UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT UNCTAD

## BIODIVERSITY THE LIFE OF THE GREEN ECONOMY







UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the

## I BIOTRADE CONGRESS

BIODIVERSITY: THE LIFE OF THE GREEN ECONOMY 18 JUNE 2012 - RIO DE JANEIRO

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Supachai Panitchpakdi

Secretary-General, United Nations Conference on Trade and Development, (UNCTAD) Biodiversity is the natural capital base for a sustainable and greener economy, offering preservation and responsible exploitation of both ecological and economic benefits. Biodiversity components, at the species and genetic levels, are a direct source of food, medicine, recreation and raw materials in general, some of which are consumed directly, while others are inputs to various industries. As we seek to better balance growth and poverty-reduction with the conservation of the planet's biodiversity, the sustainable harvest and manufacture of biodiversity-based products and their trade can play a prominent role in the transition to a green economy.

The responsible economic exploitation of biodiversity, and its contribution to inclusive growth and sustainable consumption and production patterns, is becoming increasingly visible worldwide. Looking at the market for BioTrade, domestic and international sales by businesses in this sector reached over US\$ 2.3 billion in 2011, showing an annual growth rate of 14 per cent. Nevertheless, these figures still represent a small proportion of the estimated market potential for biodiversity products and services, which has been put at over US\$ 140 billion. This potential will continue to be driven by many factors, including consumer preferences, but also by the integration of sustainability considerations into corporate and branding strategies.

In this regard, many developing countries are well positioned to take advantage of the trade and investment opportunities which BioTrade activities offer. These opportunities are a potential source of jobs and income, export diversification and rural development. In 2010, BioTrade activities directly benefited more than 38,000 people worldwide including collectors, breeders, hunters, farmers and producers. However, sustainability and market access in BioTrade are still hindered by a variety of factors, including non-tariff barriers, access to credit, and lack of financial and management capacities. In this regard, the consolidation and expansion of emerging biodiversity-based sectors still needs a great deal of attention, as well as financial and technical support from the international community.

Sixteen years ago, UNCTAD launched the BioTrade Initiative with the aim of promoting trade and investment in biodiversity as a means of furthering sustainable development and implementing the Convention on Biological Diversity's (CBD) objectives. Products and services increasingly traded by beneficiaries of the programme are used in the food, cosmetics, handicrafts, fashion and ecotourism industries. Since then, remarkable progress has been achieved by private actors and partners in embracing BioTrade concepts and principles as an integral part of their development strategies. The BioTrade Initiative is currently being implemented in nineteen countries in Africa, Asia and Latin America and continues to grow.

This First BioTrade Congress is evidence of the progress made so far and of the broad scope of BioTrade activities. It was conceived as a platform where BioTrade and biodiversity stakeholders could share their experiences and lessons learned, and establish further cooperation in implementing sustainable practices on the path to "greening" biodiversity-based sectors. It also offers a chance to establish mechanisms for further cooperation in implementing sustainable practices in biodiversity-based sectors and corporate strategies. The Congress has touched upon several aspects of BioTrade such as BioTrade policy frameworks, information exchange and awareness raising, value chain enhancement and market creation and development.

The large participation, positive engagement and common vision from all participants during the First BioTrade Congress have made the creation of a more solid network possible and given a space for new business opportunities. The aim of this publication is to summarize the information emerging from the First BioTrade Congress, hoping to build upon what was discussed and further develop ideas towards reaching the full potential of BioTrade.

UNCTAD would like to express its deep appreciation of the sustained support by the Swiss State Secretariat for Economic Affairs and other partners to UNCTAD's BioTrade Initiative. We would also like to thank the contribution of the General Secretariat of the Andean Community, the International Trade Centre, the Colombian Ministry of Environment and Sustainable Development, the Natural Resources Stewardship Circle, the Peruvian Ministry of Environment, PhytoTrade Africa, the Union for Ethical BioTrade, Yves Rocher and the Bureau of Crisis Prevention and Recovery of the United Nations Development Programme for their support in the organization of the BioTrade Congress and this publication.

This wide base of support demonstrates the interest in the commercial success of BioTrade, and the recognition of the role that BioTrade can play in delivering the benefits of green economy to developing countries •



Federal Department of Economic Affairs FDEA State Secretariat for Economic Affairs SECO



## HANS-PETER EGLER

Head, Trade Promotion Swiss State Secretariat for Economic Affairs, (SECO) The green economy is more than a topic of policy debate; it reflects a growing trend in the market place inspired by a new generation of consumers and companies committed to creating positive social, environmental and economic impacts. Sustainable use of the planet's resources, including biodiversity, is a key component of these trends. Since 1996, the UNCTAD BioTrade Initiative has promoted the sustainable use of biodiversity through trade, by working to support the development of value chains in biodiversity-based market sectors. Switzerland recognizes the important value of this work in forming the building blocks of today's green economy.

Switzerland has supported the inclusion of biodiversity in trade for a number of years, including through its inclusion in free trade agreements with highly biodiverse countries, such as Peru and Colombia. Furthermore, it has made support for sustainable development, the environment and open markets' political priorities, both nationally and internationally. As a landlocked and resource-poor country, Switzerland is a good example of how trade can be an impetus for sustainable development and innovation. By supporting the UNCTAD BioTrade Initiative, Switzerland hopes to support this type of development in other countries as well.

Many developing countries are biodiversity hotspots. However, traditional biodiversity conservation is often not sufficient to protect these important species and genetic resources; attributing an economic value to biodiversity to integrate its value into the market place is necessary in order to provide incentives for protection. BioTrade, with its unique approach to developing value chains of natural ingredients and products that are derived from the sustainable use of biodiversity, provides a concrete means of valuing and protecting biodiversity resources and improving livelihoods in the process.

As companies become progressively more responsive to increasing consumer demand for sustainably sourced products, markets for BioTrade products and services will continue to grow. This provides important opportunities for developing countries to benefit and increase trade volumes and growth in their BioTrade sectors, which Switzerland's State Secretariat for Economic Affairs (SECO) supports strongly. SECO's aim is to promote socially responsible and environmentally friendly economic growth that contributes to furthering the integration of partner countries into the world economy.

Setting up sustainable BioTrade value chains requires coordinated work by a variety of actors from the public, private and academic sectors and civil society. To ensure success, Switzerland supports the UNCTAD BioTrade Initiative in engaging all stakeholders – governments, companies and producer associations alike – to cope with challenges and to capitalize on the opportunities presented by BioTrade.

SECO not only supports actions at the international policy level but also at the country level. At the policy level, it supports the creation of an enabling environment for BioTrade through the creation of platforms and seminars where experiences from BioTrade partners can inform relevant multilateral negotiations. At the country level, SECO supports partner countries to strengthen the institutions necessary to support BioTrade sectors and to identify sectors with the best market potential. SECO's overall support to UNCTAD also ensures that countries receive technical assistance through the application of UNCTAD's BioTrade methodologies and guidelines for the development of sustainable management plans and BioTrade value chains. In addition, it supports BioTrade stakeholders in attending international trade fairs to facilitate access to Swiss and European markets.

Engaging in trade with biodiversity products is not an easy task. Developing the value chains of BioTrade products presents considerable challenges, such as overcoming technical barriers to trade, quality requirements for national and international markets (including compliance with sanitary and phytosanitary standards), logistics, scarce market information and, in the case of market success, the risk of depletion of the biodiversity resource in question.

With coordinated joint effort and consistent support however, we have seen positive results, including the successful launch of new BioTrade products on national and international markets in this past year alone. These promising outcomes form an integral part of the continued trends towards a green economy. SECO's support for BioTrade recognizes the importance of positive market incentives to ensure that biodiversity resources are used sustainably, and that they continue to serve as a critical part of growing green economies in the future •

## BIODIVERSITY AND BIOTRADE CONGRESSES







Biodiversity, ecosystems, species and genetic resources underpin every aspect of human life and almost all types of economic activity. Species, habitats and biodiversity-related environmental services are the building blocks on which human livelihoods and our economies depend, as they are ultimately the foundation of our forests, fish stocks, pastures and agricultural crops. The diversity of biological resources provides the raw materials for livelihoods, subsistence, medicines, trade, tourism and industry. Biodiversity is the foundation of a sustainable and green economy and society.

Although vital to human welfare, products and services directly related to biodiversity are often not recognized in national economic accounts, nor are their scarcity (vulnerability and loss) reflected in market prices. This is the core (policy and economic) problem in promoting biodiversity conservation and its sustainable use, as well as the equitable sharing of its benefits when we need this very biodiversity to sustain growth and generate income and jobs for an ever increasing human population.

Ensuring that development is sustainable, equitable and inclusive is essential for a future that will provide equitable opportunities for all. Innovative and promising solutions that balance a healthy and productive environment with the demands of growth for human development are needed to accomplish this. The sustainable management and conservation of biodiversity resources is imperative and efforts to ensure this are under way by national and international stakeholders.

Efforts to value biodiversity and ecosystems resulted in the publication of *The Economics of Ecosystems and Biodiversity* (TEEB), which illustrates the economic contribution of biodiversity and ecosystem services to all aspects of the global economy. *The 2011–2020 Strategic Plan of the Convention on Biological Diversity and the Aichi Targets* is a key roadmap to guide actors in the biodiversity arena.

## The BioTrade Initiative

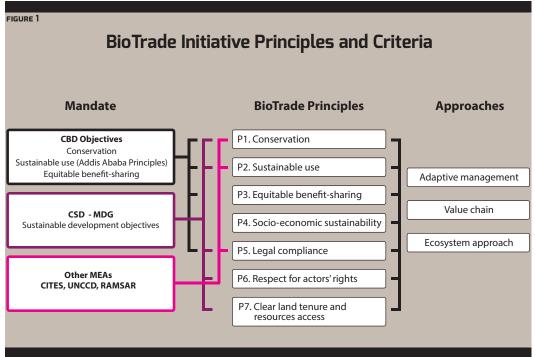
In 1996, UNCTAD launched the BioTrade Initiative with the aim of promoting trade and investment in biodiversity as a means of furthering sustainable development. BioTrade refers to the collection, production, transformation and commercialization of goods and services derived from native biodiversity in environmentally, socially and economically sustainable ways. The sustainability of BioTrade is guaranteed by adherence to principles and the working approach focusing on three areas: value chain, ecosystem and adaptive management (FIGURE 1) (UNCTAD, 2007).

Since its creation, a number of countries, regions and national and international stakeholders have made remarkable progress in embracing BioTrade concepts and principles as integral parts of their strategies. BioTrade is being recognized as an incentive to conserve biodiversity while at the same time addressing poverty alleviation and support sustainable livelihoods in developing countries by generating income opportunities. Work therefore supports the achievement of Millennium Development Goals (MDGs), the United Nations Conference on Sustainable Development Rio+20: The future we want, as well as objectives from multilateral environmental agreements (MEAs) such as the CBD and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).



BioTrade aims to harmonize social, economic and environmental goals of development by enhancing the sustainable use and trade of biodiversity-derived products and services.

(Jaramillo and Stork, 2012)









## BioTrade congresses

The BioTrade congresses are a platform where practical BioTrade examples that are implemented BioTrade and biodiversity stakeholders can share their experiences and lessons learned, and establish further cooperation in implementing sustainable practices in the path to "greening" biodiversity-based sectors. The congresses provide an opportunity to discuss

across a variety of sectors and regions with the aim to guide private actors, governments and civil society in their efforts to achieve sustainable development •





## FIRST BIOTRADE CONGRESS "BIODIVERSITY: THE LIFE OF THE GREEN ECONOMY"





The First BioTrade Congress

was convened by the BioTrade Initiative of UNCTAD, with the support of SECO, Yves Rocher and the Natural Resources Stewardship Circle. Additional partners included the General Secretariat of the Andean Community, International Trade Centre, Colombian Ministry of Environment and Sustainable Development, Peruvian Ministry of Environment, PhytoTrade Africa, Union for Ethical BioTrade and the Bureau of Crisis Prevention and Recovery of the United Nations Development Programme.

how governments, private sector and civil society are

This Congress was organized on the occasion of the United Nations Conference on Sustainable Development (Rio+20 summit) which sought to secure renewed political commitment for sustainable development, and one of the two issues considered was the role of the green economy in the context of sustainable development and poverty alleviation. The First BioTrade Congress aimed to provide concrete examples and inputs to policy makers on using biodiversity as an engine to support their path towards sustainable development. Best practices and case studies were discussed considering the:

- → Need to foster an enabling policy framework to support BioTrade and its biodiversity-based businesses and value chains;
- → Importance of actions promoting information exchange and raising awareness;
- → Enhancement of value chains; and
- → Market creation and development.

These issues provided the basis of the agenda of the First BioTrade Congress (see Box 1, page 9). The results of the event have been compiled in this report, as well as on the BioTrade website (www.biotrade.org) where all documentation including reports, papers, presentations and lists of participants are available •



## I BioTrade Congress

## Biodiversity: The life of the Green Economy

TIME	SESSIONS	MODERATOR	
08:30-10:00	Welcoming remarks and Session 1: Policy frameworks	UNCTAD	UNITED NATIONS UNCTAD
10:30-11:30 Parallel discussion	How can BioTrade contribute to meet the Biodiversity Strategic Plan 2011–2020 and the Aichi Targets?	Colombian Ministry of Environment and Sustainable Development	Ministerio de Ambiente y Desarrollo Sostenible República de Coronia
	Equitable sharing of benefits in the ethical sourcing of biodiversity	Union for Ethical BioTrade	Union for Ethical BioTrade SOURCING WITH RESPECT
11:45-12:00	Session 2: Regional approaches to strengthen the sustainable management of biodiversity in the Amazon Region of the Andean Community's member countries	General Secretariat of the Andean Community	COMUNIDAD ANDINA SECRETARIA GENERAL
12:00–13:00 Parallel discussion	Achieving a broader commitment to BioTrade through information exchange and awareness raising	Peruvian Ministry of Environment	PERÚ Ministerio del Ambiente
	BioTrade and peace-building: Towards sustainable livelihoods and reintegration	United Nations Development Programme	UNDP
15:00-16:15	Session 3: Value chain enhancement	PhytoTrade Africa	PhytoTrade AFRICA
16:15-16:30	Special session: 2012 UEBT <i>Biodiversity Barometer</i> – Consumers, biodiversity and sustainable development	Union for Ethical BioTrade	Usion for Ethical BioTrade SOURCING WITH RESPECT
16:30-16:45	Session 4:  Market creation and development	Natural Resources Stewardship Circle	SEAL RESOURCE
17:15-18:15 Parallel discussion	Research and development	Sustainable BioTrade Programme in Ecuador	B OCOMERCIO SOSTENIBLE
	Market mechanisms for promoting BioTrade products in international markets	International Trade Centre	International Trade Centre
18:15-19:00	Concluding remarks	UNCTAD	



## III.

## ENABLING POLICY FRAMEWORK FOR BIOTRADE

MODERATOR



MR. GUILLERMO VALLES
Director, Division on International
Trade in Goods and Services
and Commodities, UNCTAD

SPEAKERS



MR. SUPACHAI PANITCHPAKDI Secretary-General, UNCTAD





Ms. SIGRID KAAG
Assistant Secretary-General
and Assistant Administrator
and Director, Bureau of External
Relations and Advocacy, UNDP



**Mr. Braulio Dias**Executive Secretary, CBD

The session focused on providing an update of the current international policy and regulatory environment covering biodiversity, international trade, economic policy agenda and set the stage for in-depth discussions on the potential contribution of BioTrade for enhancing on-going related policy processes such as the 2020 Aichi Targets, and the implications of the Nagoya Protocol on Access and Benefit-sharing.



MR. JOHN SCANLON Secretary-General, CITES



MR. HANS-PETER EGLER Head, Trade Promotion, SECO

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Sixteen years after UNCTAD launched the BioTrade Initiative with the aim of promoting trade and investment in biodiversity as a means of furthering sustainable development, a number of countries, regions and national and international stakeholders have made remarkable progress in embracing BioTrade concepts and principles as integral parts of their strategies. Furthermore, BioTrade is being recognized as a tool to address poverty alleviation and to support sustainable livelihoods in developing countries.

Recognizing that BioTrade is one of the pillars for achieving biodiversity conservation, sustainable use as well as post-conflict reintegration efforts, the First BioTrade Congress was conceived as a global platform where BioTrade and biodiversity stakeholders could share their experiences and lessons learned, and establish further cooperation in implementing sustainable practices on the path to "greening" biodiversity-based sectors.

Opening the Congress, UNCTAD Secretary-General Supachai Panitchpakdi noted that "BioTrade is spreading the benefits of trade to those corners of the world where the international trade system has not yet arrived. The domestic and international sales by businesses in this sector have reached US\$ 2.3 billion, showing a 14 per cent annual growth rate,



allowing sustainable use while putting capital back into our ecosystems."

For BioTrade businesses to move from a number of niche markets to a worldwide consolidated green sector, adequate policies, rules and market incentives need to be in place. Mr. John Scanlon, Secretary-General of CITES, indicated that "CITES is an example of how effectively regulated trade cannot only ensure maintenance of current levels of species populations but also to promote their growth, as the skin reptile trade has evidenced, with sales estimated at US\$ 3 billion annually."

BioTrade is one of the pillars for the implementation and fulfilment of CBD objectives and its Aichi Targets. Current BioTrade programmes, experiences and lessons need to be gathered and used strategically in order to scale up sustainable practices. "It is time to go from policy discussion to implementation of CBD commitments and targets as shown by BioTrade UNCTAD, one of the earlier implementing partners of the CBD," said Mr. Braulio Dias, Executive Secretary of the CBD.

But can BioTrade bring more than sustainable use and economic growth? A recently launched UNCTAD-UNDP partnership is exploring how to use BioTrade as a tool for sustaining security and local livelihoods in post-conflict reconstruction efforts in countries such as Colombia and Indonesia. Ms. Sigrid Kaag, Assistant Secretary-General and Assistant Administrator and Director, Bureau of External Relations and Advocacy, UNDP, expressed the view that, "value chains enhancement can support the integration of those excluded by conflict while providing them with an economic and sustainable way out."

Speakers expressed appreciation of the longstanding support of Switzerland for the consolidation and expansion of BioTrade programmes worldwide. Mr. Hans-Peter Egler of SECO re-stated Switzerland's commitment towards promoting open markets and enabling environments that facilitate a higher presence of BioTrade products from developing countries in international markets •



During Session 1 of the First BioTrade Congress: Mr. John Scanlon (CITES) and Mr. Supachai Panitchpakdi (UNCTAD)



# **3.1** HOW CAN BIOTRADE CONTRIBUTE TO MEET THE *BIODIVERSITY*STRATEGIC PLAN 2011–2020 AND THE AICHI TARGETS?

### MODERATOR



Ms. ALEJANDRA TORRES
Adviser, International Affairs Office
Ministry of Environment and
Sustainable Development,
Colombia

SPEAKERS



Ms. Jaime Webbe



**Ms. Lorena Jaramillo** Economic Affairs Officer, UNCTAD



MR. JAIME CARDENAS Coordinator, GEF-CAF Project Biocomercio Andino



Ms. Brigitte LG Baptiste Director, Alexander von Humboldt Institute



## BACKGROUND

BioTrade, is an incentive to promote the conservation and sustainable use of biodiversity while at the same time creating income opportunities that contribute to poverty alleviation particularly in rural areas. In so doing, BioTrade can contribute to reducing direct pressures on biodiversity and ecosystem services worldwide, as well as maintaining and improving human well-being, which contribute directly to the Aichi Targets. This session aimed to further discuss how to enhance the contribution of BioTrade practitioners to the fulfilment of the *Biodiversity Strategic Plan 2011–2020 and the Aichi Targets* at local and regional levels.

### SUMMARY OF THE PANEL

This panel focused on BioTrade and its contribution to the Aichi Targets contained in the CBD's Biodiversity Strategic Plan 2011-2020. It started with the presentation by Ms. Jaime Webbe of the Biodiversity Strategic Plan 2011-2020 and the Aichi Targets, noting that the Strategic Plan focused on the implementation of activities with the aim of extending its use beyond the CBD's goals and targets in order to tackle the underlying causes of biodiversity loss within social, economic and cultural contexts and sought to expand the benefits of ecosystem services. She also highlighted the close relationship between BioTrade and the Aichi Targets, as the latter are closely linked with collection (targets 1 and 5), production (targets 4 and 6), transformation (targets 13 and 19) and commercialization (targets 16 and 18) of biodiversity-based products and services.

This presentation was complemented with two specific BioTrade initiatives at the national level in Colombia and at the regional level with the GEF-CAF project in the Andean Region (Colombia, Peru and Ecuador). Ms. Brigitte Baptiste, from the Colombian Humboldt Institute, stated that the "performance [of BioTrade] may revitalize territories,

local economies and scaling-up of processes and awareness of biodiversity." The GEF-CAF project, for example, contributes to many of the Aichi Targets, particularly targets 1, 7, 8, 16, 18 and 20. The panellists also highlighted the need to enhance the knowledge of BioTrade, biodiversity and the sustainable use of ecosystem services, including their economic value, while at the same time promoting the respect of the rights of holders of biodiversity knowledge through the development of value chains.

Finally, the question was also raised as to whether trade is helping biodiversity or helping trade. This pointed towards the need for more research on the subject of trade and BioTrade – how trade affects biodiversity and how can we innovate in the area of biodiversity through a "trade lens". Consequently, efforts need to guarantee that BioTrade activities have a solid research as well an impact evaluation, as shown with the Andean GEF-CAF project indicators and the BioTrade Impact Assessment System (BTIAS). The latter system is being implemented with information available for 16 countries and is aimed to be a tool that is both, common to all BioTrade beneficiaries, and allows reporting in a harmonized manner.

## KEY CONCLUSIONS

BioTrade can provide a clear but modest contribution to the fulfilment of the Aichi Targets contained in the CBD's Biodiversity Strategic Plan 2011–2020 – due to the magnitude of the task. BioTrade can contribute to many targets within the Plan, for example on sustainable collection, production and consumption, on incentive measures and in raising awareness of stakeholders (government, companies, civil society).

To further enhance BioTrade's contribution to the achievement of these multilateral targets, there are several challenges that need to be properly addressed including:

- → To better coordinate actions by different authorities and relevant stakeholders;
- → To facility administrative processes for accessing genetic resources;
- → To implement effective communication strategies and capacity-building activities;
- → To introduce effective monitoring and evaluation systems such as the UNCTAD BioTrade Impact Assessment Systems (BT IAS);
- → To introduce clear incentives to communities and the private sector to work in BioTrade; and
- → To contribute to reach the Aichi Targets and goals •



## **3.2** EOUITABLE SHARING OF BENEFITS THE ETHICAL SOURCING



Ms. María Julia Oliva Senior Adviser on acce and benefit sharing (ABS) Union for Ethical BioTrade

SPEAKERS



Ms. Vania Rudge Centroflora Group



MR. GUS LE BRETON Bio-Innovation Zimbabwe (BIZ)



MR. SERGIO TALOCCHI Supplier Communities Relationship Manager Natura Cosmetics

## BACKGROUND

This panel provided an overview of the importance and elements of fair and equitable benefit sharing in the ethical sourcing of biodiversity. It also provided several examples of how benefit sharing is put into levels, including the Nagoya Protocol, were also practice by companies and other organizations working with BioTrade, and in the UEBT context in particular. The opportunities and challenges for

ethical sourcing of biodiversity posed by evolving rules on access to biodiversity and benefit sharing at the international, subregional and national discussed.

### SUMMARY OF THE PANEL

Equitable sharing of benefits as a key element in the ethical sourcing of biodiversity, and as such is included in Principle 3 of the Ethical BioTrade Standard. In this context, companies are already working to put into practice principles such as equitable prices, prior informed consent and the sharing of monetary and non-monetary benefits. Practical tools and approaches are being developed and implemented. The Nagoya Protocol on Access to Genetic Resources and Fair and Equitable Sharing of Benefits Arising from their Utilization, recently adopted in the context of the CBD, will bring increased scrutiny on the use of natural ingredients in the pharmaceutical, cosmetics and food sectors. It also will open opportunities for businesses already implementing ethical sourcing of biodiversity.

After the UEBT introduction on equitable sharing of benefits in the context of Ethical BioTrade, BIZ, Centroflora and Natura Cosmetics presented examples of how companies are working to put these concepts and principles into practice. For example, Centroflora highlighted the importance of internalizing biodiversity in all company policies and activities and referred to specific experiences with benefit sharing. BIZ discussed the relevance of

equitable sharing of benefits for companies working in Africa, and noted the value of Ethical BioTrade tools and support on these issues. Natura Cosmetics presented examples of concrete challenges and approaches used to address them in the context of

Presenters considered benefit sharing fundamental to recognizing the rights of local stakeholders and in working to enhance their livelihoods. There was also acknowledgement of the need for further work on facilitating benefit sharing along the value chain, from harvest to commercialization. Practical guidelines and information on benefit sharing were seen as essential not only for businesses working on ethical sourcing, but also for governments and other stakeholders involved in the sustainable use of biodiversity. Finally, presenters indicated that ethical sourcing practices, including on benefit sharing, allowed them to obtain higher quality inputs, more effective traceability systems and reliable providers. This translates into consumer acceptance, differentiated products and a more solid social corporate responsibility image for the companies involved.



## KEY CONCLUSIONS

Discussions highlighted the need to explore options to ensure participation and benefit sharing along the supply chain in order to be competitive while supporting the implementation of the Nagoya → Protocol. Participants mentioned that options and → mechanisms could include:

- Stakeholder dialogues and partnerships;
- Standards and verification systems;
- ABS assessments;
- Contracting for ABS, including through undertakings and material transfer agreements;

- Pricing tools;
- Training and technical support;
- Biocultural protocols and dialogues;
- Adoption of ethical patent principles; and
- Disclosure requirements within intellectual property (IP) regulations.

Several of these options are being put into practice by UEBT and other BioTrade business organizations providing lessons on how to improve benefit sharing and support the use of those benefits for conservation and sustainable development at the local level •

## IV.

## STRENGTHEN TH MANAGEMENT O In the amazon region of th

IN THE AMAZON REGION OF THE ANDEAN COMMUNITY MEMBER COUNTRIES

APPROACHES IU



Ms. María Teresa Becerra Coordinator, Environmental Area, General Secretariat of the Andean Community



## BACKGROUN

Andean Countries have been implementing national initiatives targeted to promote sustainable use of biodiversity according to their national priorities. Initiatives include the development of specific programmes to promote conservation and sustainable use of particular species (e.g. caiman and vicuña programmes in the Plurinational State of Bolivia), trade promotion programmes (e.g. Perubiodiverso) and financial mechanisms (e.g. Fondo Biocomercio, Colombia).

These experiences have demonstrated that local efforts, at private and public level, generate regional lessons that

contribute to institutional strengthening and policy design in order to cooperate towards the improvement of biodiversity management in the region.

In this context, the Andean countries are implementing the Programme of Biodiversity for the Amazon Region of the Andean Countries (BioCAN), funded by the Government of Finland, in order to generate tools, guidelines and policy proposals to promote sustainable use of biodiversity, technological innovation and value chains strengthening by involving equitable benefit sharing criteria.



## SUMMARY OF THE PANEL

At Andean Community level (the Plurinational State of Bolivia, Colombia, Ecuador and Peru) the Regional Biodiversity Strategy addressed in 2002 was the first instrument that included promotion of BioTrade as a positive incentive measure to promote sustainable use of biodiversity. Consequently, Andean environmental agendas 2006 and 2012 include specific lines of action oriented to promote BioTrade and sustainable use.

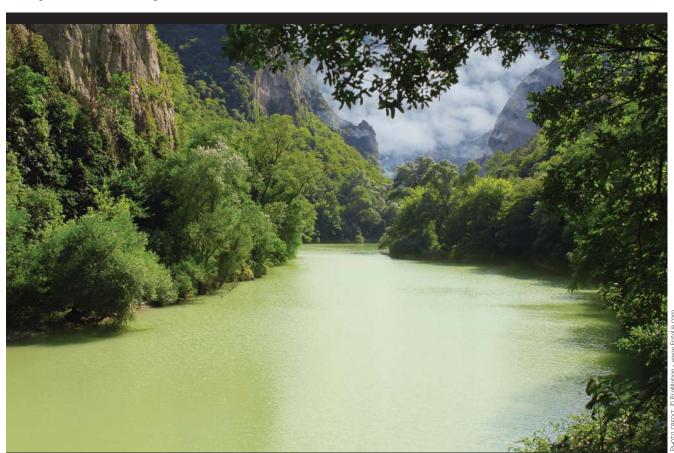
Some national and regional experiences have demonstrated that local efforts, at private and public levels, generate regional lessons that contribute to institutional strengthening and policy design in order to cooperate towards the improvement of biodiversity management in the region. It is important to highlight the effort that Andean Community countries have made in developing methodologies based on their own experiences.

Factors such as exchange of information among different levels of actors, building platforms of services based on private-public alliances, financing of pilot projects, promoting both local and external markets, and working under the focus of value chains, are some aspects that have been effective via these national and regional attempts.

Further work is needed on promoting and developing information exchange, regional regulations and guidelines (sustainable use, equitable benefit sharing), regional collaboration to prevent and control illegal trade of biological resources, meeting of market requirements and collaboration against common market barriers, collaboration on frontiers and harmonization of procedures to control illegal trade, transboundary projects and initiatives on conservation and sustainable use of areas or species of interest, joint promotion of good management practices according to the characteristics of Amazon and Andean ecosystems (local incomes, technological development, research and development (R&D) on new products, sustainable

use of biological resources and implementation of best practices for equitable benefit sharing), cooperation strengthening within authorities, academia, public and private sectors, coordination of international cooperation agendas, management of species according to ecological and biological characteristics (but taking into account that not all the species can be managed in a sustainable way), definition of harvesting rates of raw materials based on data on natural seasons, availability and capacity of local communities, higher investment in wild resources assessments, management plans and monitoring, and mechanisms to share benefits within local communities and other actors involved in the value chains.





## KEY CONCLUSIONS

Tropical Andean countries have been implementing national initiatives targeted at promoting sustainable use of biodiversity according to their national priorities. Among the main regional challenges still are: networking, facilitation of the political environment and implementation of national regulations, support for common value chains, strengthening of international cooperation, and awareness raising for consumers and markets (better understanding of characteristics and conditions of natural resources of tropical ecosystems such as the Amazon, Andes and dry forests).

In response, the General Secretariat of the Andean Community and national organizations of Andean countries are implementing the Amazon Biodiversity Regional Programme (BioCAN), with the objective of contributing to the sustainable development in the Amazon Region, improving the quality of life of the Amazonian populations and reducing poverty by strengthening environmental management •

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# **4.1** ACHIEVING A BROADER COMMITMENT TO BIOTRADE THROUGH INFORMATION EXCHANGE AND AWARENESS RAISING

### MODERATOR



Ms. Vanessa Ingar BioTrade Specialist, Ministry of Environment, Peru

## SPEAKERS



MR. JOAN BARRENA Main Advisor, Perubiodiverso project, Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH



Ms. ANA KARINA QUINTEROS Specialized professional responsible for BioTrade Ministry of Environment and Sustainable Development,



Ms. Maria Helena Cendales Technical advisor on sustainable use of biodiversity, BioCAN Programme

## BACKGROUND

BioTrade national programmes, due to the multidisciplinary nature of developing a sector throughout the value chain, involve a broad set of actors that need to work in a coordinated manner. In general, an implementing partner is responsible for the everyday activities needed to implement BioTrade projects and programmes, as well as a network of partners (public or private) that guide the programme and provide the broad range of services needed by BioTrade organizations.

This session aimed at highlighting the importance of articulating efforts from institutions, companies and organizations working to develop BioTrade. Discussions focused on identifying the challenges, opportunities and best practices to coordinate and institutionalize a multi-stakeholder BioTrade

programme/platform; and identify the needs to: link national initiatives to regional and international efforts on BioTrade. Key challenges include the need for a multi-stakeholder management, to develop coordinated policies, strategies and programmes among different government entities and levels considering the ecosystem approach, and for public-private-academic partnerships to differentiate BioTrade products.

Three presentations were used to promote the discussions, showcasing the importance and lessons learned from promoting private, public and academic partnerships developed within the BioTrade national programmes as well as regional initiatives in the Andean Region.

## SUMMARY OF THE PANEL

Different approaches are being used within the BioTrade programmes in the Andean Region, both at national and regional levels. According to their national circumstances, each partner has implemented different processes. For example, Peru worked with public-private platforms that are institutionalized under the National BioTrade Promotion Programme and is developing projects (e.g. Perubiodiverso) that promote private-public-academic partnerships. In recent years, Colombia's experience consolidated the BioTrade National Programme by establishing the inter-institutional "National Technical Committee of Biodiversity and Competitiveness" that allowed for the integration of BioTrade into different government strategies such as the Productive Transformation Programme/World Class sectors, as well as developed a national legislation to promote the use of biodiversity (CONCOPE).

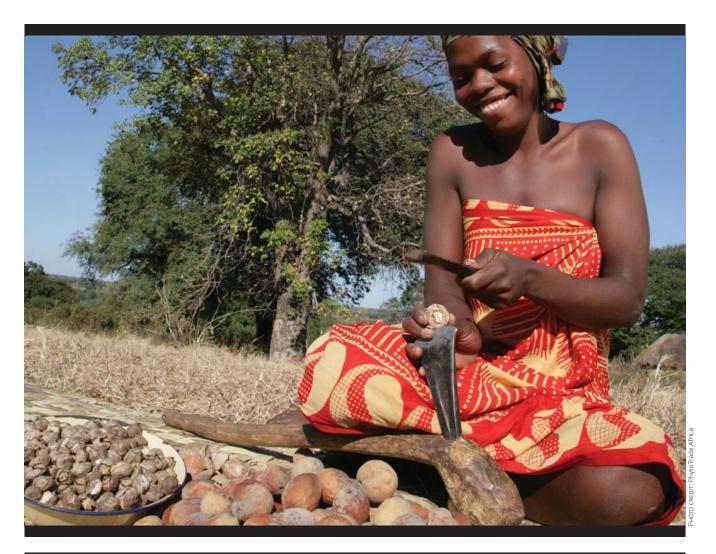


BioTrade is the main tool for local sustainable development based on our native biodiversity conservation.

(Vanessa Ingar. 2012)

Mr. Joan Barrena stated the Perubiodiverso project's strategy is based on development of public and private partnerships between companies and smallholders that comply with the seven BioTrade principles and associated criteria. Due to the nature of the initiatives supported, research and development activities are important to enhance the benefits for beneficiary initiatives by commercializing quality value-added products. The project actively engages in getting companies, smallholders and researchers to liaise via the Group of Research and Innovation in BioTrade (GIIB) and developed the BioTrade Research and Innovation Agenda.

At the regional level, the BioCAN programme of the General Secretariat of the Andean Community (GSCAN) is supporting the sustainable management of biodiversity within the Amazon Region of its four Member Countries: the Plurinational State of Bolivia, Colombia, Ecuador and Peru. Coordination with other actors at the regional and international levels is essential. Ms. Maria Helena Cendales stated that the project contributes to the BioTrade approach by strengthening governments capacities in the: exchange of biodiversity information; promotion of effective territorial planning; and the sustainable use of biodiversity. BioCAN aims to upscale the learned lessons into regional policies within the Andean Community.





## KEY CONCLUSIONS

To institutionalize BioTrade programmes, key elements identified were:

- → Public sector commitment is essential to broaden the goals, targets and scope of national BioTrade programmes, as well as align international cooperation. This will enhance countries' comparative advantages in terms of sustainable use of biodiversity, as well as facilitate the collective construction of sustainable businesses that promote equity and social justice;
- → Private sector empowerment is the basis to generate wealth and opportunities (poverty reduction), especially for the rural population;
- → National, regional and international platforms should allow national BioTrade programmes to disseminate their know-how and experiences, while also consolidate and position their actions at different levels; and
- → Sharing experiences and information among BioTrade practitioners at the local, national and international levels – as via the First BioTrade Congress – is essential to upscale BioTrade and should be a task for UNCTAD BioTrade and its partners to address permanently •



# **4.2** BIOTRADE AND PEACE-BUILDING: TOWARDS SUSTAINABLE LIVELIHOODS AND REINTEGRATION

MODERATOR



MR. NIK SEKHRAN
Head / Principal Technical Adviser
Ecosystems and Biodiversity,
LINDP

SPEAKERS



Ms. SITI RUHANAWATI
Consultant, UNCTAD and UNDP,
Indonesia



MR. MICHEL MANE President, MANE Americas President, MANE Foundation

To flourish, governance with an equitable and transparent legal framework strong engagement from the private Such conditions of predictability and contribute to peacekeeping. At the same time it encourages the sustainable use of biodiversity. (Michel Mane, MANE)





## BACKGROUND

This session aimed to demonstrate the interdependence and complementarities between BioTrade and peace-building, specifically regarding income generation and livelihood recovery, using environmentally sustainable products that have a unique market potential – are strongly identified with local communities and have clear potential for contributing to the peace-building process. Good practices were also discussed in the panel including the experience of the joint UNDP-UNCTAD nutmeg BioTrade initiative in Aceh Selatan (Indonesia). The experiences shared were used to further explore

scaling up and replicating the project to contribute to sustainable livelihood recovery for conflict-affected population groups in other crises and post-crisis countries such as Burundi. The session also served as a basis for the finalization of the UNCTAD/BioTrade and UNDP Global Partnership Agreement. The discussions led to increased awareness around the opportunities to use BioTrade as a livelihood and reintegration option for conflict-affected populations in crises and post-crisis countries and identify contexts and conditions for successful implementation and sustainable results.

## SUMMARY OF THE PANEL

UNDP biodiversity expert Mr. Nik Sekhran chaired the panel. The discussions highlighted how the joint UNCTAD-UNDP partnership promotes peacebuilding through BioTrade and thereby the creation of alternative livelihoods and reintegration options. The discussion also underlined the fact that the BioTrade for peace-building initiative supports onthe-ground initiatives, as well as the importance of assessing the market potential of these initiatives and the role of the private sector.

Ms. Siti Ruhanawati presented the Indonesian experience in Aceh Selatan (Sumatra), where the conflict has had an adverse impact on socio-economic development, generally for the community and especially for women. The BioTrade peace-

building experience has demonstrated how the rich biodiversity available can contribute to livelihoods recovery of the community in an economically, socially and environmentally sustainable way. In Aceh Selatan, the first commodity utilized to this end was nutmeg, which is a native species that is closely linked to the identity and development of the local communities.

Additional follow-up actions are currently being considered to develop other complementary value chains such as patchouli in the near future. The approach positively impacted the social cohesion of the target communities by supporting dialogue and building trust among actors, which was evidenced by the establishment of the "Forum Pala" and a producers'

cooperative. The forum and the cooperative are now also able to access potential buyers at the national and international level, while also gaining access to funding from other on-going government and international cooperation projects in the area.

The private sector actors in the discussion highlighted that it is critical to engage industries dependent on biodiversity early on to jointly identify how to best address sustainability issues. Yet, success depends on solid partnerships and recognition of each partner's added value in the value chain. It is important to engage the private sector throughout the process, amongst others, to define a level playing field and legal framework to implement road maps and actions that create tangible social, environmental and economic







To work jointly with BioTrade and peace-building for the creation of alternative forms of livelihoods for conflict and post-crisis affected populations, the discussions underlined the following issues:

- → BioTrade has proven essential for attaining as well as sustaining livelihoods recovery in post-crisis settings. It also helps to improve and maintain social cohesion as well as critical livelihood resources for local communities:
- → The engagement of private actors should be fostered considering the aim to maximize inclusiveness, transparency and predictability throughout the process of developing value chains;
- When engaging in post-crisis countries, it is important to identify and assess those countries that can provide security for developing businesses, and to liaise with potential buyers and foster their involvement in the project; and
- → There is a need to recognize and raise awareness on the added value of involving all actors in the development of a value chain. It is also important

to consider timely engagement of private sector actors and a collaborative approach. Past experience indicates that institutions still tend to work in isolation.

Key drivers that promote the engagement of businesses into BioTrade for peace-building initiatives, as discussed in this panel, include:

- → Start at the local level and work upstream from there to embed sustainable principles throughout the process (i.e. sustainability at all levels) and demonstrating that it makes sense from economic, social and environmental perspectives;
- It is important to convince actors that there is more to gain than just economic benefits and that private sector actors can generate peace-building benefits for local communities at the same time, something which can be included as central to their mandate and marketing strategies of products; and
- Transparency and inclusiveness are key concepts and actions should focus on win-win situations •







## **V.**

## VALUE CHAIN ENHANCEMENT

### MODERATOR



Ms. KATIE BECKETT Research Associate, PhytoTrade Africa

SPEAKERS



MR. HANS-PETER EGLER Head, Trade Promotion,



MR. GIOVANNI GINATTA National Coordinator, Ecuador BioTrade Programme (CORPEI)



**MR. EDUARDO ESCOBEDO**Economic Affairs Officer,
UNCTAD



## BACKGROUND

This session focused on the role of a value chain approach in the development of BioTrade programmes and how they contribute to sustainable development objectives including poverty alleviation, conservation of biodiversity and economic development. The session explored three different sectors under the BioTrade umbrella including sustainable tourism, indigenous natural products and wildlife.

Within the BioTrade sector, which involves the collection, production, transformation and commercialization of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability there are several

market groups. These include indigenous natural products (INPs), wildlife, biodiversity-based tourism, indigenous fisheries and marine resources, indigenous crops and vegetables, and handicrafts and textiles. It is clear that there is an increasing demand for BioTrade-related products as they carry ethical and sustainable principles and often fall into the natural and organic category that consumers are increasingly interested in.

The session began with an announcement by Mr. Hans-Peter Egler from SECO that PhytoTrade Africa has been awarded funding to support PhytoTrade's value chain work over the next three years.

Commercialization of BioTrade offers the opportunity to combine an improvement in people's lives with a commitment to biodiversity. We are delighted that SECO has decided to support PhytoTrade Africa to deliver value through trade.

(John Cheesmond, CEO, PhytoTrade Africa)

## SUMMARY OF THE PANEL

Although definitions of value chains vary between sectors they share the same fundamental processes whereby primary resources are received as inputs, value is added through defined processes, and the resulting finished product and/or service is sold to the customer. Value chain analyses within the BioTrade sector are crucial in order to implement upgrading strategies as they clearly display the main actors, roles and responsibilities within the chain and the links which exist between them. They also enable the identification of common needs between actors, the supply capacity for the product, and market barriers and gaps in competitiveness.

Value chains within PhytoTrade's network include those with a cosmetic sector focus such as marula, Kalahari melon, *Ximenia*, baobab and mongongo seed oils, along with mafura butter and *Kigelia* fruit extract. Focus is also given to baobab fruit powder as a food and beverage ingredient, along with devil's claw as a herbal medicinal and supplement ingredient. In addition to the focal species, PhytoTrade also works with a pipeline of ingredients using southern Africa's biodiversity. The *Ximenia* oil value chain for cosmetic ingredients was presented as a case study highlighting the unique selling points of the product along with the roles and responsibilities

within the chain. The key message presented was the requirements needed in order to progress up the value chain to a point of greater value addition and subsequent returns. The example given was the move from production of a crude oil to that of purified oil. To achieve this, processing organizations must undertake new roles and responsibilities which require specific skills and capacity including knowhow and technology. It is not a simple process but brings significant increases in returns which can be retained in the country of origin and provides enhanced business opportunities. There are, however, various strategies that can be developed to promote value chains such as certification or supporting producing associations in becoming more proficient in sales, marketing and distribution to global customers. Promotion strategies can take several forms. The benefits of value chain enhancement also have the potential to be wide ranging and far reaching, targeting increased poverty reduction, environmental conservation, economic growth and export promotion. This initial presentation set the scene of value chains within the BioTrade sector using INPs in southern Africa as a specific case study.

The second presentation widened the understanding of how value chains can contribute to sustainable

development through tourism initiatives, specifically bird-watching in Ecuador. The value chain for this particular initiative has been built since 2006 when Ecuador defined its National Strategy for the Management and Development of Birdwatching. The combination of highly biodiverse birdlife and opportunities to develop ecotourism presented a competitive sustainable development solution for local communities and the Ecuadorian economy. The "eco route" value chain has highlighted the development opportunities that can be achieved such as enhancing access, investment in conservation efforts and development of conservation policies. In addition, the roles and responsibilities of the local communities were key components in enhancing the chain and moving these actors to points of higher value addition. Now that the communities are engaged in the value chain, clear environmental and economic results are being achieved including the planting of new native trees and reductions in deforestation activities. New business opportunities have also been created and the volume of tourists has significantly boosted the local economy. A key lesson presented in this case study is the opportunity to link one BioTrade sector with another to further enhance the chain. In this instance, birdwatching was integrated with small-scale cacao growers. Investment in the value chain included new routes and paths, information centres, transport and guide services.

UNCTAD approached value chain enhancement from a process perspective using reptile skins as a reference point. It was highlighted that the process of enhancement should incorporate and promote components including the conservation of species, enhancement of livelihoods of poor people, promotion of business opportunities and economic incentives for sustainable management, and the promotion of benefit sharing. The importance of understanding the issues specific to each value chain and the opportunities that exist are key to designing enhancement strategies and achieving impact. This could range from the primary production processes through to the level of cooperation with industry. Within the reptile skin and fashion industry value chain, opportunities were highlighted in regard to better engagement with CITES at early points in the chain as well as opportunities in certification, communication and education. The enhancement process should also include clear and detailed mapping of the partnerships within the chain, both in a geographical sense and in the role they play. Traceability is a key component in any value chain and must be incorporated throughout the entire process, as well as including all stakeholders and contributors. Other equally important elements include the distribution and use of information and knowledge, communication, and the application of science to promote sustainable practices.











## KEY CONCLUSIONS

It is clear that with carefully designed and targeted promotion strategies BioTrade value chains can be upgraded and enhanced to promote sustainable development goals and achieve greater impact. Key conclusions and lessons from the panel discussion include the following:

- → Value chains often may require deeper integration;
- → A clear understanding of the issues and opportunities within individual value chains;
- → Key elements: traceability, science for sustainability, information and knowledge and communication;

- Greater promotion of services from value chains is required to achieve benefits;
- Strong need to focus on community involvement. Not only as part of the value chain but also in developing the conservation and awareness raising strategies;
- Promotion strategies must be targeted at specific points in the value chain;
- Monitoring and evaluation is fundamental to progress; and
- Capacity building skills, know-how and technology - presents new business opportunities •



## VI.

## MARKET CREATION AND DEVELOPMENT

SPEAKERS



MR. CLAUDE FROMAGEOT
Director, Sustainable
Development, Yves Rocher Group
Director, Yves Rocher Foundation



MR. MICHEL MANE
President, MANE Americas
President, MANE Foundation



## B A C K G R O U N D

Market trends offer opportunities for sustainable biodiversity-based products such as BioTrade, and there are mechanisms and activities that can enhance potential markets for these products. The challenges, opportunities and lessons learned from market mechanisms and the research and development actions used to create and develop markets were also discussed.

The objective of the discussions focused on analysing how biodiversity-based markets can be enhanced, through working on a holistic/inclusive approach that includes producers to consumers in order to valorize biodiversity as much as possible. Through practical cases, the session highlighted the market opportunities for BioTrade products and showed systems that are likely to foster sustainable biodiversity valorization as a way of creating and developing markets and market opportunities.



## SUMMARY OF THE PANEL

In this session, biodiversity-based market creation was illustrated through case studies from the cosmetic and perfume industries. The latter are interesting models to support the creation and development of biodiversity-based markets. Directly linked to the plant realm, even limited size projects can have very concrete local results in the field of biodiversity conservation and local development. Thanks to its dependence on innovation and to the quite small size of the necessary supply systems, the beauty industry offers the opportunity to test atypical biodiversity valorization models, aimed at harmonious biodiversity use and biodiversity conservation.

The first sustainability challenge lies, of course, in the relevant companies; on the one hand, they must take time to understand local environmental and socio-economic balance, and on the other they need to plan for industrial requirements and anticipate variation over the long term.

Additionally, awareness of sustainability issues is rising. Consumers wish to know more about the source of BioTrade products. From the industry point of view, it is advisable that information be shared with consumers so that, should they wish, they can give their support.

Certain tools and information, supporting the creation of sustainable BioTrade products, can foster consumer interest and involvement, for example:

- → Geographical origins which help identify typical characteristics of a product or development process integrating a specific know-how;
- → Certain methods of production qualify for specific labels. The organic agriculture label is, for example, one of the few official signs attesting to the environmental quality of agricultural production; and
- → Fair Trade system (often favouring shorter production chains) within which, the roles and responsibilities of the different participants are clearly identified.

Particularly in the case of atypical production chains and chains that are based on restricted volumes (these two cases are very common in the cosmetics industry) the general framework offered by certification can help but does not often suit all the specificities of the sourcing. When it comes to such botanical outsourcing, besides conventional assessment tools, it is essential to take time on

the ground with the local stakeholders in order to understand all viewpoints.

The Natural Resources Stewardship Circle is pioneering initiatives which are relevant to this issue. The NRSC is an association of international cosmetic and perfume companies aiming to improve the sustainability of their botanical sourcing. The NRSC drew up sourcing sustainability guidelines and, on the basis of field pilot initiatives, strives to define and propose corresponding sustainability criteria for a given supply system, based on concrete field experiments.

At a more global scale, there are projects considering the interactions between business and biodiversity and to consider the value they provide. The French association Orée (Organisation pour le Respect de l'Environnement dans l'Enterprise) is a good example. Orée is aiming to co-build a tool to manage interdependencies between business and biodiversity. Its Biodiversity Accountability Framework is concerned with reporting and accountability, in order to reflect interdependence on ecosystems and to go beyond a purely financial approach of business performance.













## KEY CONCLUSIONS

Taking into account new developments (energy crisis for example), new customers' expectations and also regulatory developments, we are at the early stages of a new revolution in the biodiversity business. Labels and standards are appropriate tools to support the emergence of markets favourable to biodiversity conservation and local development, and also to meet the growing demand of consumers for information.

While they are a step in the right direction, they cannot be the only solution to the biodiversity-related dangers in the botanical sector. It is important that both research into adaptation to local specificities, as well as to the requirements of production chains, should take precedence to guarantee an approach to biodiversity conservation that is as humane and multidisciplinary as possible •





## **6.1** BIODIVERSITY BAROMETER - AN OVERVIEW OF THE 2012 EDITION



MR. RIK KUTSCH LOJENGA Executive Director, Union for Ethical BioTrade

## BACKGROUND

In 2009, UEBT launched the first *Biodiversity Barometer*, which provides an annual overview of global biodiversity awareness from three different perspectives: the consumer, industry and the media. Since its launch, the UEBT *Biodiversity Barometer* has received wide coverage in the business media, has been quoted in the UN report *The Economics* 

of Ecosystems and Biodiversity (TEEB) and is used by the CBD as an input for measuring the targets of its 2011–2020 strategic plan. It is also one of the indicators used by the Biodiversity Indicators Partnership (BIP) for Aichi Target 1 on biodiversity awareness.

Every year the Union for Ethical BioTrade releases its Biodiversity Barometer. The Barometer provides insights on evolving biodiversity awareness among consumers and how the beauty industry reports on biodiversity.

### SUMMARY OF THE PANEL

In his presentation, Mr. Kutsch Lojenga provided an overview of the objectives, methodology and findings of the 2012 edition of the UEBT *Biodiversity Barometer*. Data were gathered through surveys of consumers in eight countries (Brazil, France, Germany, India, Peru, Switzerland, the United Kingdom and the United States). Results showed biodiversity is a global notion. Growing percentages of consumers have heard of biodiversity and can define it correctly. The UEBT *Biodiversity Barometer* 

also measures awareness of notions linked to biodiversity, including conservation, ethical sourcing and equitable benefit sharing, which is also increasing. Other information presented during this event included the continuing calls of consumers for more information on company practices related to biodiversity, as well as independent verification of these practices. Finally, trends on company reports on biodiversity practices were discussed. Mr. Kutsch Lojenga noted that, since 2009, the number of top companies reporting on biodiversity practices in the supply chain has risen by 12 per cent.



## KEY CONCLUSION:

Other points underlined during the presentation and discussions included:

- → 75 per cent of people surveyed in 2012 assign an important role to the private sector in achieving sustainable development;
- → 85 per cent of consumers look for natural ingredients in cosmetic products and 69 per cent pay attention to where ingredients in cosmetic products come from;
- → 78 per cent of consumers have more faith in a company whose commitment to ethical sourcing of biodiversity is verified by an independent organization; and
- → Only 19 per cent of people have heard about biodiversity through business communications. The potential contribution of private sector towards biodiversity awareness remains largely untapped •



## **6.2** RESEARCH AND DEVELOPMENT

### MODERATOR



MR. GIOVANNI GINATTA
National Coordinator,
Sustainable BioTrade Programme
in Ecuador (CORPEI)

SPEAKERS



MR. CLAUDE FROMAGEOT
Director, Sustainable
Development, Yves Rocher Group
Director, Yves Rocher Foundation



MR. DANIEL SABARA Corporate Director, Reraca



MR. DAVID VIVAS EUGUI Founding Member, Anamika Innovation Policy Advisors

## BACKGROUND

Biodiversity is a source of inspiration, resources and knowledge for developing products and services. Research and development activities are essential in order to obtain value-added products that are competitive in the market. Particularly for biodiversity products, research and development activities can help producers and transformers not only obtain more quality and value-added products, but also to improve their processes. The panel discussed how biodiversity contributes to research

and development activities, to market access for biodiversity-based products that are sustainably produced and the possible schemes that can be used by companies to protect their innovations. Related challenges and opportunities including access to traditional knowledge and biological resources, biodiversity loss, as well as the investments needed in different levels from small and medium-sized enterprises (SMEs) to multinational companies was also discussed.



## SUMMARY OF THE PANEL



Research and development activities in natural cosmetics bring together a great diversity of scientific disciplines including ethnobotanical knowledge, agronomy, phytochemistry, chemistry, microbiology, toxicology, nutrition and formulation. Research activities in the particular case of cosmetic products have a close link with land and ecosystems. It is a different form of agricultural development that requires different type of results. Research in cosmetics seeks efficacy and non-toxicity of useful plants. It also tends to use holistic/complete plant extracts and rarely works with pure molecules. Sensorial aspects of the products including skin feeling, smell, colour and consistency are essential in the evaluation of key prospects.

As a consequence, the choice of raw material is paramount. The cosmetic industry needs high quality inputs and in specific quantities in order to be able to produce the desired end product. The product features and qualities are clearly determined by the nature of the sourcing (e.g. naturally and organically harvested products). Human considerations in the value chain also have important implications on the production quantity and quality as well as on the reliability of the providers.

Companies such as Yves Rocher have introduced guidelines to ensure responsible sourcing and to respond to consumer demands. These guidelines include access and benefit sharing aspects in the





selection of projects and providers. Environmental aspects are also important in order to ensure the sustainability of the activity and ecosystems and to avoid damage and destruction. This type of business behaviour is bringing benefits. As indicated by Mr. Claude Fromageot from Yves Rocher, "forward-looking industries must have the capacity to adapt to new sustainable challenges and prepare new consumer demands. We can now anticipate that companies investing in the natural-based cosmetic sector that have responded to consumer demands by introducing sustainable practices such as local, fair and organic sourcing will be soon at an advantage."

Not all experiences in introducing sustainable criteria are the same. Companies like Beraca in Brazil have taken a model based on partnerships, certifications and awards with local communities and providers. Beraca is not only present in the cosmetics market but also in the production of natural ingredients for the food, nutrition and health industries. Mr. Daniel Sabara, Corporate Director at Beraca, stated that the sustainability criteria they are applying go from ecosystem conservation and community organization to marketable products. This ensures that sustainability criteria are fulfilled throughout the value chain. The company has engaged in research and development activities of natural ingredients for several purposes. However, lack of incentives and support for research and development activities is a key limitation for further investment towards more elaborated products. Incentives are not available for companies performing better in sustainable and social terms discouraging sustainability efforts by the private sector. The revision of incentives for BioTrade, including research and development, needs to become a priority for Brazil and other countries.

Biodiversity is a very promising source of differentiated inputs and ingredients for SMEs. Most of these inputs and ingredients have not yet made it into markets, so they are usually perceived as new or exotic. Intellectual property and other alternative innovation schemes can assist SMEs in protecting their intangible assets and allow the creation of cooperative frameworks. Soft forms of IP such as trademarks, geographical indications, industrial designs and utility models can be particularly suitable for SMEs engaged in BioTrade activities. However, their registration, protection and legal defence can be costly. According to Mr. David Vivas Eugui, Anamika, "alternative innovation schemes can significantly reduce R&D costs and facilitate the protection and sharing of R&D outcomes but also of traditional knowledge and practices." Among the alternative innovation schemes discussed were R&D incentives (tax exemptions, price system or specialized funds), open source models, patent pools and patent databases. The Cambia BiOS initiative, ECO-Patent Commons/World Business Council of Sustainable Development, and ABS Patent Index are some of the practical examples that were shown. The Law of Collective Traditional Knowledge Register of Peru and the Panama Law on Collective Rights of Indigenous Peoples are alternative innovation schemes (sui generis models) seeking to protect traditional knowledge.





## KEY CONCLUSIONS

This session highlighted the importance of biodiversity in businesses, as well as R&D activities in developing value-added biodiversity products that are competitive in national and international markets. Alternative schemes to protect innovations, as well as IPs are some of the tools that actors have to protect their R&D activities.

Forward-looking industries have the capacity to quickly respond to new consumer demands. Some

companies have invested in the natural-based cosmetic sector to respond to these demands by introducing several sustainable practices including local and organic sourcing. Others have understood the value of defining sustainable criteria in specific value chains. In this regard, industries also need to start defining the products and production units of the future due to the current energy crisis and limitations on the availability of natural resources •

## **6.3** MARKET MECHANISMS FOR PROMOTING BIOTRADE PRODUCTS IN INTERNATIONAL MARKETS

MODERATOR



MR. ALEXANDER KASTERINE Head, Trade and Environment Programme, ITC

SPEAKERS



**Ms. Vanessa Ingar** BioTrade Specialist, Ministry of Environment, Peru



Ms. KATIE BECKETT Research Associate, PhytoTrade Africa

## BACKGROUND

The BioTrade sector has an important economic and environmental importance due to its export opportunities, its income generation potential, its strong female participation and linkages to the poorest part of the population that is involved in its trade and is an economic alternative to deforestation. As an export opportunity, there are also challenges that need to be overcome by companies from developing countries.

Market access is essential for SMEs from developing countries, including those working in BioTrade. Experiences have been developed across the globe by BioTrade partners, as well as international organizations and agencies such as ITC.

This panel discussed the technical assistance and market differentiation approaches used to support the export development of BioTrade products from Latin American and African producers, considering three different perspectives: ITC (global level), PhytoTrade Africa (regional level) and Peruvian BioTrade Programme (national level). The challenges and opportunities facing exporting SMEs were also identified and analysed through examples of commercial partnerships and market differentiations mechanisms used by BioTrade practitioners.

## SUMMARY OF THE PANEL

ITC's BioTrade project is focused on strengthening the capacity of BioTrade exporters to compete internationally, whilst maintaining environmental sustainability. The project aims to address challenges to export development such as high regulatory barriers and wider issues such as climate change. Through its three modes of support, ITC has helped exporters in Africa and Peru with a training workshop for exporters, preparation of a market guide to the North American market, and facilitated market linkages of SME providers of natural ingredients. It is important to avoid pitfalls by SME providers on labels and packaging. Claims should be made carefully, as for instance, there are things you can and cannot say in the structure/function claims of a product, for example, "Relief of occasional heartburn" versus "Relief of heartburn"; and substantive supporting documents are needed.

The southern African membership-based trade association PhytoTrade presented its experience in capturing the international market opportunities and addressing its market challenges by establishing the Ethical BioTrade Charter which "defines its commitments in promoting the conservation of biodiversity through sustainable commercial use of native natural ingredient in Fair Trade relationships" and includes nine principles. This charter is assessed by the Membership Matrix that ensures all members are working gradually towards full compliance and is based on continuous improvement with support from PhytoTrade. Another scheme incorporated into PhytoTrade's model is the Accredited Partner that recognizes and promotes companies that comply with PhytoTrade's principles and who use

ingredients sourced from PhytoTrade members. Two examples of Accredited Partners include Esse Organic Skincare from South Africa who produces natural and organic skincare products, and also Yozuna who produces baobab fruit jam, baobab lemonade and package baobab powder for the United Kingdom market.

Activities are also taking place at the country level. Ms. Vanessa Ingar presented the Peruvian experience, which is lead by the trade promotion organization Promperú (Commission on the Promotion of Peru for export and tourism), in accessing the United States market and organizing specialized trade fairs, such as Perunatura. Promperú promotes exports with an emphasis on SMEs and contributes to the identification of niche markets for Peruvian products, such as BioTrade. The country's market position strategy is based on the differentiation of the country's products in the market place, as exotic products, speciality foods and certified products. This offers an opportunity to promote new products such as those based on biodiversity like BioTrade.

Activities carried out so far have included targeting niche markets, developing new products and product differentiation. In addition, other tools have been developed – trade shows (national and international), geographical indications (GIs), standardization, promotion of country-flag products, dissemination of promotion material (electronic and printed), market studies and the establishment of a working group on research on BioTrade products. Certification schemes have also helped companies to strengthen trading relationships as well as improve quality and



traceability and market access. However, not in all cases have the producers been able to capture tangible

Perunatura - the trade show organized as part of Expoalimentaria (the region's largest relevant trade fair) – is the main tool for promoting natural products and ingredients from Peruvian biodiversity and has demonstrated positive results in the number of international business visitors and estimated sales. This trade show also allows for the development of a

R&D forum, with national and international experts. There are successful business cases of Peruvian BioTrade SMEs accessing international markets, however some of the challenges faced by them are linked to international legislation such as the Novel Foods Regulation in Europe and the Generally Recognized as Safe (GRAS) in the United States, as well as compliance with standards and certifications regarding good manufacturing practices (GMP) and quality, among others.

### KEY CONCLUSIONS

The outcome of this panel is to provide participants an overview of the mechanisms and approaches that have been developed to support SMEs in accessing regional and international markets, while considering the opportunities and challenges faced by different stakeholders (business association, membership organization, trade promotion organization) from different regions.

Market data indicate that there has been significant growth in sustainably produced products driven by ethical consumerism in the northern hemisphere and consumer awareness of product ingredients and their production processes. However, it should also be noted that a segment of consumers remain price-sensitive and are unlikely to pay higher prices for certified products. Certification and branding can provide positive benefits to primary producers such as an increased price, better trading relationships and enhanced product quality and market differentiation, greater market access, among others. There are many market certifications, which can lead to consumer confusion in the marketplace. Standards are also used in the market place, such as ISO, hazard analysis and critical control points (HACCP), GMP, Globalgap and GACP (good agriculture and collection practices). However, certification for instance, also presents challenges at the producer level due to its high associated costs with producers in some cases absorbing most of these costs. Due to the requirements of organized producer groups and technical capacity, certification can sometimes exacerbate rural inequalities. It is also recognized that certification and increased final product price may not always result in producers capturing the greater share of profits.

Among the issues that could facilitate market access

- → Viewing it as a demand-driven process where supporting market linkages entail an in-depth knowledge of the target market requirements in order to support BioTrade companies gaining access to markets:
  - Certification, brands and standards can be tools for accessing international markets and SMEs need to assess which are most relevant to their needs and capacities; and
  - It is important to think of certification as a learning process which brings about efficiency improvements in practices. Ms. Katie Beckett (PhytoTrade, Africa) stated that "perhaps it should be less about the end label, but more about the process it entails";
- There are growing market trends for ethical, sustainable and fairly traded products and ingredients, but this comes with requirements and implications at the producer level;
- Traceability that could be obtained for instance through certification, the latter being also relevant for consumers; and
- → Claims, for instance beautifying, nutrient or heath claims, are very important issues in the success of entering a market, particularly international ones, and should be sustained through documentation and even trials, if necessary •





## CONCLUDING REMARKS



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MR. LUCAS ASSUNÇÃO Head, Trade Environment, Climate Change and Sustainable Development Branch, UNCTAD



**Ms. Lorena Jaramillo** Economic Affairs Officer, LINCTAD



**MR. EDUARDO ESCOBEDO** Economic Affairs Officer, UNCTAD



BioTrade provides a significant contribution to the achievement of global biodiversity conservation targets and local development.



In the closing ceremony of the First BioTrade Congress, Mr. Guillermo Valles, of UNCTAD, concluded that all participants recognize that BioTrade provides a significant contribution to the advancement of the Aichi Targets contained in the CBD and its Strategic Plan 2011–2020 as well as to the implementation of the Rio+20 summit outcomes. This contribution goes even further as BioTrade is also becoming a vehicle for generating social cohesion in post-conflict reintegration efforts.

He indicated that BioTrade has a unique potential for sustainable growth, market differentiation and equity. Deepening understanding and awareness of consumers as well as responsible business about the value of BioTrade principles and criteria is driving this potential worldwide. The large participation, positive engagement and common vision from all participants during the First Congress have made possible the creation of a more solid network and provided a space for new business opportunities, he added. Parties to the CBD were also called on to ratify the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits arising from their Utilization, due to its relevance to the development of biodiversity-based businesses.

Building upon the success of this First BioTrade Congress, participants are united in calling for a second congress in 2013, in order to renew efforts and realign priorities •

## **Sponsors and Partners**

## State Secretariat for Economic Affairs (SECO)

The State Secretariat for Economic Affairs is the Swiss federal government's centre of expertise for all core issues relating to economic policy. Its aim is to ensure sustainable economic growth by putting in place the necessary regulatory and economic policy conditions.

The Economic Cooperation and Development Division at SECO is responsible for the planning and implementation of the economic and trade policy measures for developing countries, the countries of Eastern Europe and Central Asia, and the new Member States of the European Union (EU). In addition, SECO is responsible for the coordination of Switzerland's relations with the World Bank Group, the regional development banks and the economic organizations of the United Nations.

SECO's economic development cooperation has two main objectives: to support the integration of partner countries into the global economy and to promote their sustainable economic growth. Thus, SECO is contributing to poverty reduction.

## Natural Resources Stewardship Circle (NRSC) www.nrsc.fr/

The Natural Resources Stewardship Circle is a voluntary association of leaders in the cosmetics, perfume, flavour and fragrance industries. Beyond the confines of competition and moved by a shared awareness, they have decided to join forces to increase the positive impact they can have on the preservation of biodiversity and improvement of living conditions for local populations. Based on a common guideline of good practices, serving as model, they aim to act together to build examples of long-term, economically profitable and sustainable collaborations.

## Yves Rocher

## www.yves-rocher.com/

In Brittany, France, the sourcing of ingredients based on biological resources allowed Yves Rocher to create his cosmetics firm some 50 years ago in the village of La Gacilly, and aimed originally at fighting rural depopulation. Since then, the brand Yves Rocher has focused its attention on botanical beauty combining expertise on skin biology with knowledge of plants. Still today Yves Rocher is a grower, with its organic fields in La Gacilly, a manufacturer, with its Breton factories, and a distributor, with its own networks

## United Nations Conference on Trade and Development/BioTrade Initiative (UNCTAD/BioTrade) www.biotrade.org/

The BioTrade Initiative was launched by the United Nations Conference on Trade and Development in 1996 to promote sustainable BioTrade in support of the objectives of the Convention on Biological Diversity:

- 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.

The Initiative has developed a unique portfolio of programmes in Asia, Africa and Latin America that enhance the capability of developing countries to produce value-added products and services derived from biodiversity, for domestic and international

The sound economic and environmental sustainability of BioTrade's intervention is guaranteed by the compliance of its principles and criteria.

The BioTrade Initiative is based at UNCTAD, in the Biodiversity and Climate Change section (part of the Trade, Environment, Climate Change and Sustainable Branch within the Division on International Trade in Goods and Services, and Commodities – DITC).

## **Partners**

## General Secretariat of the Andean Community (SGCAN)

## www.comunidadandina.org/

The Andean Community (CAN) is an intergovernmental organization of four countries (the Plurinational State of Bolivia, Colombia, Ecuador and Peru), which subscribed in 1959 to the Cartagena Agreement. The objectives of this agreement are to promote the balanced and harmonious development of the member countries under equitable conditions, through integration and economic and social cooperation; to accelerate their growth and the rate of creation of employment; and to facilitate their participation in the regional integration process, looking ahead towards the gradual formation of a Latin American Common Market.

The General Secretariat (the executive body of the Andean Community) and the ministries of environment of the member countries, supported by the Ministry of Foreign Affairs of Finland, approved the implementation of a Programme of Biodiversity for the Amazon Region of the Andean Countries (Bio-CAN). Since June 2010, Bio-CAN has initiated activities with the aim of contributing to improving the quality of life of the Amazonian populations and to reducing poverty by strengthening biodiversity management. The programme addresses the Regional Biodiversity Strategy and Andean Environmental Agenda

## International Trade Centre (ITC)

## www.intracen.org/

The ITC is the joint technical assistance agency of the United Nations and World Trade Organization. Its mission is to enable small business export success in developing and transition-economy countries, by providing, with partners, sustainable and inclusive development solutions to the private sector, trade support institutions and policy makers. ITC's Trade and Environment Programme funded by the Government of Denmark supports exporters in developing countries to access international markets in environmental goods and services.

## Ministry of Environment and Sustainable Development, Government of Colombia www.minambiente.gov.co/

The Ministry of the Environment and Sustainable Development, created in October 2011, is the national public agency responsible for the environment and sustainable development agenda. It promotes sustainable development strategies through the formulation of policies and regulations on environmental issues, as well as on the creation of technical tools that support the implementation of those policies and regulations, based on the principles of participation and integrity in public administration.

## Ministry of the Environment, Government of Peru

## www.minam.gob.pe/

The Ministry of the Environment was created on in May 2008 by legislative decree (No. 1013), as the administrative authority of the national environmental sector, which is managed at local, regional and national government levels.

Its mission is to preserve environmental quality and ensure present and future generations their right to enjoy a balanced and suitable environment for the development of life. Thus, sustainable, responsible, rational and ethical use of natural resources and the environment that sustains them is promoted. Strategic objectives include:

- Natural heritage being used and preserved with economy efficiency, social equity and environ mental sustainability;
- Environmental quality and risk management that protect people's health and safety;
- High degree of environmental awareness and culture;
- Natural and social capital for eco-efficient and competitive development of environmental goods and services in the domestic and international market; and
- Effective working of the National Environmental Management System.

## PhytoTrade Africa

## www.phytotradeafrica.com/

PhytoTrade Africa was established in 2002 as the trade association of the natural products industry in southern Africa. 'Natural products' are products derived from plants indigenous to southern Africa; they include foods, drinks, oils and ingredients used by the food and cosmetics industries. PhytoTrade is a non-profit, membership-based organization representing private sector businesses, development agencies, individuals and other interested parties in eight countries: Botswana, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. Its purpose is to alleviate poverty and protect biodiversity in the region by developing an industry that is not only economically successful but also ethical and sustainable.

## Union for Ethical BioTrade (UEBT) www.ethicalbiotrade.org/

The Union for Ethical BioTrade is a non-profit association that promotes the "sourcing with respect" of ingredients that come from biodiversity. Members, who include companies working with natural ingredients in the food, cosmetics and natural pharmaceutical sectors, commit to gradually ensuring that their sourcing practices promote the conservation of biodiversity, respect traditional knowledge, and assure the equitable sharing of benefits all along the supply chain. The Ethical BioTrade Standard is internationally recognized, and progress towards its implementation among UEBT members is independently verified.

## United Nations Development Programme – Bureau of Crisis Prevention and Recovery (UNDP/BCPR)

(UNDP/BCPR)
www.undp.org/
UNDP's Bureau for Crisis Prevention and Recovery
(BCPR) was established in 2001 by UNDP's Executive Board, UNDP, through BCPR, works in crisisaffected countries around the world providing a
bridge between humanitarian needs and long-term
development. It offers technical advisory support

affected countries around the world providing a bridge between humanitarian needs and long-term development. It offers technical advisory support to governments and financial assistance, including direct support to country offices in the design, implementation and evaluation of CPR programmes. BCPR's specific goals with respect to livelihoods and economic recovery are to stabilize livelihoods through income generation and emergency job creation by: a) supporting livelihoods analysis and programming in conflict and disaster contexts; b) supporting post-crisis socio-economic recovery through the sustainable reintegration of former combatants, internally displaced persons and returning refugees (in close liaison with UNHCR); and; c) enabling livelihoods, return and reintegration through improved national capacities for the control, management and destruction of land mines, cluster munitions, other explosive remnants of war, small arms and light weapons. UNDP's DDR approach thereby goes beyond ex-combatants to focus on the wider community with programmes on armed violence reduction and weapons management.

UNDP has supported economic and social reintegration of ex-combatants in peacekeeping and non-peacekeeping contexts since 1991. UNDP's BCPR Disarmament. Demobilization and Reintegration (DDR) Unit serves as the co-chair of the Inter-Agency Working Group on DDR facilitating the implementation of the first UN-wide policy, guidelines and procedures for DDR (Integrated DDR Standards).

ABS Access and benefit sharing

**BioCAN** Programme of Biodiversity for the Amazon Region of the Andean Countries

**BIZ** Bio-Innovation Zimbabwe

**CBD** Convention on Biological Diversity

CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora

**CAF** Development Bank of Latin America

**GACPs** Good agricultural and collection practices

**GEF** Global Environmental Facility

**GIs** geographical indications

GIIB Group of Research and Innovation in BioTrade

**GMP** good manufacturing practices

**HACCP** hazard analysis and critical control points

**IP** intellectual property

INPs indigenous natural productsITC International Trade Centre

MDGs Millennium Development Goals

NRSC Natural Resources Stewardship Circle

**R&D** research and development

SECO Swiss State Secretariat for Economic AffairsSGCAN General Secretariat of the Andean Community

**SMEs** Small and medium-sized enterprises

**TEEB** The Economics of Ecosystems and Biodiversity

**UEBT** Union for Ethical BioTrade

**UNCTAD** United Nations Conference on Trade and Development

**UNDP** United Nations Development Programme

**USA** United States of America





BioTrade Initiative, UNCTAD

http://unctad.org/biotrade