



The role of natural product value chains in the post-2015 development agenda

Katie Beckett

The author contends that building capacity for the production and trade in natural products from sustainable and ethical supply chains can contribute to the post-2015 development agenda and achieve goals such as poverty eradication, empowerment of women and job creation at community level. He illustrates this with commercial examples drawn from Namibia where the PhytoTrade Africa trade association seeks to increase capacity, grow business opportunities and supplementary income and, in turn, promote the conservation of natural resources.

47



© PhotoPress

▼
According to market data,
the natural cosmetics sector
is worth USD 26 billion
and growing
▲

As described in the Report to the Secretary-General, *Realizing the Future We Want for All*, unless there is a clear shift towards more sustainable consumption and resource use, the world's natural supplies will be increasingly threatened. Production and commercialisation of products from natural sources provide opportunities to address social, environmental and economic sustainability objectives of the post-2015 development agenda, and presents rural producers with development prospects. In regard to social impacts, natural product value chains give producers access to supplementary income with the potential to contribute towards poverty reduction, addressing issues such as hunger and insecurity, while enhancing livelihoods in rural areas. Along with these core post-2015 agenda values including human rights and equality, environmental sustainability is also integral to the natural product sector, without which the supply chains would grind to a halt as resources are depleted.

The natural products market is growing in various sectors across the world and was shown to increase by 9 per cent in 2012 (Penton Market Research, 2012). The cosmetic industry is one such sector experiencing increasing demand for natural ingredients and products which are performance driven and come with an ethical story of production. According to market data, the natural cosmetics sector is worth USD 26 billion and growing. However, it is not alone in this trend and the food and beverage sector is experiencing similar demands for natural and naturally derived products, where the functional food & beverage sector has reached USD 23 billion. It is not only 'natural' which has experienced increased demand, but also products that come from sustainable harvesting practices with a beneficial social impact. Fairtrade products showed significant growth in 2013, with as much as 33 per cent increase in sales in Germany. Although the markets for these products are



A Baobab tree near Sand River Selous, Selous Game Reserve, Tanzania



PhytoTrade
AFRICA



small compared to the overall demand for conventional products, they do provide opportunities for producers of biotrade ingredients in least developed countries to access global markets and meet, on a small scale, some of the objectives of the post-2015 agenda including eradication of poverty and the creation of an inclusive economic sustainability programme. 'Biotrade' comes with various definitions and at UNCTAD's biotrade programme it is understood to include 'activities relating to the collection or production, transformation and commercialisation of goods and services derived from biodiversity'. Along with natural products described in the context of this article, BioTrade also includes sustainable tourism initiatives and animal products meeting similar development objectives in key markets.

As a result of the growing demand for products from biodiversity, there are several initiatives that have built strategies around the promotion of natural ingredients based on detailed knowledge of the resource and capacity to supply. PhytoTrade Africa is the natural products trade association for Southern Africa, working with members across the region to develop ethical, sustainable and regulatory compliant supply chains using indigenous plants, many of which have a history of traditional use, and impacting on more than 14,000 rural producers. By supporting members to progress up the value chain to a position where there is scope for greater social, environmental and economic returns, PhytoTrade aims to increase capacity, grow business opportunities and supplementary income, and in turn promote the conservation of the natural resources. One example is the development of the Baobab fruit powder supply chain. Baobab fruit pulp has been consumed traditionally in Africa for centuries and can now be found in international markets as a health food ingredient. The fruit powder is harvested and processed within Southern Africa before export to target markets where regulatory compliance has been achieved such as Novel Foods in the European Union and GRAS in the United States. The trade of Baobab fruit powder creates jobs at community level, and along the supply chain, and also provides an incentive to protect the trees and ecosystems in which it grows.

This commercialisation of natural products from sustainable harvesting and produced under fair trading, ethical terms, is one approach to grow business capacity of local communities and create income, and which is directly related to a key enabler in realising the *'future we want for all'*. Natural product commercialisation is supplementary to other income streams such as farming and, as described, contributes to the conservation of biodiversity. At the harvester level, supply chains within PhytoTrade's network consist of cooperatives, often largely composed of women, or community focussed harvester groups. The high number of women involved in harvesting and primary processing (such as decortication) meets part of the post-2015 development agenda where the empowerment of women is listed as another key enabler. As the harvesters move along the value chain, taking on more responsibilities and growing capacity, the women involved are presented with greater opportunities and development choices. PhytoTrade works with a women's cooperative in northern Namibia where the main commercial activities are focussed on products from the Marula tree. To enable growth and development of the cooperative, focus is given to product quality and diversification of target markets and customers. By supporting producers and organisations to move up the natural product value chain, there are opportunities to grow business capacity and create more sustainable supply chains.

A UNEP study (2012) focussed on Namibia found that biotrade currently represents approximately 4.5 per cent contribution to GDP in Namibia. It estimated that over the next 10 years, this could increase by 50 per cent and has potential to impact on a quarter of a million people in the country. These contributions from BioTrade alone have potential to drive Namibia towards the building of a green economy. The development of a green economy in the context of sustainable development and poverty eradication was a priority theme of the United Nations Conference on Sustainable Development (Rio+20) held in Rio de Janeiro, Brazil, last year. BioTrade however does not only impact the rural producers who are harvesting and processing the ingredients but supports the



Sclerocarya birrea, the marula



development of the natural product sector as a whole, creating impact at all points along the value chain through to the finished product consumer.

An important consideration in regard to the commercialisation of natural products from Southern Africa is the sharing of benefits that result from product research, development and sales. The purpose of the Nagoya Protocol is to implement the benefit sharing provision of the Convention on Biological Diversity (CBD) and further develop some specific articles such as access to genetic resources and products derived from such resources. The Protocol pays particular attention to the research and development phase where the purpose is commercially driven, as well as the use of traditional knowledge. It aims to address inequalities between provider and user countries and to promote research, development and innovation using genetic resources. In order to do so, individual countries must develop national frameworks which create enabling environments to promote the research and commercialisation of biodiversity, and encourage industry to consider these resources for new product development. This is a key focus point of PhytoTrade's activities and requires companies that use genetic resources in their R&D processes to build benefit sharing agreements into their supply chains. The benefit sharing agreements can include both monetary and non-monetary benefits, and clearly meet objectives of the post-2015 agenda as discussed above.

The commercialisation of natural products from sustainable and ethical supply chains in Southern Africa has the potential to contribute to the post-2015 development agenda through the various mechanisms discussed above. For real impact, industry are required to support the supply chains and grow capacity through engagement with sustainable and ethical production practices, ABS compliance, technology and know-how transfer, while simultaneously meeting the demands of consumers and growing the natural products sector. In turn, consumers can also contribute to the development of sustainable value chains and should be educated in order to make informed product choices that bolster the market for sustainable markets. Natural products value chains that are built around sustainable and ethical production practices, address gender imbalances, protect biodiversity and which are regulatory compliant, including ABS, have the potential to drive forward development opportunities and should be firmly integrated into the UN post-2015 development agenda ▲



References

United Nations Environment Programme (UNEP), 2012, Green Economy Sectoral Study: BioTrade – A catalyst for transitioning to a green economy in Namibia.

About the author

Katie Beckett is Research and Innovation Manager at PhytoTrade Africa, the natural products trade association for Southern Africa, working with members to develop sustainable, ethical and regulatory compliant supply chains which meet market demands and on the implementation of the Nagoya Protocol on Access and Benefit Sharing.