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UNCTAD BioTrade Initiative Implementation Strategy



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BioTrade Initiative Implementation Strategy
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1. INTRODUCTION

The BioTrade Initiative is UNCTAD's programme that supports sustainable development through trade and investment in biological resources in line with the three objectives of the Convention on Biological Diversity¹. It aims at giving concrete expression to the concept of sustainable use of biodiversity and reconciling biodiversity conservation with development aspirations of local communities in biodiversity-rich areas in developing countries. The BioTrade Initiative is under UNCTAD's Section on Biodiversity and Climate Change in the Trade, Environment and Development Branch/Division on Trade in Goods and Services and Commodities.

Since its creation in 1996, the Initiative has formed partnerships with various international and national organizations to establish programmes that enhance the capability of developing countries to produce value-added biodiversity products and services. Over time, an increasing number of countries benefited from assistance offered by the Initiative.

The BioTrade Initiative gained significance following the launch of several partnerships in support of trade and biodiversity at UNCTAD's Partners for Development Summit (1998, Lyon, France). In 1999, UNCTAD started to assist Governments in a number of Latin American countries in the development of National BioTrade Programmes. New partnerships were announced at the World Summit on Sustainable Development (WSSD) in Johannesburg (2002) and at UNCTAD XI in São Paulo (2004). These partnerships support biotrade ventures to access finance and trade promotion, and facilitate the development of Regional BioTrade Programmes.

During this period, UNCTAD managed to keep the Initiative coherent with the evolving needs of beneficiary countries, in line with their national development priorities, experiences gained with BioTrade implementation, and changes in international trade agendas and priorities.

This document describes the current implementation strategy of the BioTrade Initiative, it takes stock of the various programmes that it supports, the lessons learned, and outlines the priorities for the period 2005-2006.

2. RATIONALE

Biodiversity² is the source of many products and services utilised by society. Millions of rural people depend on biodiversity for food, medicines, income, ecosystem services and cultural and spiritual needs. Currently, biodiversity provides essential inputs for diverse industries like agriculture, cosmetics, pharmaceuticals, pulp and paper, and waste treatment.

Biodiversity is being lost at accelerating rates³, caused by widespread overexploitation of biological resources, introduction of alien species and transformation of habitats. Biodiversity loss often destabilizes and reduces the productivity of ecosystems, weakening their ability to generate products and services, as well as their capacity to deal with natural disasters and human-caused stress, such as environmental pollution and degradation and climate change.

The sustainable use of biodiversity is thus fundamental for long-term sustainable development. Developing countries, which are often endowed with rich biodiversity, face the great challenge of combining poverty alleviation and economic growth with sustainable use and conservation of biodiversity. They need to find ways for the long-term financing of biodiversity conservation, which is currently financed mostly through external funding. Trade of products and services derived from biodiversity could be partly the solution to this problem. Research⁴ shows that market interest and

¹ The Convention's objectives are the conservation of biological diversity; sustainable use of its components; and fair and equitable sharing of the benefits arising from the utilization of genetic resources.

² Biological diversity, or biodiversity, refers to the variety of life on Earth, including the variety of plant and animal species, the genetic variability within each species, and the variety of different ecosystems. [www.biodiv.org]

³ Based on current trends, an estimated 34,000 plant and 5,200 animal species face extinction. [www.biodiv.org]

⁴ For example, medicinal plants, exotic fruits and seeds are used as ingredients in an increasing number of consumer goods such as phyto-pharmaceuticals, cosmetics, and dietary products, with an estimated market of \$18.5 billion worldwide for the year 2000. The market for intermediate products, including essential oils, natural dyes, latex, fibres, resins, gums and medicinal plants; amounts to \$3 billion in US imports and exports.

demand for biodiversity products and services is growing, giving countries rich in biodiversity a comparative advantage. However, developing countries often lack the capacity to turn this into a competitive advantage, meaning traded volumes of sustainably obtained biodiversity goods and services remain relatively low.

The importance of trade as a positive incentive measure for biodiversity conservation is increasingly recognised at national and international levels and efforts are underway to promote trade that takes into account ecological and social issues⁵. Efforts are, among others, directed towards:

1. Creating an enabling policy environment at the national, regional and international levels that promotes sustainable trade in biodiversity products and services;
2. Increasing the supply capacity of developing countries of goods and services derived from biodiversity, requiring: increasing the levels of productivity, strengthening technical skills, improving technology, augmenting access to finance, and promoting alliances among actors;
3. Improving market access and forging market creation for biodiversity goods and services, including: enhancing the understanding of these markets; facilitating commercial contacts between exporters and importers; improving market access; and raising awareness among consumers.

3. MANDATE

The BioTrade Initiative derives its mandate primarily from UNCTAD's Plan of Action (Bangkok, 2002, and Sao Paulo, 2004) and from the trade related aspects of the CBD, specifically Article 10 "Sustainable use of components of biological diversity" and Article 11 on "Incentive measures".

It also responds to the Commission on Sustainable Development (CSD), which stresses the urgent need "to provide incentive measures at national, regional and international levels to stimulate the conservation and sustainable use of biological diversity and improve the functioning of their markets by enhancing developing countries' capabilities to compete in emerging markets for biological resources".

The United Nations Millennium Development Goals (MDG) and the World Summit on Sustainable Development (WSSD) stress the need to reconcile the goals of environmental sustainability, including biodiversity loss, with developmental needs and the necessities of millions of poor people for natural resources. UNCTAD is also called upon by other MEAs, such as the Convention in International Trade in Endangered Species (CITES) and the Ramsar Convention of on Wetlands.

4. INTERVENTION STRATEGY

The BioTrade Initiative seeks to promote trade and investment in biological resources in support of sustainable development, in line with the three objectives of the CBD. Through the establishment of partnerships with national, regional and international programmes it seeks to strengthen the capacity of developing countries to enhance the production of value-added products and services derived from biodiversity for both domestic and international markets. In order to turn trade into a positive incentive measure for biodiversity conservation, the UNCTAD BioTrade Initiative together with partners and beneficiary countries, is addressing the policy environment, supply capacity and market access through an intervention strategy that targets different problems at different levels of intervention.

This section outlines the strategic areas of work as identified by the BioTrade Initiative, as well as its specific objectives and activities.

⁵ For example by the Commission on Sustainable Development (CSD), the World Summit on Sustainable Development (WSSD), Convention on Biological Diversity (CBD), Convention on International Trade in Endangered Species (CITES), the Ramsar Convention on Wetlands (Ramsar).

Strategic areas of work:

Four strategic areas of work have been identified:

1. National BioTrade Programmes

At the national level, UNCTAD assists developing countries in the development and establishment of National BioTrade Programmes in order to strengthen their institutional capacity to develop policy frameworks in support of BioTrade and provide technical assistance to BioTrade initiatives. Programmes are being formulated in Brazil, Costa Rica, Paraguay, Uganda, and Venezuela. National programmes are being executed in: Bolivia, Colombia, Ecuador, and Peru.

2. Regional BioTrade Programmes

Complementary to National BioTrade Programmes, UNCTAD assists organisations in the formulation and implementation of regional programmes that promote biotrade. These regional programmes typically develop regional strategies and policies in favour of BioTrade and provide concrete support to their implementation. Programmes are being developed or supported in the Andean and Amazonian regions of Latin America and in Southern Africa.

3. International policy environment

UNCTAD provides inputs to international processes of policy formulation related to trade and biodiversity, particularly in trade-related sections of Multilateral Environmental Agreements (MEAs), in order to support the establishment of an enabling environment for biotrade.

4. Cross-cutting issues

UNCTAD provides assistance on specific issues related to trade, particularly export, sustainable use and investment in order to complement the work developed in the above-mentioned strategic areas. Such issues, which include among others export promotion, match-making between importers and exporters, improvement of market access, and trade-related legal issues, are addressed in a cross-cutting manner (i.e. at national, regional and international levels). UNCTAD's efforts depend on the needs and priorities of national and regional programmes.

Specific objectives:

In view of the above, the specific objectives of the BioTrade Initiative are:

1. To assist developing countries in the formulation and implementation of National BioTrade Programmes;
2. To assist Inter-Governmental Organizations in the formulation and implementation of Regional BioTrade Programmes;
3. To provide inputs to international policy making processes related to trade and biodiversity;
4. To carry out technical assistance on issues related to trade, particularly exports, and investment related to biotrade.

Activities:

To realise the above objectives, UNCTAD undertakes the following activities:

Facilitating international discussions and decision-making

UNCTAD participates in relevant intergovernmental processes and creates platforms for discussion in the context of such processes. This includes organizing workshops and roundtable events. For example, during meetings of the Conference of the Parties of Multilateral Environmental Agreements (MEAs), UNCTAD provides parties with additional information on specific issues related to trade and biodiversity or shares its experiences at major United Nations and other international conferences.

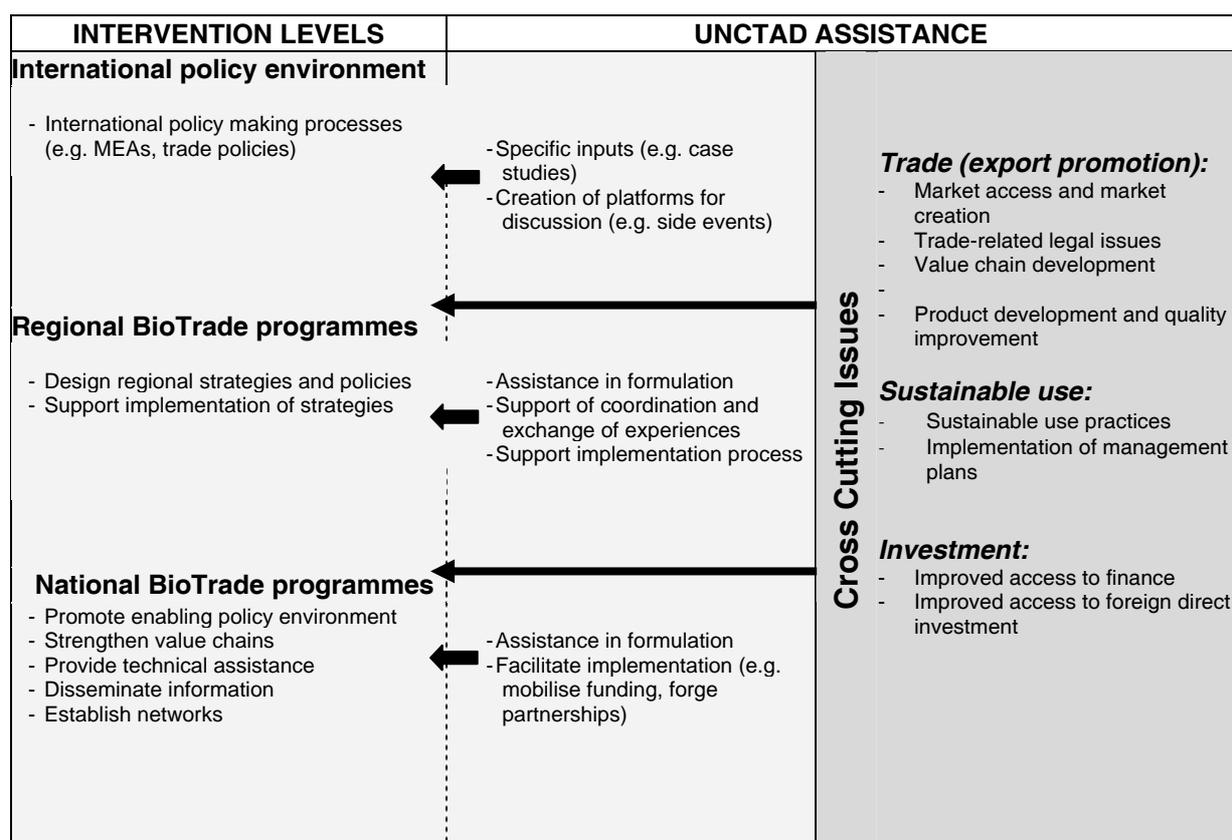
Research and analysis

UNCTAD, together with partners, conducts and collects case studies and develops tools for trade and investment in products and services derived from biodiversity. These tools are designed for Governments, the private sector, NGOs, academia, local and indigenous communities, as well as other international organisations. This covers, among other things, the design of methodological proposals, the elaboration of market studies, the gathering of existing experiences and identification of best practices. This information is disseminated to Governments and civil society and is also made available through technical assistance activities.

Technical assistance

Technical assistance is often provided in cooperation with specialised partners, and may take different forms, including: the provision of training workshops, the provision of technical inputs to the work of partners, financial support to partners to implement activities that allow them to apply and test new methodologies.

Technical assistance provided by UNCTAD is normally targeted at Governments and national service providers (e.g. institutional strengthening of export promotion organisations, focal points of BioTrade programmes, private sector associations, NGOs). Initiatives of the private sector and local and indigenous communities are important but often indirect beneficiaries of UNCTAD, as they are serviced either through national service providers or through specialised international agencies (such as ITC, CBI and SIPPO).



5. FUNDING

Resources obtained by UNCTAD are mainly used for assistance in the formulation of national and regional BioTrade programmes and for the financing of assistance on cross-cutting issues related to trade and investment. The activities of the Initiative are mainly funded through extra-budgetary resources, obtained through specific donor-funded projects.

An approach of multilateral/bilateral support is adopted to decentralise decision-making as much as possible and maintain lean headquarter operations. Funding for the implementation of national and regional BioTrade programmes is therefore coming from contributions of national Governments and institutions, other beneficiaries, as well as other bi-lateral and multilateral donors. UNCTAD often facilitates the mobilisation of funds at the national level; so far it has been able to leverage significant funding.

The Governments of the Netherlands, Norway and Switzerland and the United Nations Foundation (UNF) are currently the main donors of the BioTrade Initiative as a whole, including national and regional BioTrade Programmes.

6. COMPLEMENTARITY OF INTERVENTIONS

UNCTAD advocates an integrated approach, inducing strategies that take into account the wide spectrum of issues related to trade and biodiversity. It is important to assure that the different levels and forms of intervention of the UNCTAD BioTrade Initiative are complementary to each other and no efforts are duplicated. This becomes even more relevant in view of the advocated partnership approach, the assistance on cross-cutting issues, the search for decentralised decision-making, and the use of multilateral and bilateral funding channels.

The following is done to assure complementarity:

1. Much attention is paid to the coordination of activities. In the Andean region, regular coordination meetings are held with the main actors. In the BioTrade Facilitation Programme, an Advisory Board composed of donors, partners and beneficiaries meets once a year to review progress and formulate advice.
2. This strategy, together with a succinct overview of all on-going activities, is available to all partners and is up-dated continuously. In this way, partners, donors and beneficiaries have the same information and can develop a common understanding of BioTrade Initiative.
3. Information of BioTrade activities is regularly disseminated to BioTrade partners through newsletters, web-site and at intergovernmental meetings.
4. Regional BioTrade Programmes are formulated in close cooperation with BioTrade partners. Special attention is paid to the roles and responsibilities of different organisations, as well as to their complementarity to ongoing activities.
5. UNCTAD's technical assistance on cross-cutting issues is demand-driven and guided by agreed goals and clear work-plans.

7. DEFINITIONS, CONCEPTS AND APPROACHES

In order to guide its interventions, the BioTrade Initiative has adopted a number of definitions, concepts and approaches. The most important are mentioned hereunder.

The term BioTrade refers to those activities of collection/production, transformation, and commercialization of goods and services derived from native biodiversity (genetic resources, species and ecosystems), using criteria of environmental, social and economic sustainability.

In this regard, special emphasis is given to:

1. the sustainable use of native biological resources;
2. promoting productive strategies and activities that support sustainable use and conservation in areas with high biodiversity value;
3. the generation and equitable sharing of economic benefits with local and indigenous communities.

UNCTAD promotes biotrade by taking into account actual market demand and by involving a variety of partners. A value chain approach is adopted as a tool to forge alliances among actors, and assure an integrated approach from the raw material supply through delivery to the consumer. UNCTAD and partners also adopt approaches such as the eco-system approach, adaptive management, and sustainable use principles.

Principles and criteria guide the implementation of national and regional BioTrade programmes and translate sustainable development goals in practical actions. Support is given to BioTrade initiatives to comply with these principles and criteria. The following principles guide the BioTrade Initiative:

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

8. LESSONS LEARNED

Many lessons have been learned and integrated in the strategies of the BioTrade Initiative. They include:

- Partnerships can have a great multiplier effect, but coordination of activities is time-consuming albeit crucial. Transparency and mutual trust are essential. Success depends on the capacity of all partners to respond and deliver, as well as clearly defined roles and expectations.
- So-called Biotrade sectors are 'young' sectors and much time and effort is required to capture their trade and investment potentials.

With respect to national programmes:

- The success and sustainability of National BioTrade Programmes depends on: 1) the extent to which programmes are embedded in Government strategies; 2) the ability to show concrete results to final beneficiaries (i.e. private sector and local and indigenous communities); 3) the involvement of and coordination with all relevant stakeholders (e.g. government, academics, NGOs, private sector) in both the formulation and implementation of programmes.
- The value-chain approach is a useful tool to support BioTrade sectors, as it allows for prioritisation of activities, identification of responsibilities and development of realistic strategies in line with market potential and funding possibilities.
- Intervention strategies should be designed through an integrated approach, involving the environmental, social and economic goals from the beginning onwards.
- Active private sector involvement at all stages is essential, particularly in the identification of their environmental and social responsibilities and the formulation of strategies related to these.
- Innovative finance mechanisms need to be identified for BioTrade initiatives in order to allow them to capture the potential of their business.

With respect to Regional BioTrade programmes:

- Regional programmes should be fully complementary to National BioTrade Programmes, it is therefore essential to involve both national governments and national Biotrade Programmes from the beginning onwards in their formulation.
- Strategic alliances with regional partners can be highly beneficial to all parties involved, but roles, responsibilities, and coordination mechanisms should be clearly defined from the outset.
- Regional exchange of experiences is of great importance to advance the implementation of National BioTrade Programmes and to promote regional integration and cooperation.

International policy environment:

- UNCTAD can play an important role in disseminating national and regional experiences related to BioTrade during international discussions. Based on UNCTAD experience in implementing the BioTrade Initiative, it helps to give concrete expression to the concept of sustainable use, and, in a tangible way, helps promote mutually supportive development, trade promotion and biodiversity policies.
- Active participation of UNCTAD in international discussions is of value to member states, particularly with respect to discussions on sustainable use, incentive measures, trade of endangered species, implementation of legal issues at entrepreneurial level.

Cross cutting issues

- Definition of concrete 'projects' with specific outputs is important in delivering technical assistance on trade and investment related issues. This helps to translate often difficult issues into concrete actions and promotes cooperation between different partners.
- Alliances with specialised institutions allow for the provision of tailor-made support.
- Strong national programmes are necessary to support both export promotion efforts of enterprises and technical assistance activities of specialised agencies.
- While BioTrade Initiative does not aim at influencing trade negotiations, its experience clearly illustrates some of the non-tariff barriers faced in some sectors.
- BioTrade beneficiaries need to be adequately informed about relevant WTO negotiations and agreements on related to issues such as; Trade Related Intellectual Property Rights (TRIPS), Related Intellectual Property Rights (IPRs), Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS) agreements, traditional knowledge and environmental goods and services.

9. PRIORITIES 2005-2006

In the next two years, the UNCTAD BioTrade Initiative will continue to work in line with the four specific objectives mentioned in section 4 for of this document. By 2006, UNCTAD expects to see increases in trade flows of biodiversity-based products and services, as a result of efforts geared towards building institutional capacity in developing countries, up-grading business capacities of BioTrade ventures and generating enabling policy environments at national, regional and international levels.

For the period 2005-2006, UNCTAD BioTrade Initiative has already secured extra-budgetary funding to strengthen existing National BioTrade Programmes (Bolivia, Colombia, Ecuador, and Peru). It will look for ways to further strengthen cooperation between policy focal points and technical focal points and help develop mechanism to assure the long-term financial sustainability of their operations. It will continue to provide support on trade-related issues, particularly through the BioTrade Facilitation Programme. For the same period, UNCTAD has also managed to secure funding to provide technical assistance to the process of formulation and subsequent implementation of National BioTrade Programmes in Brazil, Costa Rica, Paraguay, Uganda, and Venezuela.

With respect to Regional BioTrade programmes, UNCTAD has obtained extra-budgetary resources to strengthen and/or develop the Andean BioTrade Programme, the Amazon BioTrade Programme and PhytoTrade Africa in Southern Africa. In this context, UNCTAD will assist the Secretariat of CAN in the identification of strategic areas of intervention and the definition of roles and responsibilities of partners. Together with the Amazon Cooperation Treaty Organisation (ACTO), UNCTAD will direct efforts in the formulation of the Amazon BioTrade Programme. Special attention will be paid to involvement of all the eight Amazon countries in the process as well as the complementarity and coordination with ongoing activities at national and regional levels in the Andean region. In Southern Africa, UNCTAD will continue to support R&D activities of PhytoTrade Africa and promote exchange of experiences with different intervention models between Latin America and Africa.

In order to contribute to an enabling international policy environment for biotrade programmes and business ventures, UNCTAD will increase cooperation with relevant MEAs during the period 2005-2006. It has secured extra-budgetary resources to actively participate in the forthcoming COPs of the CBD and CITES, conduct case studies, and cooperate with the Secretariats of these MEAs to deliver technical assistance.

In the next two years, UNCTAD will also continue to address cross-cutting issues such as trade, investment and sustainable use through the BTFP. Special attention will be paid to increasing private sector cooperation on issues related to market access and market creation, to match-making between exporters and importers, to market studies, to trade-related legal issues relevant to the biotrade enterprises, and to the development of sustainable use protocols for selected value chains. In 2005-2006, the BTFP will become operational in all three target regions of the BTFP (Africa, Asia, and Latin America).

With respect to investment, the BioTrade Initiative will explore opportunities to cooperate with UNCTAD's Division on Investment, Technology and Enterprise to promote Foreign Direct Investment in biotrade sectors. It will also evaluate the possibility to repeat an investor forum for biodiversity enterprises, and seek partnerships with regional development banks to promote special credit lines for BioTrade businesses.