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ANNEX

ANNEX

to the

COMMISSION DECISION

on the signature, on behalf of the European Union, of the Memorandum of Understanding on a Forest Partnership between the European Union and the Republic of Zambia

Memorandum of Understanding on a Forest Partnership

between the Republic of Zambia and the European Union

1 INTRODUCTION

1.1 Object and purpose

The Republic of Zambia and the European Union (EU), hereinafter the "Partners", share a common responsibility in relation to the challenges posed to forests by climate change and development needs, and share a common aspiration to enable forests to fulfil their economic, social and environmental roles.

Together, the Partners have already implemented several forest-related actions in recent years. Recognizing the urgent need for strategic and focused cooperation and building on the strong engagement and motivation for the sustainable management of forests of the Zambian government, the Partners now wish to intensify their cooperation on forests to make an important contribution to the economic development of the country in line with the Sustainable Development Goals.

In this context, the Partners launch a partnership, hereinafter "Forest Partnership", in protection, restoration and sustainable management and use of forests aimed at:

- i) ENHANCING the role of Zambian forests in sustainable and inclusive national development, and
- ii) ADDRESSING challenges related to deforestation, forest degradation and loss of biodiversity.

1.2 Context

Forests are among the world's most productive ecosystems, biodiversity hosts and carbon storehouses, providing subsistence, safety, and income to about one third of the world's population. Forests have a long history of responding to humanity's needs for food, fuel and building materials that has already resulted in the loss of one-third of the world's forest cover. Although 'peaked deforestation' seems to have passed, meeting the needs of a rising and urbanizing global population drives a further disappearance of 10 million hectares of forests annually. The consequences are dire for the climate, planetary and human health, impeding the achievement of the UN 2030 Agenda for Sustainable Development.

Zambia is rich in terms of natural resources (land, water, mineral resources, wildlife, forests). Zambia still has extensive forest cover - the total forest cover is 44.8 million hectares representing 60¹ percent of the country's land surface area. Human activities such as the expansion of settlements and agriculture reduced forest cover - Zambia's annual deforestation rate was estimated at about 276,000² hectares. Forest loss combined with forest degradation creates serious human development, environmental and socio-economic concerns as regards water scarcity; loss of soil; carbon storage; loss of biodiversity and ecosystems both as an asset for tourism development and diversification of the economy; a growing wood deficit both for household use (wood fuels), as well as for the domestic wood industry.

¹ FAO Forest Resources Assessment (2020)

² Zambia's National Determined Contribution (2021)

In this wider context, and as reflected in the Nationally Determined Contributions (NDC) submissions of 2016 and 2021, the Third National Communication to the UNFCCC (2020), the National Forestry Policy (2015) the Second National Agriculture Policy (2016), the REDD+³ Strategy (2015), the National Investment Plan for REDD - 2018 – 2022, the National Agriculture Investment Plan (NAIP) 2022⁴ and the 8th National Development Plan (NDP)⁵, Zambia has committed to:

- REDUCING carbon dioxide emission by 47 percent compared to 2010 levels (38 MtCO₂eq) by the year 2030⁶
- PROMOTING sustainable forest management including a ban on the unsustainable production and consumption of charcoal by 2025⁷
- DECREASING the rate of deforestation to 120,000 ha/year by year 2026⁸

The **EU** stepped up its ambition and commitments to international action on environmental issues, including forests, climate change and biodiversity in the context of the **European Green Deal**⁹. In its **New EU forest strategy for 2030**¹⁰, the EU set forth its key priorities and actions based on the multi-functional role of forests and commits to protecting, restoring, and enlarging them, supporting their socio-economic functions and boosting a sustainable forest-based bio-economy.

In the **Communication ‘Stepping up EU Action to Protect and Restore the World’s Forests’**¹¹, the EU committed to supporting partner countries to tackle deforestation in a partnership approach. The Communication “Towards a Comprehensive Strategy with Africa”¹² calls for stronger partnerships and tailored dialogues with African countries, as well as joint action to protect and reduce pressure on forests. **European Commission President Von der Leyen** reiterated the commitment to the partnership approach calling for high ambition coalitions and partnerships for fighting deforestation with like-minded partners¹³.

The Partners recall their international commitments to the UN 2030 Agenda for Sustainable Development, the UN Convention of Climate Change, the UN Convention on Biological Diversity, the New York Declaration on Forests and UN Convention to combat Desertification as well as their endorsement of the Glasgow Leaders Declaration on Forest and Land Use.

In view of the above, the Partners confirm their resolve for a **formal strategic dialogue and policy cooperation**, both bilaterally and in international fora, on key forest-related issues, such as conservation, governance, value chains, sustainable management and deforestation-free production. The strategic dialogue should be implemented through this Forest Partnership.

³ Reduce Emissions from Deforestation and forest Degradation

⁴ The National Agriculture Investment Plan (2014-2018) expired in 2018. The formulation of the Second NAIP started in June 2022. The new NAIP will be aligned to the 8th National Development Plan.

⁵ The 8th National Development Plan was adopted by Cabinet in April 2022 and it is expected that it will be submitted for approval to the National Assembly by mid-June 2022.

⁶ Zambia’s NDC (2021) was submitted with a conditional pledge of reducing Greenhouse Gas (GHG) emissions by 25% (20,000 Gg CO₂ eq.) by 2030 against a base year of 2010 under the Business As Usual (BAU) scenario with limited international support or by 47% (38,000 Gg CO₂ eq.) with substantial international support.

⁷ 8th National Development Plan (2022) adopted by Cabinet.

⁸ 8th National Development Plan (2022) adopted by Cabinet.

⁹ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

¹⁰ [Forest strategy \(europa.eu\)](https://ec.europa.eu/forests/strategy_en)

¹¹ [EU Communication \(2019\) on stepping up EU action to protect and restore the world’s forests | European Commission \(europa.eu\)](https://ec.europa.eu/forests/communication-2019_en)

¹² [communication-eu-africa-strategy-join-2020-4-final_en.pdf \(europa.eu\)](https://ec.europa.eu/forests/communication-eu-africa-strategy-join-2020-4-final_en.pdf)

¹³ https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655

1.3 Objective

The Forest Partnership should address the protection, restoration and sustainable management and use of Zambia's forests, with a view to:

- (1) Increasing the **area** of protected, restored or sustainably managed forests
- (2) Increasing the number of forest-related **decent jobs**
- (3) Reducing of the annual **rate of deforestation** of natural forests
- (4) Looking for ways to facilitate investment and trade in **legal and sustainable forest products** between Zambia and the EU.

The above specific objectives are envisaged to be achieved based on a holistic and integrated approach to forests considering their multiple functions and avoiding promoting one over the others. On the one hand, the expansion of activities encroaching onto forest lands should be reduced, while on the other hand, the economic resilience of forests should be strengthened through enhanced value chains for consumptive (wood, charcoal, non-wood forest products) and non-consumptive forest products and services (biodiversity, tourism, carbon storage, water provisioning).

1.4 Approach

The purpose of the partnership should be achieved through an integrated approach in support of Zambia's Forests Act No. 4 of 2015.

The Forest Partnership should be open, inclusive and transparent. To this end, the Partners intend to:

- a) engage in **strategic and policy dialogue** on issues affecting forests and deforestation (e.g. intersectoral coordination, land tenure, trade policies, environmental crime, law enforcement, fiscal incentives, community based management);
- b) involve **all relevant line ministries and European Commission services** responsible for the key areas of intervention (e.g. for sustainable forest management, agriculture, wildlife and environment, tourism, land use planning, climate change impacts or economic development);
- c) provide **all relevant stakeholders** (private sector actors, social/non-state partners, local communities, indigenous peoples, youth, women, international public organisations, financial institutions, academia, research institutions and donors) with an opportunity to effectively participate in the planning and implementation of activities related to the Partnership. Adoption of a rights-based approach will promote social inclusion and equal opportunities for the most vulnerable groups;
- d) **develop capacities** of the forest sector stakeholders particularly in the processing of timber and non-timber forest products, the control of the environmental impact of activities in and around forest areas, and the management of conservation areas;
- e) **exchange** on their respective approach at the international level on forest-related issues;
- f) Communicate in **full transparency** about investments, actions, and results.

2 KEY WORK STREAMS

The 8th National Development Plan aims to accelerate Zambia's vision of attaining a prosperous middle-income status by 2030. It emphasises a development that is anchored on sustainable environment, eco-systems and natural resource management principles¹⁴, implemented via four Strategic Development Areas:

- good environmental governance
- economic transformation and job creation
- environmental sustainability
- human and social development

In view of the above, the Partners intend to cooperate closely in the following work streams:

(1) Good governance environment: Forest policy, governance and management systems

This work stream should aim at strengthening forest governance by supporting the government in its tasks of regulation, management, enforcement and monitoring. An array of activities should be considered, including:

- land use planning and forest boundary demarcation, addressing illegal forest land usage;
- mapping and monitoring should be strengthened, both by government as well as by independent civil society organisations or in cooperation with the EU Copernicus Land Monitoring Service;
- development of a timber and/or charcoal traceability system.
- support to the development of Zambia's forest legislative and policy instruments, in particular regulations on:
 - community forest tenure and fair benefit sharing mechanisms;
 - wise use of fire and development of monitoring, detection and response capacities;
 - sustainability of fuelwood and charcoal production.
- strengthening of productive infrastructure development

(2) Economic transformation and job creation: Improved value chains for forest products and services

The aim of this work stream is to improve the sustainability, efficiency and added value of value chains for forest products and services, to contribute to Zambia's agenda for a sustainable diversified economy. Measures should include support to small and medium-sized enterprises' by facilitating linkages with larger local and regional value chains. This should help create jobs and alternative income opportunities, while safeguarding the environmental values of forests, such as biodiversity and water and carbon storage.

Specific areas of employment may include and are not limited to: sustainable forestry management, wildfire management, establishment and development of commercial plantations, forest certification, wood and non-wood forest product processing industries, tourism circuits.

(3) Environmental sustainability: A value to protect

The partnership should support the ecological functions of Zambian forests such as preservation of biodiversity, ecosystem regulation, including conservation of water catchments, carbon storage and

¹⁴ 8th National Development Plan (2022) adopted by Cabinet.

contribution to temperature, moisture and rainfall control. Forests are a key force in stabilizing climate at local, national and regional level.

The Partnership aims to promote sustainable agriculture practices, limiting agricultural expansion and forest degradation. Deforestation-free agriculture could be supported by:

- climate smart agro-forestry systems, cropping systems and livestock production;
- improved productivity with stronger linkages to agro-processing industries;
- digital innovations to support for informed decision-making.

Preservation of forests would significantly contribute to achieving Zambia's National Determined Contribution target and ensure that the country remains a carbon sink. In this context, the partnership should also support the national inventory system for agriculture, forests and other land uses to enable Zambia to meet its obligations under the Paris Agreement.

(4) Human and social development: Skills training, research and outreach

Public education programmes and awareness raising of the socio-economic and environmental value of forest should be facilitated. To reach higher levels of production, efficiency and sustainability in the different forest-based value chains, knowledge and skill sets of community members and forest industry workers should be developed. Support activities may include vocational training in sustainable agroforestry, wood and non-wood forest product processing and forest services. Applied research should be supported, e.g. into new forest product development, together with curriculum development for national training centres for forestry or relevant agriculture practices. Next, civil society organisations should be supported to enhance their capacities for policy review, campaigning, outreach and monitoring.

3 INVESTMENTS

To stimulate private sector initiative for the enhancement of a sustainable forest-based economy, conducive conditions need to be created for innovative finance models that link the interests of communities and those of the private sector.

The Partnership should support the development of national policies and legislation related to carbon markets and result-based payments (FCPF¹⁵, REDD+), generating revenue for the management of Zambia's conservation areas, benefitting both people and nature. In this context the partnership should support a comprehensive assessment of the different financing options in terms of their costs, benefits, and impact on National Determined Contributions and Long-Term Strategies implementation and achievement. This assessments should also include the impact of use of carbon markets on Zambia's climate goals.

Together with European Development Financial Institutions, the Partnerships should explore opportunities to support bankable forest-related projects, especially with the European Fund for Sustainable Development Plus (EFSD+)¹⁶. Special focus should be given for the provision of access to finance for micro, small and medium enterprises and cooperatives be it for community enterprises for forest-based products and services, or the development of sustainable agricultural practices and food

¹⁵ Forest Carbon Partnership Facility

¹⁶ European Fund for Sustainable Development – Support Investments in Africa and the Neighborhood aimed to contribute to the goals of the United Nations 2030 Agenda for Sustainable Development, in particular poverty eradication, as well as address specific socioeconomic root causes of migration, including irregular migration, and to contribute to the sustainable reintegration of migrants returning to their countries of origin and to the strengthening of transit and host communities

systems in buffer zones around forest areas, E.g. via the EFSD+ mechanism and the development of proposals to leverage private sector funding e.g. via blending, risk-sharing and guarantees.

The establishment of supportive infrastructure, in terms of transport links, electric power, Information Communications Technologies or otherwise, can also be explored with the EFSD+ mechanism.

Furthermore, in order to ensure a market for legal and sustainable forestry and agricultural products, Zambia should enhance domestic demand via a green procurement policy for state agencies.

4 IMPLEMENTATION AND REPORTING

Within 6 months from the signature of the Forest Partnership, the Partners should develop a Roadmap based on the key work streams under Section 2 of this Memorandum.

The Partners should cooperate in a framework of Working Groups, one technical and one political, for discussing the implementation of the Memorandum by the Partners and respective actors (as specified in the Forest Partnership Roadmap or results framework), including the resolution of any issues in relation to the interpretation and implementation of this Memorandum.

The Technical Working Group should meet on a quarterly basis co-chaired by the Head of Cooperation of the EU Delegation and the Permanent Secretary of the Ministry of Green Economy and Environment of Zambia. A Roadmap for the implementation of the forest partnership should be developed.

The first meeting of the Working Group should be 1 month after the development of the Roadmap referred to in the previous paragraph. The Political Working group should meet twice a year, co-chaired by the Head of the EU Delegation to Zambia and the Minister of the Green Economy and Environment of Zambia. The composition should be agreed when developing the Roadmap.

5 Format

This instrument is not intended to create rights or obligations under international or domestic law.

Nothing in this Memorandum shall represent a commitment of financing on the part of either Partner.

Furthermore, this Memorandum does not intend to represent any commitment from either Partner to give preferred treatment to the other Partner in any matter contained herein or otherwise.

The cooperation envisaged in this Memorandum should commence on the day after it has been signed by both Partners.

Signed at on in two copies, in English.

FOR THE GOVERNMENT OF THE REPUBLIC OF
ZAMBIA

Signature

FOR THE EUROPEAN UNION

Signature

X

X