

**The BioTrade Initiative seeks to contribute to the implementation of the three objectives of the Convention on Biological Diversity (CBD) through trade of and investment in BioTrade products and services. BioTrade Principles and Criteria were elaborated to guide the interventions of the BioTrade Initiative, regional and national BioTrade programmes, as well as companies and communities producing biodiversity-based products. Indicators corresponding to principles and criteria have been adapted according the type of intervention in question. This Technical Update describes the general framework to which BioTrade Principles and Criteria correspond and reviews the different applications of these principles and criteria.**

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## **BioTrade Principles and Criteria: a tool for the implementation of conservation and sustainable use objectives**

### **Introduction**

The objective of UNCTAD's BioTrade Initiative is to support sustainable development through trade and investment in biological resources. To this end, the BioTrade Initiative and partners at national and regional level have been working to enhance the supply capacity for biodiversity-based goods and services by providing positive incentives through specific programmes of trade and investment promotion. They have also been supporting companies and communities in the implementation of conservation and sustainable use practices.

BioTrade principles and criteria guide international, regional and national programmes, as well as companies and communities producing and trading BioTrade products. Different tools exist to implement these principles and criteria.

### **BioTrade mandate and activities to implement Multilateral Environmental Agreements**

The BioTrade Initiative derives its mandate from the Millennium Development Goals (MDG), the Commission on Sustainable Development (CSD), the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora CITES.

#### *CBD*

BioTrade activities are implemented in line to the Convention's objectives: conservation of biological diversity, sustainable use of its components, and fair and equitable sharing of the benefits arising from the utilisation of genetic resources. The CBD defines the importance of trade as a positive incentive measure in the conservation and sustainable use of biodiversity (Decision VI/15).

Regarding the sustainable use objectives of the CBD, the Addis Ababa Principles and Guidelines<sup>1</sup> provide a framework to assist Governments, resource managers, indigenous and local communities, the private sector and other stakeholders on how to ensure that the use of the components of biodiversity will not lead to the long-term decline of biological diversity.

Activities carried out by the BTFP in supporting value chains of biodiversity-based products are seeking to implement the Addis Ababa guidelines. The box below provides some examples of such activities.

**Box 1. Examples of the implementation of the Addis Ababa Principles through BioTrade activities**

- Export promotion as an incentive for sustainable use of biodiversity;
- Revision of existing regulations and strengthening of regulatory frameworks related to sustainable use of biodiversity;
- Provision of training to enhance the capacity of local authorities and the private sector to implement sustainable use practices, sustainable management plans and monitoring systems based on an adaptive management approach;
- Support companies in minimising negative impacts on natural ecosystems and promoting the implementation of those practices that improve the conservation status of such ecosystems;
- Generation of market information that can support decisions related to the sustainable management of the species;
- Strengthening of relationships among stakeholders involved in the supply chains (buyers, exporters, industry, providers and collectors) in order to contribute to the equitable sharing of benefits derived of the commercial use of biodiversity and the internalisation of the costs of resource management.

**CITES**

Taking into account the objectives of sustainable use implemented by the BioTrade Initiative, the support to the objectives of the CITES is also part of its mandate. The CITES Secretariat attaches increasing importance to the need to identify and implement economic incentives to encourage the conservation or sustainable use of wild fauna and flora, as well as to complement the systems that regulate the use of CITES-listed species.

The decisions 13.76 and 13.77 of COP 13 call the parties to enrich the discussion on economic incentives and motivate the exchange of experiences in the design and use of economic incentives for sustainable management of wild fauna and flora. In this context the BioTrade Initiative of UNCTAD is recognised as a strategic partner to address the issue of the role of economic incentives for sustainable resource management, including exploitation for trade of CITES-listed species at sustainable levels and generating benefits for local communities.

**Box 2. UNCTAD/BTFP activities to support the implementation of CITES**

Activities of UNCTAD/BTFP the national programmes to support the implementation of the convention are:

- to promote cooperation among national BioTrade programmes and CITES authorities and other relevant stakeholders;
- to promote sustainable trade practices along supply chains of CITES species such as Caiman yacare and Arapaima gigas, species listed in Appendix II; and
- to share experiences with the CITES Community.

**BioTrade Principles: general framework to implement BioTrade objectives**

Based on the experience of national programmes in the implementation of their Principles and Criteria and the different contexts in which they have been applied, a general set of BioTrade Principles has been defined through a joint process carried out by UNCTAD and the National BioTrade Programmes. The following are the Principles agreed upon and adhered by the BioTrade initiative, its programmes and partners:

1. Conservation of biodiversity;
2. Sustainable use of biodiversity;
3. Equitable sharing of benefits derived from the use of biodiversity;
4. Socio-economic sustainability (management, production and markets);
5. Compliance with national and international legislation and agreements;
6. Respect for the rights of actors involved in BioTrade activities;
7. Clarity about land tenure, use and access to natural resources and knowledge.

The BioTrade Principles and Criteria are based on the three objectives of the CBD and other social and economic criteria that assure the sustainability of private initiatives and the competitiveness of these products in the market. In addition to the BioTrade Principles and Criteria, BioTrade programmes are guided by three main approaches:

1. Value chain approach<sup>2</sup>: in the context of BioTrade and BTFP, the strengthening of the value chain is used as a mechanism to facilitate the articulation among actors in a value chain; the involvement of good practices related to sustainable use and conservation; and the equitable sharing of environmental, social and economic benefits among participants.
2. Adaptive management approach<sup>3</sup>: in the context of BioTrade, adaptive management is an approach that contributes to the involvement of sustainable practices, the identification of impacts on species and ecosystems and the improvement of biotrade initiatives in a continuous way. For instance, the BTFP is supporting the elaboration of management plans as a tool for implementation of such criteria by companies, providers and authorities.
3. Ecosystem approach<sup>4</sup>: the ecosystem approach requires an integrated vision of ecological and social issues, as well as the interactions and processes that a productive system involves. In practice, the planning of productive processes related to BioTrade initiatives has to be undertaken following the ecosystem approach in order to guarantee the fulfilment of an initiative's environmental and social responsibilities, according to their impact on species, habitats and ecosystems.

## Application of BioTrade Principles and Criteria

While the same Principles and Criteria provide general guidance to all BioTrade activities, the indicators to measure the implementation them may be different depending on the intervention or use. The following examples exist.

### *Evaluation of the impact of BioTrade Programmes and initiatives*

Specific indicators are required to evaluate the impact of Biotrade programmes' activities at national and international level.

### *Guidance to companies*

A specific set of indicators has been defined to evaluate the compliance with the BioTrade principles and criteria. These evaluations are the basis of company work-plans and guide the support provided by national programmes and other service providers. Box 3 presents activities carried out to this end.

#### **Box 3. Application of BT principles and criteria for guidance of companies**

*Objective:* Analyse the compliance with the BT Principles and Criteria and develop recommendations for each company to be supported by the BioTrade Facilitation Programme

*Process:*

- Definition of indicators to evaluate the compliance with each criterion;
- Evaluation of companies through interviews and technical visits;
- Identification of strengths and weaknesses of companies;
- Elaboration of recommendations for companies;
- Definition of company work plans;
- Monitoring of progress: according to the company work plans, BTFP will monitor the achievement of the set goals and will adjust the work plan accordingly.

### *Support to value chains*

The selection of groups of products to be supported in the BioTrade Facilitation Programme and the BioTrade National Programmes are based on criteria that define the suitability of products to access markets and the impact on conservation, sustainable use and generation of benefits.

### *Selection of projects that benefit from financing*

At national level, indicators have been developed in order to evaluate and select BioTrade initiatives that can benefit from various finance initiatives, be it credits, venture capital or grants. Currently, BioTrade Funds exist in Colombia and Bolivia that finance BioTrade initiatives using BioTrade principles and criteria to select beneficiaries.

### *Certification*

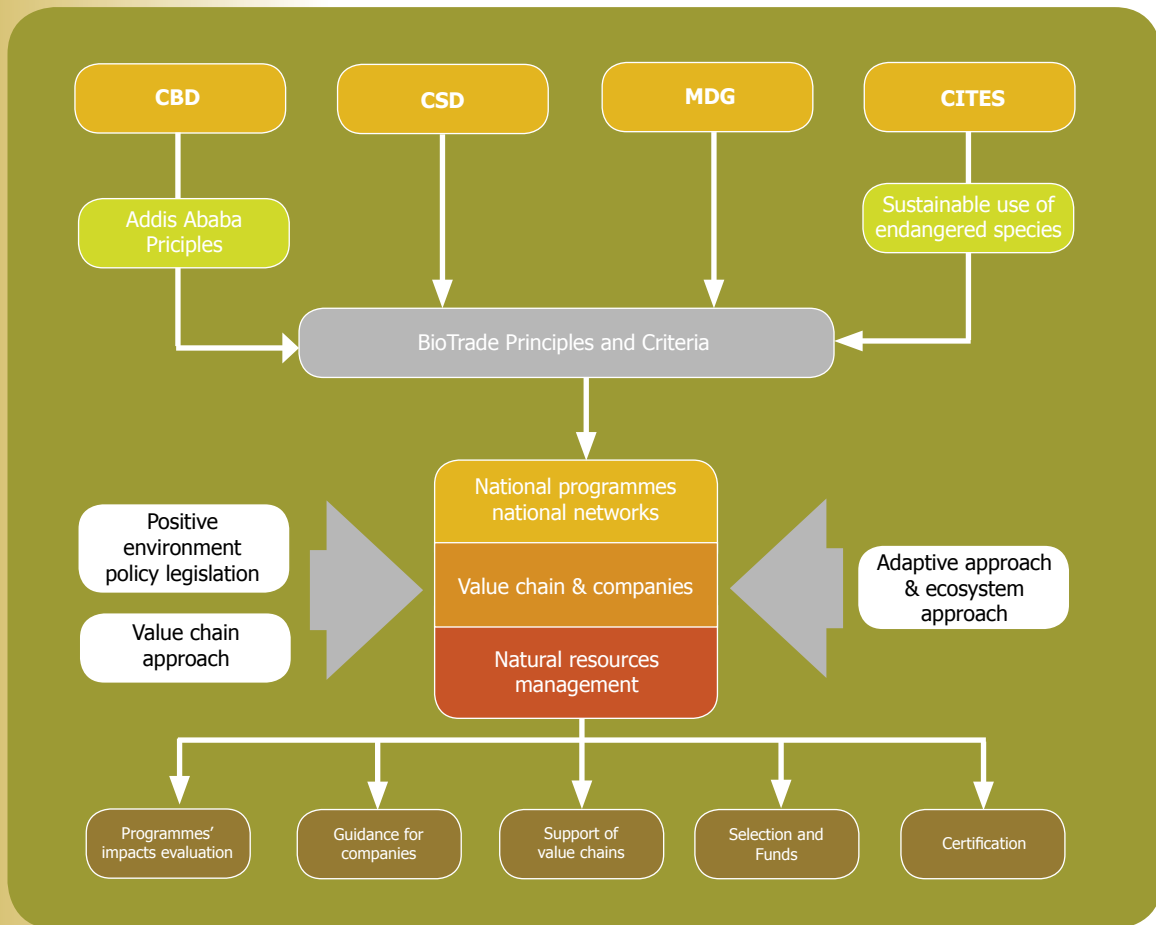
UNCTAD is currently studying the possibility of developing a verification and certification system that allows for the differentiation of BioTrade products in the market. The definition of indicators used by such a system will be based on the BioTrade Principles and Criteria. Box 4 shows an example of the progress of Peru in the implementation of certification schemes.

#### **Box 4. Implementation in certification systems: Case of SQF Peru**

In support of the value chain of natural ingredients of Peru, a programme called Safe Quality Food (SQF) has been implemented to support exporters in the implementation of quality requirements to access international markets. This programme also involves the evaluation and verification of BioTrade Principles and Criteria. Based on audits conducted by international certifiers, companies have elaborated specific work plans to implement related activities. An example of the evaluation form (for the first three principles) is shown in the table below:

SQF PROGRAMME IN THE INGREDIENTS AND NATURAL PRODUCTS SECTOR		PROFILE BIOTRADE PRINCIPLES AND CRITERIA							SQF FORMAT - 05						
Prepared by:		Approved by: BioTrade			Date:				Version:						
PRINCIPLES AND CHECKPOINTS		MXS	DATA		GRAPH - PERCENTAGE OF COMPLIANCE										
			PG	%	10	20	30	40	50	60	70	80	90	100	
<b>1</b>	<b>CONSERVATION OF BIODIVERSITY</b>	<b>65</b>													
1.1	Plan for the conservation of biodiversity	20													
1.2	Maintenance and and/or repopulation of native populations and/or endangered fauna and flora	25													
1.3	Maintenance of genetic variety of flora, fauna and micro-organisms (for use and conservation)	5													
1.4	Maintenance of ecological processes	10													
1.5	Maintenance of natural areas	5													
<b>2</b>	<b>SUSTAINABLE USE OF BIODIVERSITY</b>	<b>60</b>													
2.1	Sustainable use of biodiversity based on the planning of activities at chain level	25													
2.2	Use of biodiversity includes the application of Good Agricultural and Collection Practices	25													
2.3	Contributions to knowledge and the sustainable use of biodiversity	10													
<b>3</b>	<b>FAIR AND EQUITABLE SHARING OF BENEFITS DERIVED FROM THE USE OF BIODIVERSITY</b>	<b>30</b>													
3.1	Interaction and inclusion of actors along the whole value chain, when possible	5													
3.2	Income generation for lowest links of the value chain, contributing to the positioning of value-added products in the markets, under transparent conditions.	15													
3.3	Knowledge and information of target markets	10													
MXS= Maximum score															

**Figure 1. BioTrade Principles and Criteria: basis and applications**



In conclusion, the BioTrade Principles and Criteria provide the general framework that guides the different activities that are being implemented to support sustainable use and conservation of biodiversity through trade. Figure 1 summarise this framework.

<sup>1</sup> The Addis Ababa Principles and Guidelines were adopted during the last COP of CBD, February 2004.

<sup>2</sup> The term value chain refers to relationships established between actors involved directly and indirectly in a productive activity with the aim of adding value in each stage of the value chain. It involves alliances among producers, processors, distributors, traders, regulatory and support institutions, which, departing from a market demand for their products and services, establish a joint vision to identify mutual needs and work jointly in the achievement of goals. They are willing to share the associated risks and benefits, invest time, energy, and resources in realising these goals.

<sup>3</sup> Based on the definition set by the CBD, adaptive management allows for the implementation of corrective measures in systems on an ongoing basis, based on a process of continued monitoring. In the case of management of biological resources, adaptive management begins with the monitoring of impacts (environmental, social and economic) on the ecosystems and populations resulting from the use of biological resources. This type of management allows for the appropriate adjustment of the productive processes, including modification or suspension of activities that are affecting the populations and their habitats.

<sup>4</sup> According to the CBD, the ecosystem approach is a strategy for the integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable way. Application of the ecosystem approach will help to achieve a balance of the three objectives of the CBD.



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