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NATIONAL

Investor tricks NFA, acquires prime city land

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A supermarket that was erected in the prime land previously supposed to be occupied by a training centre and library. Photo by Faiswal Kasirye

By Emmanuel Gyezaho
Posted Sunday, December 30 2012 at 02:00

IN SUMMARY

Tricky deal. Reports indicate the investor was helped by two top ministers to process title for land belonging to NFA.

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Officials of the National Forestry Authority leased one hectare of prime city land to an investor to set up a timber drying plant but the investor has since acquired outright ownership, with the assistance of top politicians, and set up a supermarket on part of the land.

Sunday Monitor can reveal that four years ago, the NFA licensed businessman Sadrudin Virani one

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hectare of prime land from the Nakawa Central Forest Reserve along Spring Road in the upscale Bugolobi suburb.

In obtaining a licence to use the land, Mr Virani, the director of Virco Holdings Limited, convinced NFA, which held the land in trust on behalf of the people of Uganda, that he would establish a timber drying plant for value addition, a modern artisan training centre, that would help Uganda's unemployed youth acquire practical vocational skills, as well as construct a library and office store for the entity.

Changing deals

As such, while retaining ownership in trust, NFA proceeded to grant the businessman a 49-year licence to acquire usury rights over the land.

But in a surprising twist of events,

as our investigations show, the licence agreement has since mutated, with the aid of some favourable political decisions, into a complete transfer of ownership with Mr Virani obtaining a title deed for the land from Uganda Land Commission (ULC). The case joins a list of many curious deals in which the government has doled out prime land in various parts of the capital to investors in controversial circumstances.

This newspaper understands that two years ago, ULC issued the businessman a title for the prime plot of land following what a source said were political directives from two ministers. Although officials at ULC declined to comment, a source told this newspaper that the businessman obtained a favourable recommendation from then Water and Environment Minister Maria Mutagamba, who was political head of the NFA, who reportedly asked the intervention of former Lands Minister Omara Atubo, and who in turn is understood to have issued a recommendation to ULC to process a title for the businessman.

However, Sunday Monitor understands that Mr Virani has since negated on several of the contractual obligations in the original licence agreement with NFA and has proceeded to construct a shopping mall on part of the land which now houses a new glitzy branch of the Kenya-based Tuskys Supermarket.

Non-operational centre

The "modern artisan training centre" remains non-operational almost five years after the licence was signed, despite construction of what appear to be lecture rooms, while officials admit that a timber drying plant that was set up by the businessman is currently processing imported soft wood timber but not locally produced timber.

"Today as we talk, the National Forestry Authority vision is yet to be realised," NFA executive director, Mr Michael Mugisa, who took office this year, told Sunday Monitor. "We see some wood; furniture is there but we want to see him utilising the local species especially, adding value to them, not only importing."

This newspaper was unable to obtain a comment from Mr Virani or any of his associations at the company. An office aide who spoke to this newspaper last week said Mr Virani was "out of the country for a very long time and we don't know when he will be back."

According to documents seen by this newspaper, Mr Virani's Virco Holdings Limited signed a license agreement with NFA in July 2009 for a 49-year period. As part of the agreement Mr Virani would make a "one-time payment" of Shs400 million and agreed to pay NFA an annual licence fee of Shs10 million as ground rent for the entire duration of the contract.

The businessman was also required to demolish some structures that stood on the land and erect two new buildings - a library and store, at a reported cost of Shs380 million. Former NFA boss Damian Akankwasa who was uprooted from the top job following a presidential directive in 2009, superintended over the deal.

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"It's not a new thing, me I am just finding challenges but I have to manage them," said Mr Mugisa, who assumed the NFA top job 11 months ago. Asked under what legal circumstances the Authority would licence land held in trust to private investors, Mr Mugisa said: "NFA is mandated by law to licence use of forest reserves, either through tree-cutting, planting, tourism. We also came up with concepts of licensing for value addition."

He said, however, that the authority got to know about the change of ownership only after it filed invoices to the businessman for payment of annual licence fees. "He indicated that [our agreement] has been overtaken by events and that his authority is now Uganda Land Commission and not NFA anymore," said Mr Mugisa.

He added: "This area has dual authority. We have a forest reserve under NFA and at the same time Uganda Land Commission have the title deed. He may not have entirely made a mistake to get the title because Uganda Land Commission holds land on behalf of government."

egyezaho@ug.nationmedia.com



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