

**SPEECH BY THE EU HEAD OF COOPERATION Ms. MICHELLE  
LABEEU AT THE LAUNCH OF THE PROJECT - SAWLOG  
PRODUCTION GRANT SCHEME PHASE III (SPGS III).**

**on**

**Thursday July 21, 2016 at Ferdsult Forest Plantation, Buikwe district.**

- Honourable Minister of Water and Environment, Hon. Cheptoris Sam.
- Local Council V Chairperson, Buikwe district,
- The Permanent Secretary, Ministry of Water and Environment,
- The Country Representative the Food and Agriculture Organisation,
- Beneficiaries and potential beneficiaries of the project,
- The implementation partners,
- Our hosts and beneficiaries, Ferdsult Forest plantation,
- Ladies and Gentlemen

Good Morning,

It is a real pleasure for me to participate at this launch of the third phase of the Sawlog Production Grant Scheme (SPGS III).

Commercial forestry is still considered relatively new in Uganda, and we are glad to be pioneers of this landmark effort that started about 12 years ago, in partnership with the Ministry of Water and Environment.

*Let me first say a few words about what we learned and achieved for those last 12 years.*

The first phase (SPGS I) was meant to demonstrate to all that commercial forestry is a viable agribusiness.

The second phase was meant to consolidate further plantations establishment, maintenance and promotion of technical practices, as well as stimulate personal investments in plantation forestry. By the end of SPGS II, 47,000 hectares were established (by both commercial planters and communities). In addition, another 11,000 ha of commercial forest plantations were established outside the jurisdiction of SPGS, using own resources; which is indeed a notable positive outcome.

Both phases also provided learning experiences for the final beneficiaries, the implementers, supervisors and the funding partners too. Using various Monitoring, Evaluation & Learning systems, we identified together several intervention gaps in the SPGS approach. And we committed to integrate all lessons learnt, proposals for improvement and embed all possible complementary and consolidating elements into the current SPGS III.

*And this is why we are here together today to launch the third phase of SPGS.  
So what is new?*

One main innovation of this new phase is that it will include a new component of downstream processing and value addition. We know that the plantations established in phase 1 (2004 – 2009) are now due for total harvesting, yet the planters are experiencing several challenges ranging from low prices offered by middle men or by processors, partly because of the distance to the few sawmills available; and even those that are already engaged in processing are facing challenges of a limited product range with poles and timber as main products, as well as a low recovery rate of about 40% compared to the 65% potential.

The added component (value addition, downstream processing) is firstly meant to complete the cycle from preparing planting material to a finished good quality product and also exhibit the true value of intermediary products from thinning and pruning material.

We are confident that the new implementing partners for SPGS III - FAO, in collaboration with the Ministry of Water and Environment and Uganda Timber Growers' Association will work together on this to expose and demonstrate the available technologies for downstream value addition.

And indeed, for this third phase, we are welcoming FAO as a new player in the SPGS brand, as they will bring in a high level of expertise and experience in forestry as well as in programme management and implementation; therefore we expect not less than excellency for this third phase.

*Let me know explain why this intervention is important for us*

*First, as most of you know, the EU is a **champion for climate action** nationally and globally. The SPGS scheme is one of our flagship interventions for CC mitigation since it provides an alternative source for timber and other forestry products therefore reducing pressure on the natural forests; which would have been the default source. On the other hand, SPGS is also considered an adaption initiative since it is an effort to do things differently (in the context of Uganda) by planting forests as opposed to relying only on natural forests.*

*Second, we have a **strong commitment towards biodiversity**.*

We therefore strongly encourage the exploration, development and promotion of indigenous tree species which qualify for plantation forestry. I know that availability of quality planting material is a challenge but at the same time there are efforts on-going with other partners to produce clones for the species

currently being promoted. This and the consideration of indigenous species are important to break the dependence on an external source for planting material.

*But we see more than climate change and biodiversity in promoting sustainable commercial Forestry, we see a huge and still untapped potential for a **Green Economy**, fostering innovative and/or alternative sustainable practices, contributing to social equity, social inclusion and job creation*

We acknowledge there are challenges of course, with potential tensions between commercial forestry and environment and ecosystems preservations - and that is why environmental and social safeguards are incorporated into the action. For example, the conservation of biodiversity hotspots is a key criterion in the beneficiary selection process, promotion of indigenous tree species for biodiversity maintenance, etc.

But we would also call for exploring practices and techniques of integrated commercial forestry with either fodder or other crops. I have seen fascinating achievement in agro-forestry in Cambodia, where timber planters had doubled their income because the association of certain crops to their trees plantation had actually accelerated the wood production, and they had in addition a very good yield from their year-round crops harvest. It works. Let's be ambitious, let's be innovative, let's be green!

*Finally*

I would like to thank the Ministry of water and Environment for the very good partnership we have shared in the first two phases and I count on this even the more, as the SPGS family gets bigger. We therefore hope for a well – managed, well implemented action and successful action at the end of its tenure and beyond.

Thank you for your attention.

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