



Brussels, 23.9.2022  
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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 Uganda**

**Memorandum of Understanding on a Forest Partnership**  
between the Republic of Uganda and the European Union

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## **1. INTRODUCTION**

### **1.1 Object and purpose**

**The Republic of Uganda** and the **European Union (EU)**, hereinafter the “Partners”, share a common aspiration to enable forests to fulfil their economic, social and environmental roles, and a common responsibility in relation to the challenges posed to forests by human, social and development needs.

The Partners have already implemented several forest-related actions. Recognizing the urgent need for **strategic and focused cooperation** and building on the strong engagement and motivation of the Ugandan government, the Partners now wish to **heighten their cooperation** on forestry to make an important contribution to the Sustainable Development Goals.

In this context, the Partners launch a partnership, hereinafter “**Forest Partnership**”, to promote the protection, restoration and sustainable management and use of forests and aimed at:

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

### **1.2 Context**

Forests are among the world’s most productive ecosystems and biodiversity hosts, removing CO<sub>2</sub> and stocking carbon, providing ecosystems services, 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 2030 Sustainable Development Agenda.

**Uganda** is endowed with unique forests, hosting an impressive biodiversity and helping meet various socio-economic needs that in turn sustain human development and significant national earnings. However, the management and use of Uganda’s forests has been largely unsustainable while forest cover has plummeted from 24% (1990) to 12.4 % (2020)<sup>1</sup>. Conversion to agriculture and grazing land, demographic growth, industrialisation and urbanisation, infrastructure expansion and overharvesting for timber and fuelwood, weak forest governance, insecure land tenure are responsible for the depletion of Uganda’s forests. The Uganda Government appreciates the scale of the challenge and has undertaken significant commitments to:

- REDUCING its greenhouse gas emissions by approximately 22% by 2030 compared to business as usual, and INCREASING forest cover up to 21% by 2030 (**Nationally Determined Contributions**);

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<sup>1</sup> FAO Forest Resource Assessment 2020

- ENHANCING biodiversity conservation, management and sustainable utilisation and fair benefit-sharing (**National Biodiversity Strategy** and Action Plan 2015-2025);
- PROMOTING sustainable agricultural and forest production as well as restoration of natural forests in the landscape (**REDD+ Strategy and Action Plan** (2017));
- SCALING UP restoration (**Action Plan for Restoration of the Environment & Natural Resources - 2021-2031**);
- ENHANCING value addition in key growth opportunities, including the forest sector, to increase average household incomes and improving quality of life (**National Development Plan III**)

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**<sup>2</sup>. In its **own forest strategy**<sup>3</sup>, the EU set forth its key priorities and actions based on the multifunctional 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’**<sup>4</sup>, the EU committed to supporting partners to tackle deforestation in a partnership approach. The Communication “Towards a Comprehensive Strategy with Africa”<sup>5</sup> 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 partners<sup>6</sup>.

The Partners recall their international commitments to the 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change, the UN Convention on Biodiversity, the UN Convention to combat desertification and the New-York Declaration on Forests as well as their endorsement of the Glasgow Leaders Declaration on Forest Degradation 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, restoration, governance, forestry related and complementary value chains, sustainable management and deforestation-free production. The strategic dialogue and policy cooperation should be implemented through this Forest Partnership.

### 1.3 Objective

The Forest Partnership should address the protection, restoration and sustainable management and use of Uganda’s forests and tree resources, with a view to contributing 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 trade in legal and sustainable wood products

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<sup>2</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

<sup>3</sup> [Forest strategy \(europa.eu\)](https://ec.europa.eu/forest-strategy_en)

<sup>4</sup> [EU Communication \(2019\) on stepping up EU action to protect and restore the world’s forests | European Commission \(europa.eu\)](https://ec.europa.eu/communication-2019/stepping-up-eu-action-to-protect-and-restore-the-worlds-forests_en)

<sup>5</sup> [communication-eu-africa-strategy-join-2020-4-final\\_en.pdf \(europa.eu\)](https://ec.europa.eu/communication-eu-africa-strategy-join-2020-4-final_en.pdf)

<sup>6</sup> [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_20\\_1655](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655)

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

## 1.4 Approach

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 driving deforestation (e.g. inter-sectoral coordination, land tenure, land conversion and unsustainable land use, trade policies, environmental crime, weak enforcement, fiscal incentives);
- b) involve **all relevant line ministries or Commission services** responsible for the key areas of intervention (e.g. for sustainable forest management, land use planning or economic development);
- c) provide **all relevant stakeholders** (private sector actors, social/non-state partners, local communities, indigenous peoples, youth, women, international public organisations, interested financial institutions, academia, research institutions and donors) with an opportunity to effectively participate in the dialogue related to the Partnership. Adoption of a rights-based approach aims to promote social inclusion and equal opportunities for the most vulnerable groups;
- d) **develop capacities** of the forest sector stakeholders to create an effective and efficient forestry sector;
- e) **stimulate private sector initiatives** to develop the sector and create a conducive environment for investment;
- f) **exchange** on their respective approach at the international level on forest-related issues; and
- g) communicate in **full transparency** about financing, actions, and results.

## 2. KEY WORK STREAMS

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

### (1) Improved governance and sustainable use and management of forests

There is an interest to continue policy dialogue focusing on:

- a) Strengthening institutional capacity for effective management of forests and trees resources at the national and district levels: the collaboration could include institutional support to strengthen sustainable forest management, to enhance forest governance, to contribute to implementing the Action Plan for Restoration of the Environment and Natural Resources 2021-2031. This may include focusing on issues like automation of environmental regulation and monitoring, mobilising social capital/community led investments, improving governance of Environment and Natural Resources, integration of forests and tree resources management in national planning and budgeting frameworks (in close collaboration with the private sector), including the Ugandan parish development model, amongst others;
- b) The Government's commitment to improve the business environment – e.g., promotion of sustainable agro-forestry products, removal of trade barriers that hinder trade of wood products, enforcement of land use & forest policy to clearly demarcate the protected and production areas, and overall policy coordination;
- c) Eliminating environmental crime, such as illegal logging and wildlife trafficking; operationalization of an Environment Protection Force to strengthen protection of forests and tree resources in the landscape, and the promotion of partnerships among different stakeholders including farmers, producer organizations, companies, financial institutions, and NGOs.

## **(2) Forest and tree-based value chains – covering wood and non-wood forest products**

Forest-based value chains can generate employment, income, and support livelihoods, appreciate the value of forests and improve conservation of the resources with appropriate actions and investments. Value chain development requires improved logistics and infrastructure, product development, standardization, organization, demonstrations, capacities, investments in new technologies and respective finance.

There is an interest to continue policy dialogue focusing on:

a) Promoting wood-based value chains: Considering the current and projected domestic demand for forest products, the supply of plantation wood is expected to exceed the Ugandan domestic consumption. However, the regional East African demand for forest products is growing, mainly due to urbanization and related timber needs in construction and consumer products. Ugandan forest industries can create a well-established position in Eastern Africa, using several comparative advantages such as strategic location, existing forest plantations and emerging infrastructure as well as competitive costs. The future of Ugandan commercial forestry depends on how well it succeeds to enter these markets. For this reason, wood processing capacities in Uganda should be scaled up considering the available raw materials and market opportunities. New technologies and capacities could improve productivity, quality, and affordable maintenance costs of value-added processing. The conversion of logs into various products should be accomplished considering available wood assortments, energy sources, human resources, and overall infrastructure.

b) Promoting the economic significance of non-wood forest products (NWFP): Uganda has developed into the largest producer of pine resin in East and Southern Africa. Responsible forest management can enhance the availability of NWFPs for household use (nutritious and healthy food) and income generation. Most of the NWFPs are used at home or sold locally as a means of subsistence. The challenge is to support the people who depend on forests for their livelihood to invest in propagation, responsible and quality production, and value addition so as to market the products. The partnership might also look at issues of responsible bush meat consumption and trade, in the framework of food security and health of local populations.

## **(3) Address deforestation and forest degradation**

Addressing the causes of deforestation, mindful of the complexity of the drivers and Uganda's development plans for the future, is urgently needed.

There is an interest to continue policy dialogue focusing on:

a) Supporting forest financing: in order to support the implementation of the Nationally Determined Contribution in particular in relation to Land Use, Land Use Change and Forest which state an ambitious target to increase the forest cover from present 12.4% to 21% of the total land mass by 2030, the partnership could help strengthen national policies and legislation related to the carbon market and promote payments for ecosystem services, thus generating benefits for people and nature. In this regard, the Partnership should be able to support Uganda to meet the impending obligations under the Paris Agreement on climate.

b) Also, to halt deforestation, a shift from the current expansive agricultural practices to deforestation-free agriculture through promotion of agro-ecological pathways is urgently needed. Linkages to other existing agriculture and land related programmes should be ensured in particular those targeting agriculture commodity producers like smallholder farmers to improve the production and marketing of products, which are deforestation free. This is particularly relevant for the ongoing EU supported work on the coffee and cocoa value chains. Innovation and digitalisation should be promoted to ensure that products are sustainable, legal and deforestation free.

c) Efforts should be provided for sensitization and awareness creation on (risks and consequences of) deforestation and forest degradation and its effects on production systems, reaching out to the general public.

d) Supporting the national inventory system for agriculture, forests and other land uses to enable Uganda to meet its obligations under the Paris Agreement.

#### **(4) Conservation and restoration of Natural Forest and ecosystems corridors**

Actions to conserve the Uganda's remaining natural forests and to restore degraded forests should be accelerated.

There is an interest to continue policy dialogue focusing on:

Critical actions should comprise wildlife ecological corridors and their buffer zone development, collaborative forest management with communities, strengthening capacities of local authorities, and supporting boundary demarcation. In order to get a greater impact, conservation and restoration efforts should be conducted in parallel with emerging value chains and include local communities. They should also enjoy material benefits through proper benefit-sharing mechanisms, in addition to value chains, from carbon and biodiversity offsets.

### **3. INVESTMENTS**

The partnership should aim at lifting up barriers to boost investments, enhance producer organizations' and SMEs' access to long term loans and equity instruments, improve local financial institutions to carry out the required due diligence of the forest sector and enable smallholder's access to finance challenged by the lack of collateral: own capital, assets, land title. Together with European Development Financial Institutions, the Partners should explore opportunities to support bankable forest-related projects, especially with the European Fund for Sustainable Development.

Leverage of additional finance remains critical for value chain development, conservation, restoration, and expansion of plantation forests. Benefitting from the improvement of governance and enhancement of value chains, the Partnership would help access to existing debt and equity instruments proposed by Development Finance Institutions to major forest companies, as well as carbon offsetting schemes from international voluntary carbon off-setters.

Where international carbon market finance is proposed, the partnership should support the assessment of the costs and benefits of available financing options, particularly in terms of impacts on Uganda's ability to meet its NDC and Long Term Strategy under the Paris Agreement on climate. This assessment could help develop an investment strategy for the sector.

### **4. IMPLEMENTATION AND REPORTING**

Within six 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 result 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 Water and Environment. The composition should be agreed when developing the Roadmap for the forest partnership.

The Political Working group should meet twice a year, co-chaired by the Prime Minister of the Government of Uganda and the Head of the EU Delegation to Uganda. 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 UGANDA

FOR THE EUROPEAN UNION