantations will pay off in the medium term. This is why we believe in the Kaweri project, even though circumstances have not always been easy. Once you start such a project you have a responsibility to the local population – we are aware of that and we see it as an incentive to continue our work in Uganda", says Michael R. Neumann, Member of the Supervisory Board of Neumann Gruppe GmbH.