

Developing the BioTrade Verification Framework

1 – Introduction

The objective of UNCTAD's BioTrade Initiative is to support sustainable development through trade and investment in biological resources. The Initiative derives its mandate from the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Millennium Development Goals (MDG) and the Commission on Sustainable Development (CSD).

In working towards the achievement of these objectives, the BioTrade Initiative and its partners at both the national and regional level in three continents, mostly in Southern Africa and Latin America, have been working to enhance the supply capacity for biodiversity-based goods and services. The initiative provides positive incentives through specific programmes of trade support and investment promotion. They support companies and communities in the implementation of conservation and sustainable use practices, based on the BioTrade Principles and Criteria (P&Cs)¹.

2 – The BioTrade Principles

The BioTrade principles and Criteria are anchored in the CBD, particularly its three objectives: conservation and sustainable use of biodiversity, and benefit sharing. These are actually the first three principles of the initiative. To these, four have been added to define the enabling framework for sustainability. Principle 4 specifically deals with economic conditions.

The Principles are²:

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 Initiative, has been able to secure the collaboration of companies that produce goods in several product categories such as flowers, ornamental fish, cocoa, and most importantly, the natural ingredients for cosmetics, pharmaceuticals and food industries.

Different tools exist to implement these principles and criteria, one of which is a verification framework of compliance with the P&Cs by companies along the value chain. To this end,

What are BioTrade goods and services?

Goods and services derived from native biodiversity *collected, produced, transformed and commercialized* under criteria of environmental, social and economic sustainability

Box 1 - BioTrade goods and services

¹ BTFP (2005). *BTFP technical updates - issue 7 - November 2005*, UNCTAD, Geneva

² The full version can be downloaded from <http://www.biotrade.org/Intro/Principles/biotrade-principles-criteria-indicators.pdf>

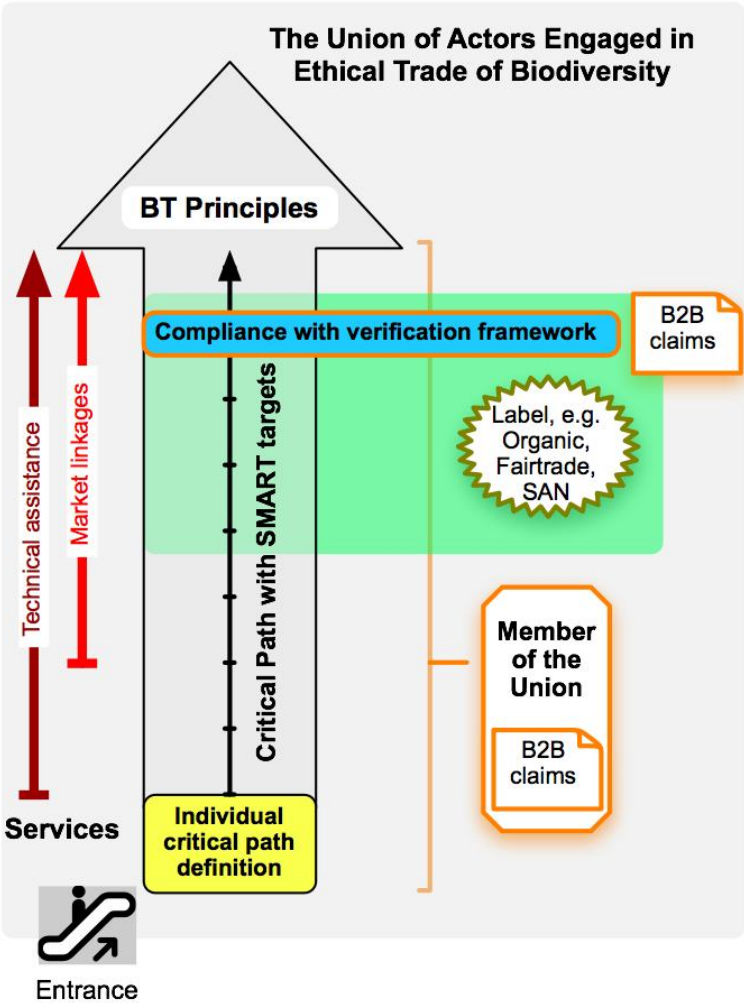
the P&Cs have been further elaborated for the specific purpose of verification, through several participatory consultation rounds with partner organizations, and different field tests.

3 – Relation with existing certification schemes

The BioTrade Verification Framework is **not** designed to compete or replace existing certification schemes, nor is it intended to lead to a labeling system. Instead it plans to build upon existing mechanisms, facilitating access to these schemes – as requested by the market, and whenever appropriate – and to use their own verification process to identify adherence to the BioTrade framework. With this objective in view, the standards of different certification schemes have been compared to the BioTrade Verification Framework (the own BioTrade standard), to identify the degree to which BioTrade P&Cs are covered by the different systems. The comparison was made with the Fairtrade Labelling Organization (FLO), the Forest Stewardship Council (FSC), the International Federation of Organic Agriculture Movement (IFOAM), the Marine Aquarium Council (MAC) and the Sustainable Agriculture Network (SAN). It showed that none of the schemes covers fully the range of issue addressed by BioTrade P&Cs, although they do it to different degrees.

A further step has been to contact FSC, IFOAM and SAN. The intention is to jointly review the analysis mentioned above and to establish possible bridging modules³ between these schemes and BioTrade. As the central idea is to create a mechanism to support companies to reach sustainability levels and, if and when needed, helping them to get certified under existing schemes, the harmonious collaboration with existing certification schemes is key to

BioTrade.



4 – The Union for Ethical BioTrade

To resolve the dilemma of establishing a market based incentive that is applicable to many products and services, and to many companies along the value chain and at different levels of sustainable management to reach sustainability level, without using a certification/labeling scheme, the BioTrade initiative is establishing the Union of Ethical BioTrade (UEBT), which will bring together companies committed to follow an established path towards fulfillment of the BioTrade P&Cs, and verified for fulfilling this commitment. The robustness of the verification will depend on the level of the incentive. It will range from evaluation by the UEBT itself to third party verification, to certification by existing schemes (using the bridging modules). Claims of compliance with the BioTrade P&Cs will not be al-

³ Bridge: a set of indicators that need to be added to the standard of the scheme in question for it to address fully the elements that BioTrade need to see evaluated for its own verification

lowed on product (only in B2B communication) but claims of being a member of the UEBT are envisaged.

Benefits of being part of the UEBT for companies will basically be of two kinds: creating market linkages as companies along the value chain will be members, and capacity building as the path towards sustainability (Critical Path) will include the development of sustainability management plans, which themselves will include the basic elements that will facilitate certification by other schemes. For some of its aspects, the UEBT could be summarized as a cross-sectorial stepwise approach to certification. The concept of the UEBT is being discussed with the private sector and has received a very positive reception.

5. - Developing an international BioTrade standard

BioTrade includes a wide range of product groups. Most progress has been made with respect to natural ingredients. Recently a BioTrade verification framework was developed for natural ingredients. Similar efforts will be undertaken for additional product groups like cocoa, ornamental fish or caiman skin.

With respect to the BioTrade Verification Framework for natural ingredients, it has been recommended to translate this into an international BioTrade standard and that the standard is administered by the Union for Ethical BioTrade (UEBT). A consultation process will be initiated to gain international legitimacy for the Verification Framework for ingredients. This global notification and consultation process will follow the WTO requirements and the ISEAL Code of Good Practice for the development of international standards.

Why a global consultation process?

To become an effective market differentiation tool, the BioTrade Verification Framework shall avoid creating, intentionally or unintentionally, barriers to trade, and be acceptable within the trade regime. At the same time, it must have a strong buy-in from different stakeholders, economic actors, the NGO community and government circles, amongst others. To combine these two complementary goals, the Verification Framework will be submitted to a consultation process that combines both the WTO requirements for the development of international standards (deemed not to create barriers to trade), and the ISEAL code of good practice for setting social and environmental standards.

The elements of the Verification Framework for ingredients that are applicable to all BioTrade products and services (the core) will be separated from those that are specific to ingredients (ingredient module). By so doing, the development of future sector specific modules will not need to duplicate the consultation around the core of the standard and thus will be simplified.

How?

The ECL Authentication Project (ECL AP) has developed a proprietary Web-based technology to fulfill these two objectives, the ECL WebMachine™, and is therefore well suited to provide the BioTrade Verification Framework the necessary characteristics to be considered an international standard.

The WebMachine™ is an interactive web site where stakeholders of a standard development process can register. The registration is free. By doing so, they identify themselves as belonging in a stakeholder group and become members of what is called the ECL Space. The WebMachine™ counts with mechanisms that ensure that no stakeholder group can dominate, nor be dominated in the consultation and decision-making process. The two main stakeholder groups are developed and developing countries and each one is itself divided into three sub-categories: economic, social and environmental. These are the fundamental stakeholder groups.

Once registered in a standard development process, members have access to specific discussion forums where they get access to general information on the project, background

information, the possibility to download documents, comment on them and finally endorse them. To allow the equitable balance between stakeholders, all submission by a member is automatically linked to its stakeholder group. Hence the need of registration for participating in the process.

Registration in the ECL WebMachine™ and all details are available at www.eclspace.org.

While the Internet is a great tool to create virtual meetings and bring down costs associated to international guideline or standard development, it cannot completely replace face-to-face meetings and practical field tests. These will happen in this project and their recommendations to the Verification Framework will feed into the different drafts that will be provided.

Outcomes of stakeholder meetings reflect the views of the different stakeholders who participate. Therefore, participants will be asked to fill in a special presence form that will allow the managers of the project to register them in the ECL WebMachine™, thus allowing the participants to be automatically updated on the project development, to provide comments and possibly endorse the final product. A meeting presence form is provided as Annex 1.

What process will the consultation process follow?

The project will follow several stages, as described below:

Stakeholder Analysis. All stakeholders have not the same stake in a standard development, but the process must ensure that those who have an important one do participate in the standard development process. The identification of stakeholders will be based on a stakeholder analysis.

Notification and registration in the ECL WebMachine™. Identified stakeholders will be specifically notified of the project start and development. In addition notification mechanisms prescribed by the World Trade Organization for standard development will be used to ensure outreach in the relevant official circles and compatibility with trade rules.

Elaboration of International Draft 1. All outputs from the Lima meeting (July 2006), the different field tests, and the recommendations from partners in Africa and Asia will be used to prepare the international draft 1 of the Verification Framework.

Opening commenting period on international draft 1. The BioTrade Verification Framework will be submitted to a 60-day commenting period. In the same time a discussion forum will be opened for registered users to exchange views and documents related to the topic, so as to facilitate a constructive dialogue and stimulating interchange of ideas between participants. Participants of the Lima meeting who have filled in the participation form will be automatically registered.

Opening commenting period on international draft 2. After the documented inclusion of comments, a 60 days commenting period will be opened to allow input on the second draft.

Endorsement. After the documented inclusion of comments, the final draft will be submitted to endorsement by registered participants over a 60-day period. The endorsement mechanism ensures that no one stakeholder group can be dominated nor dominate in the decision making process. The threshold for endorsement is a 2/3 majority and a simple majority within each stakeholder group. If accepted, the Verification Framework will be valid for 5 years. If it is not endorsed, the comments will be addressed and a new final draft again submitted to endorsement, following the same process.

When should the Verification Framework be ready?

The final Verification Framework for Ingredients will be published at the end of March 2007.

Annex 1 - Meeting registration form

Please fill in this form and return to the organizers of the meeting. This will allow you to be registered in the ECL WebMachine™ and continue actively participating in the development of this guideline/standard. In addition, this will give you access to information and analysis on certification and labeling specifically developed for registered users.

You will receive an email confirming your registration and providing you with a provisory password to access the member section of the WebMachine™. You will be then able to change it, check your personal information, complete it and make changes as necessary.

The ECL WebMachine™ Internet address is: www.eclspace.org

Do not forget to return this form filled in to ensure your smooth on-going participation in the guideline/standard development process.

Please write in capital letters (uppercase).

First name	
Last name	
Organization	
Address	
Zip code	
City	
Country	
Country of origin *	
Interest group Please tick	<input type="checkbox"/> Social <input type="checkbox"/> Environmental <input type="checkbox"/> Economic
Email**	

* if different from your country of residence. This may have an incidence on the stakeholder category you belong to, for example if you live in a developed country but are originally from a developing one, or vice versa.

** This will be your unique login name to access the ECL WebMachine™. A provisory password will be sent at this address. Please make sure that it is easily readable and spelled correctly