

Facilitating BioTrade includes verifying that the trade is indeed biodiversity responsible. Building on the foundations of the definition of BioTrade and the BioTrade principles and criteria, BTFF is working with its partners to explore options for verifying BioTrade. This Technical Update provides an overview of progress to date on this effort.

Verifying trade in biodiversity products and services (BioTrade)

Following on-going consultations with public and private sector stakeholders, the BioTrade Facilitation Programme (BTFF) has been exploring the possibility of developing a scheme for verifying BioTrade. An options paper was commissioned. The paper served as the basis for a BTFF stakeholders workshop held at the end of October 2005 in Madrid, Spain. Public and private sector representatives participated. This BTFF Technical Update draws on the paper and the workshop to present challenges and opportunities for verifying BioTrade.

Making the case for verifying BioTrade

As was made clear in the Madrid workshop, national BioTrade programmes, producers, buyers and donors are interested in exploring the case for verifying BioTrade. One question asked is whether established certification schemes adequately cover the BioTrade principles.

A review of the standards and verification procedures of existing certification schemes indicates that these schemes only partially address the BioTrade principles and their associated criteria. For example, a product certified as fair trade may fulfil the third principle on benefit sharing but not the first principle on biodiversity conservation. A product certified as organic, may fulfil the second principle on sustainable use but also not the first principle on biodiversity conservation, let alone other principles on economic and social sustainability or clarity about land tenure.

The Forest Stewardship Council, the Sustainable Agriculture Network and the Marine Aquarium Council are all closer to the BioTrade principles, but still do not match them perfectly. For example the two former allow exotic species - under strict conditions - and the latter focuses only on coral reef ornamental fish. More importantly, no existing scheme really includes a mechanism to support producers while they gradually reach a certifiable level, an element that must be key to any BioTrade verification system.

This means that if there is a market demand for third party verification of compliance with BioTrade principles, BTFF and its partners will have to develop their own system. As discussed further below, a BioTrade verification system could be developed, however, through close collaboration with existing schemes.

The case for BioTrade verification must also take into account the significant implications of setting up a new scheme. What would be the benefits and cost of developing and implementing a BioTrade verification scheme? To whom would these benefits and costs accrue? Would the scheme be affordable to producers and buyers? Would it deliver tangible net added value to the companies and also to biodiversity?

An important next step for BTFF – which is referred to again at the end of this Technical Update – is to assess the benefits and costs of establishing a scheme to verify BioTrade.

Core components of a BioTrade verification scheme

If there is a decision to develop some sort of BioTrade verification system – as is expected at this stage of the discussions – then the core components of such a system will need to be thought through more carefully. The paper and the workshop identified the following initial set of core components:

• BioTrade definition

The agreed definition of BioTrade is:

"those activities of collection, production, transformation, and commercialisation of goods and services derived from native biodiversity under criteria of environmental, social and economic sustainability."

This definition of BioTrade would be fundamental to any verification scheme. The benefit-cost analysis, referred to above however, could provide an opportunity to compare this definition to BioTrade-related terms and definitions used by other certification schemes.

• BioTrade principles

Following a consultative process with stakeholders including national governments, UNCTAD adopted the following set of BioTrade principles:

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; and
7. Clarity about land tenure, use and access to natural resources and knowledge.

The first three of these principles link directly to the three objectives of the UN Convention on Biological Diversity. The remaining four principles address the critical issues of economic sustainability, legal compliance, human rights and access rights.

Once again, a benefit-cost analysis could provide an opportunity to compare these principles to those adopted by other BioTrade-related certification schemes.

• BioTrade self-assessment

With support from BTFP, several BioTrade companies are undertaking self-assessments to identify how their operations do or could comply with the various BioTrade principles, criteria and indicators. Self-assessment is likely to be a key component of any BioTrade verification system. Under BTFP many self-assessments have been done. These can provide insights on how self-assessment can be better undertaken within the framework of a BioTrade verification scheme.

• BioTrade management plans

BioTrade management plans – also known under BTFP as sustainable management plans – are another key component of a BioTrade verification scheme. These plans are by necessity individualised indicating specific steps needed to fulfil the principles. They also need to include specific, clear targets and indicators. The current work on sustainable management plans will shed light on how these can be best designed to support BioTrade verification.

• BioTrade monitoring

BTFP and its partners have developed a set of criteria and indicators for the principles. These criteria and indicators – or future adaptations of these – provide a substantive component of a BioTrade verification system. Current application and testing of the criteria and indicators will shed light on their effectiveness as tools for verifying BioTrade. In addition, there is need to develop a standard and procedure for monitoring performance which will be included in the verification scheme.

• BioTrade reporting

Principles, criteria, indicators, assessments, plans, and monitoring will be of little market value unless there is a clear standard and procedure for reporting on the BioTrade compliance of companies. Market actors and donors within the value chain need to be kept informed. Once again, it will be necessary to develop clear reporting practices that can be incorporated into a verification scheme.

- **BioTrade value chain verification**

In addition to self-assessment by companies, there is likely to be a demand for verification of BioTrade compliance by buyers and by investors. Investors can include both direct financial investors and market facilitation programmes such as CBI, SIPPO and UNCTAD. Buyers and investors will in part rely on the BioTrade reporting of the company. They may, however, also undertake some additional due diligence to verify the reports they have received. A so-called value chain verification scheme thus could also be developed.

- **BioTrade certification**

BioTrade certification refers specifically to independent third-party verification. For some products groups and some markets, it is likely that certification will be required. Independent third-party certification of BioTrade management plans, however, can only be undertaken effectively and efficiently if the components outlined above are developed and in place. As certification is the most expensive and complex step, it will be important to identify when and where it might be needed in the context of a development of a comprehensive BioTrade verification scheme.

Initial actions towards verifying BioTrade

The options paper and the workshop identified a number of initial actions that could be undertaken to develop a BioTrade verification scheme. Key initial key actions could include the following:

- **Establish a BioTrade business club**

One structural way to manage the actions referred to below – development of flagship certifications, individualised roadmaps and collaboration with related schemes – would be to establish a BioTrade business club consisting of producers, buyers and other stakeholders interested in promoting and verifying BioTrade.

Admission to this club could be based on a commitment to the BioTrade principles and, in the case of BioTrade companies, development of a BioTrade roadmap. Membership in itself would then serve as an indicator of BioTrade responsibility.

The BioTrade business club could work with BTFP and others to develop and implement the various components of a BioTrade verification scheme as required by the marketplace. This would ensure that priority was given to those components that add positive net value to the businesses.

- **Select flagship products to certify**

It will be easier to make the case for BioTrade verification if it is initially applied to a few so-called flagship products. Products with strong market presence or potential should be considered. Products which also have a broader sustainability interest – perhaps derived from species listed under CITES Appendix 2 – may also want to be considered. Finally, a geographic spread to build verification capacity in various regions should also be considered.

- **Develop individualised BioTrade roadmaps**

Building from current work-plans, which include sustainable management plans, BTFP would continue working with companies to develop so-called individualised BioTrade roadmaps. These roadmaps would identify when the various components highlighted in the previous section – specifically self-assessment, value-chain verification and certification – need to be undertaken. BTFP experience shows that each company – with its differing set of circumstances – will have a unique market-driven roadmap to fulfilling BioTrade principles.

- **Collaborate with existing BioTrade-related schemes**

There are now a number of well established and new certification schemes which relate to one or more of the BioTrade principles. These include, for example, the Fairtrade Labelling Organization International, the Forest Stewardship Council, the International Federation of Organic Agriculture Movements, the Marine Aquarium Council, the Marine Stewardship Council, and the Sustainable Agriculture Network (Rainforest Alliance).

A benefit-cost case analysis could identify the specific opportunities for linking these schemes to the BioTrade principles. This research will provide a basis for companies to explore whether one or more of these existing schemes could serve as tools for verifying or certifying elements of their BioTrade compliance. Furthermore, BTFP should explore opportunities for more formal collaboration with one or more of the schemes to develop a BioTrade-related programme through partnership arrangement.

What is to be done first?

The critical next step for the BTFP is to further assess the benefits and costs of verifying BioTrade. It is important to be clear about the value-added of developing a BioTrade verification scheme as well as to be clear on the costs and distribution of the costs for developing and implementing such a scheme. In so doing BTFP will develop a more in depth understanding of the various components needed for verifying BioTrade.

As progress develops in this area of work, UNCTAD will provide information on the BioTrade website (www.biotrade.org). Comments and suggestions, as always, are most welcome. Please contact the BTFP team at biotrade@unctad.org.



For more information, please contact biotrade@unctad.org.

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