

The Union



for Ethical



BioTrade



DRAFT PROPOSAL

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National BioTrade Programme of Colombia
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Executive Summary

This Paper aims to introduce the concept of the Union for Ethical BioTrade (UEBT). It was created in response to the need for differentiation of BioTrade products in the market, as articulated by companies in developing countries that have been participating in export promotion programmes. The UEBT was designed with support of UNCTAD, in close consultation with the National BioTrade Programmes and other relevant BioTrade partners, the majority of which are located in developing countries.

The Union will bring together a diverse group of enterprises, trade associations, NGOs, community producers/collectors, focal points of National BioTrade Programmes, and other public or private organisations that are active in the BioTrade arena. The Union will be a membership based organisation and its members will be committed to the BioTrade Principles and Criteria the have been developed by the UNCTAD BioTrade Initiative. Working towards compliance with these Principles and Criteria offers the members a way to demonstrate their corporate social responsibility (CSR) by making a positive contribution to the objectives of the Convention on Biological Diversity whilst creating tangible business benefits.

The Union offers a broad range of services that promote, facilitate and recognise members' contributions to biodiversity conservation and sustainable development at large. The services are divided into three main areas: outreach and market development, business development support, and administration of a verification system. Through these services, the Union for Ethical BioTrade will help to translate the leadership of its members, with respect to their sustainable use of biodiversity, into valuable and measurable action supporting the socially, environmentally, and economically sustainable use of biological diversity.



1. Introduction and background

In 1996 the United Nations Conference on Trade and Development (UNCTAD) launched the BioTrade Initiative¹ to promote trade and investment in biological resources in line with the objectives of the Convention on Biological Diversity (CBD).²

In order to provide a guiding framework for BioTrade activities, seven BioTrade Principles and corresponding Criteria and Indicators have been established³. These principles guide the work of the BioTrade Initiative, the BioTrade National and Regional Programmes in Latin America, Africa and Asia, and other private- and public-sector partners. The primary aim of these programmes and initiatives is to provide targeted support to various actors from the BioTrade arena so that trade in products and services derived from biological diversity can be carried out in a way that supports social, environmental and economic development objectives.⁴

Box 1: The seven BioTrade Principles

The UNCTAD BioTrade Initiative and the National BioTrade Programmes have adopted a set of BioTrade Principles regarding biodiversity based products and services:

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

For a full list of the criteria and indicators supporting the seven principles of BioTrade go to:
http://www.biotrade.org/BTFP/BTFP-docs/Working_docs/UNCTAD_BT_PC_en.pdf

Adherence to the BioTrade Principles and Criteria offers enterprises a way to demonstrate their commitment to sustainable sourcing and their corporate social responsibility (CSR) by making a positive contribution to sustainable socio-economic development and the conservation of biological diversity. Simultaneously, tangible business benefits can be created that result from product differentiation, based on membership to the Union for Ethical BioTrade and furthermore by offering BioTrade-compliant products and services.

The Union for Ethical BioTrade will bring together non-business organisations and businesses from different sectors around the globe that are sourcing materials from native biodiversity (e.g. producer and collector organisations, manufacturing companies, focal points of National BioTrade Programmes, conservation and developmental NGOs).

The idea behind forming such a Union was initially born out of the needs expressed by small- and medium-sized enterprises (SMEs) in developing countries for ways to differentiate BioTrade products in the market. Since then, developing country partners have been in driving the development of the Union for Ethical BioTrade, a process that was supported by UNCTAD. The idea for the Union has been tested and refined in the course of various business roundtables. In March 2006, at the Eighth Conference of the Parties to the CBD held in Curitiba, Brazil, UNCTAD organised a roundtable on biological diversity with SME's. The event emphasised the potential opportunities that trade in goods and services derived from native biodiversity can have for the economic development of local communities. In May 2006, a further roundtable was organised during the Vitafoods Trade Fair in Geneva, where

¹ For further information on the BioTrade Initiative please see: www.biotrade.org

² For further information on the Convention on Biological Diversity please see: www.biodiv.org

³ These principles and criteria were developed by UNCTAD BioTrade, National BioTrade Programmes and their partners in the Andean region of Latin America. They were subsequently adopted by UNCTAD BioTrade Initiative.

⁴ Such developmental objectives are outlined in the Millennium Development goals (MDG's) and by organisations such as the Commission on Sustainable Development (CSD), the World Summit on Sustainable Development (WSSD), the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species (CITES), the Ramsar Convention on Wetlands (Ramsar), and the UN Convention to Combat Desertification (UNCCD).



the idea to form an organisation that could provide guidance for the sustainable use of biological diversity and market recognition of BioTrade products was born. In September 2006, a meeting was held with representatives from the cosmetics industry from Africa, Latin America and Europe in which the participants expressed their support for the creation of the Union for Ethical BioTrade.

2. Vision and mission statement of the Union for Ethical BioTrade

The Vision of the Union for Ethical BioTrade is that:

- Increased trade in biological resources actively contributes to the conservation and sustainable use of biodiversity, as well as to other sustainable development goals.

The Mission of the Union for Ethical BioTrade is:

- To bring together actors committed to ethical BioTrade; and
- To promote, facilitate and recognise responsible trade practices in biological goods to meet the objectives of the Convention on Biological Diversity.

3. Strategic rationale behind the Union for Ethical BioTrade

A growing number of both small and large private sector organisations are looking to lead the way and make a positive contribution to sustainable development and the objectives of the Convention on Biological Diversity in recognition of their policies on quality, sustainable sourcing and corporate social responsibility. The Union for Ethical BioTrade will help to translate this leadership into valuable and measurable action supporting the socially, environmentally, and economically sustainable use of biological diversity.

Some of these organisations agree that in order to contribute to the conservation of biodiversity, they may benefit from specific guidance in implementing changes to their business conduct. Businesses that have already undergone such changes have identified the need for the independent verification of their efforts. This will allow for their differentiated products and services to receive legitimate recognition in the marketplace.

The idea for the Union for Ethical BioTrade was initially conceived in response to the need for such differentiation from companies participating in the joint export promotion programmes of National BioTrade Programmes and other partners in Africa and Latin America.

The rationale behind the Union for Ethical BioTrade is to respond to the demand for an organisation that can:

- *Support product differentiation* and substantiate the message of a company's responsible use of biodiversity and the positive impact it has on local communities working with this resource;
- *Offer guidance* to enterprises that wish to make a positive contribution to development objectives through the sustainable use of biodiversity and benefit sharing, and respond to changing legislation that is implemented in line with the Convention on Biological Diversity; and
- *Generate business opportunities* by creating a network of like-minded organisations.

The Union for Ethical BioTrade fills a gap that is currently not served by any other organisation.



Box 2: Extracts from Decision VIII/17. (Private-sector engagement), Eighth Conference of the Parties (March 2006) to the Convention on Biological Diversity (CBD)

- [There is a] need to enhance voluntary commitments of the private sector to, and strengthen regulation in support of, the objectives of the Convention.
- The private sector encompasses a broad range of actors and there are multiple reasons for promoting the engagement of business and industry in the implementation of the Convention.
- Tools and mechanisms may be of use in facilitating contributions from business and industry towards the implementation of the Convention and its 2010 target.
- Work on ways and means of supporting small- and medium-sized enterprises with environmentally sound products, such as that developed by the UNCTAD BioTrade Initiative, would help to promote good biodiversity practice among business and industry,

The full Text of the decision by the governing body of the Convention on Biological Diversity can be seen at:

www.biodiv.org/decisions/default.aspx?m=COP-08&id=11031&lg=0

3.1 What are the benefits the Union for Ethical BioTrade can offer its members?

The primary benefits concern all stakeholders and are fundamentally based on the aspiration to achieve higher standards in the production of socially, environmentally, and economically sustainable products and services derived from biological diversity.

For non-business organisations a further benefit is to gain additional support for a common cause. This is based on the view that the Union for Ethical BioTrade and other non-business organisations working in the field of biological diversity are complementary, rather than competing with each other, allowing for mutually beneficial cooperation. In addition, the Union will provide a networking platform for non-business organisations and private sector actors that are leading the way in putting corporate social responsibility into practise.

For the various private sector actors (producer/collector organisations, processing companies, traders, manufacturing companies), business benefits are numerous: firstly, companies will be given the opportunity to bring independently verified BioTrade products to the market, secondly; secondly, they will have access to a pool of like-minded companies and non-profit organisations active in the BioTrade arena; thirdly, they will benefit from increased market interest for BioTrade products; and fourthly, they will have enhanced opportunities to dialogue with policy makers.

The benefit that comes from verification has four dimensions whose importance varies depending on the individual actors' position in the supply chain. These are namely:

- *Substantiating claims:* Being able to make independently verified claims regarding the social and environmental responsibility of a company is a strong market differentiator that can create a competitive advantage.
- *Reputational risk management:* A company's image and brand names are among the most valuable assets it owns. Independent verification of biodiversity practices, through a verification system administered by the Union for Ethical BioTrade, offers the companies a risk-management tool.
- *Internal communication:* Informing employees on concrete steps their company is taking to ensure it lives up to its responsibility towards wider society can help generate a motivating sense of purpose within the enterprise.
- *Deepening business relationships:* A verified product ensures both environmentally and socially sound practices along the supply chain limiting the buyers' risk of facing accusations of unethical supply policies. This added value can lead to a buyer's preference for a certain supplier.



Members will also benefit from being joined with like-minded organisations through the Union. This will give them access to a trusted and collaborative environment that can cultivate the following:

- *Business development opportunities* could arise from having access to a networking platform.
- *Access to expertise* that lies outside the core competences of private sector organisations.
- Obtaining *up-to-date information on developments* relevant to BioTrade products.

Members will benefit from market development activities that the Union will undertake. Demand will be encouraged by increasing the awareness for the BioTrade concept among buyers.

Finally, the Union will offer ways to engage in constructive dialogue between the public and private sectors. Such exchange with policy makers can contribute to the creation of a policy environment that enables trade in BioTrade products and furthers investments in processing facilities.

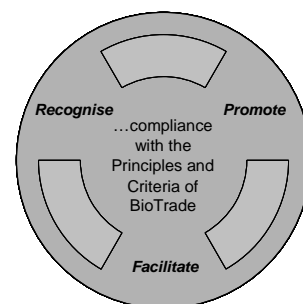
In summary, there is a range of benefits to be gained from membership to the Union for Ethical BioTrade. There is the overarching benefit of providing leadership in the sustainable use of biodiversity, which will make the Union a prestigious institution forming a network of like-minded companies and non-business organisations. And there are those more concrete business benefits that stem from adding value to a particular product or service.

3.2 What is the scope of the Union for Ethical BioTrade?

The scope of the Union for Ethical BioTrade is to exercise a global mandate providing services for its members that *promote, facilitate and recognise* products that comply with the BioTrade Principles and Criteria. This, in turn, contributes to the environmental, social and economic sustainability of BioTrade products and services.

- *Promote*: By providing examples in the form of best practices and case studies, the Union will show that tangible business benefits can be generated when a company aligns its business model with the BioTrade Principles and Criteria. Furthermore, the Union will promote (business) partnerships between its members, strengthening the market position of those members that actively engage in the sustainable use of biological diversity, its conservation and equitable benefit-sharing.
- *Facilitate*: The Union for Ethical BioTrade will actively accompany its members and facilitate their efforts towards integrating BioTrade Principles and Criteria in their supply chains. In many cases, membership to the Union will imply the commitment to undergo substantial changes in the way (parts of) a business operates. Based on product group-specific Verification Frameworks, the Union will offer collaborative guidance, to private sector actors, supporting their efforts to implement the BioTrade Principles and Criteria.
- *Recognise*: Recognising a companies' contribution to more sustainability in the commercial use of biological diversity is crucial. Responsible corporate conduct has to be made visible on the marketplace in order to obtain the legitimate business benefits it can deliver. The Union therefore encourages its members to include a statement on their membership in their stakeholder communication. The Union will assist in communicating these efforts inside and outside the market place. It is however not envisaged that the Union for Ethical BioTrade will develop its own product label.

Services of the Union aim to...



3.3 What is the operating space of the Union for Ethical BioTrade?

The operating space of the Union will be determined by the services it will offer to its members. On the one hand, the Union for Ethical BioTrade will work as a service provider to



its private sector members, and on the other, it aims to become a partner to other non-profit organisations which are also invited for membership. The services offered to private sector organisations will be available to all actors along the supply chain of BioTrade products.

The Union for Ethical BioTrade will also work alongside and invite a multitude of organisations to become members, such as the focal points of various National BioTrade Programmes, labelling organisations, as well as governmental, inter-governmental and non-governmental organisations active in the BioTrade arena⁵. The Union does not intend to compete with any existing organisations, but to offer complimentary services and to establish a collaborative relationship with existing players wherever mutual benefits can be created. Such mutual benefits may be generated when building bridges to labelling organisations, giving members of the Union access to certification under well-known existing schemes⁶.

4. Functions of the Union for Ethical BioTrade

The following will focus on the service portfolio provided to the Union's members and how this will be delivered. The services are divided into three main areas that represent the response to different service needs. They are:

- Outreach and market development
- Business development support
- Administration of a verification system

4.1 Outreach and market development

Outreach and market development seeks to establish the Union as a credible and responsible organisation and expand into those markets that are most relevant to BioTrade. This will include managing public relations in order to promote the work of the Union's members and to help them reap the benefits from their efforts, as well as to promote the Union itself. At the same time, the Union will enter into new BioTrade markets by creating awareness for the benefits that the Union can deliver to its members and by actively seeking partnerships with leading companies that operate therein.

Service character

Reaching out to and engaging various stakeholders⁷ in an open and trusted dialogue is critical to the success of the Union for Ethical BioTrade.

The Union will develop a marketing plan to promote the idea of BioTrade verification and build a brand around the Union that communicates the moral leadership of its members. The messages sent out by the Union for Ethical BioTrade will aim to:

- Ensure that non-members have a correct understanding of the Unions' work and its purpose;
- Support the use of membership to the Union as a product differentiator; and
- Increase recognition for the efforts made by its members.

In order to support the stakeholder communication of its members, the Union will establish links to CSR reporting schemes and agree on reporting procedures specific to BioTrade products and services.

Special attention will be given to the development of new markets that are relevant to BioTrade⁸ in order to generate additional demand for BioTrade products supplied by the

⁵ Many of these actors have actively participated in the conceptualisation of the UEBT.

⁶ Currently, the Union is in talks with the Soil Association, Forest Stewardship Council (FSC) and the Rainforest Alliance/Sustainable Agriculture Network.

⁷ All those who show (genuine) interest in the Union for Ethical BioTrade can be considered stakeholders. The Union for Ethical BioTrade will thus remain open to new stakeholder entries.

⁸ Priority markets initially include: natural products for cosmetics, pharmaceutical and food industries, wild and/or tropical flowers and foliage, products derived from wild fauna, among others.



Union's members and to increase the recognition for their efforts. Market development will be further supported by actively pursuing partnerships with leading companies in the target markets of the Union for Ethical BioTrade, which will also strengthen the market position of its members throughout the supply chain.

Additional elements of this service are to actively promote networking between members, represent them in front of external stakeholders, as well as managing all administrative aspects of membership.

4.2 Business development support

The Union will make available business development support to members that are directly involved in the supply chain of BioTrade products and that are working towards BioTrade verification. To this end, access to resources will be promoted for SMEs and their providers.

Service character

Compliance with the Verification Framework could depend on adjustments that a SME and their providers may not have the means to implement without external help. The Union for Ethical BioTrade may provide access to assistance for small- and medium-sized private sector members and local supplier networks that are working towards compliance with the BioTrade Principles and Criteria. Assistance will be targeted at the lower end of the supply chain and focus on implementing practices that support the conservation and sustainable use of biodiversity, and equitable benefit-sharing. Such support by the Union aims to catalyse the implementation of responsible business practices rather than providing long-term subsidies to them. Once these changes are implemented, ecological and social costs are thus expected to be priced into the product and transferred throughout the supply chain to the end consumer. The Union for Ethical BioTrade and its members may engage National BioTrade Programmes, different BioTrade partners, or other local service providers to help implement these practices.

The Union will also provide business development packages to SME's. In contrast to the assistance described above which focuses on companies' business conduct, the business development packages aim directly at increasing sales of BioTrade products and ingredients by primarily providing access to technical assistance in order to lower market entry barriers. Such a development package would, for example, cover the cost for developing product-specific testing methods, safety assessments or the development of new processing techniques. When awarding business development funding to a developing country SME, preference will be given to collaborative efforts between different members of the Union in an existing supply chain.

4.3 Administration of a verification system

The UEBT will develop Verification Frameworks and good practices for different product groups in which BioTrade organisations are active⁹. The verification system of the UEBT is based on these frameworks and on individual members' critical paths. It is set up to guide members towards compliance with the BioTrade Principles and Criteria and monitor members' respect for their membership obligations, such as the fulfilment of minimal requirements established in the verification framework, and the adherence to their work plans aiming to achieve compliance with the BioTrade Principles and Criteria.

Service character

The Verification Framework is the tool used to analyse a members conduct in comparison to the Principles and Criteria of BioTrade in order to determine those parts in a members operation that need to be addressed. As such, it is also the main tool to develop individual work plans that guide members towards compliance with the BioTrade Principles and Criteria. The Framework will be accompanied by guiding documentation in order to help interpret the Verification Framework at different stages of a value chain.

⁹ The first framework developed is for natural ingredients for the cosmetic, pharmaceutical and food industries.



The Critical Path is a sequence of audits, planning efforts and the implementation of operational changes in a member's conduct built on five major steps. Adherence to a critical path will result in a member's gradual compliance with the BioTrade Principles and Criteria.

Step 1: In a first step, an organisation will conduct a self-evaluation to assess if it meets a set of minimal requirements and, where necessary, make adjustments to comply with them. At this stage, organisations will also submit their membership application in which they are asked to formally commit to the BioTrade Principles and Criteria and confirm their consent with the process leading to BioTrade verification. Following the application, membership will be granted on a provisional basis; provisional members will not yet be able to make any claims of Union for Ethical BioTrade membership.

Step 2: The Union will recommend an independent (local) auditor to verify the fulfilment of the minimal requirements and analyse the gaps between the status quo of a member's conduct and the Principles and Criteria of BioTrade¹⁰.

Step 3: Based on the results of the gap analysis in step 2, the member organisation will develop a work plan outlining how it will close the gaps that were shown in the previous third-party audit. This work plan will be submitted to the Union for formal approval; when approved, provisional membership status will be upgraded to membership.

Step 4: The Union will actively accompany the member during the implementation of the work plan by providing technical support whilst monitoring progress. The work plan constitutes a series of concrete measures taken to achieve gradual compliance with the BioTrade Principles and Criteria.

Step 5: The changes made are assessed against the gaps previously identified in order to verify that compliance with the BioTrade Principles and Criteria has been achieved.

During the course of all five steps, the Union will assist its members by providing knowledge-based resources, such as best practice guidelines and case examples.

Through their membership, organisations are committed to stay compliant with the BioTrade Principles and Criteria and work towards continuous improvements that can be measured using a set of impact indicators provided by the UEBT and developed by the UNCTAD BioTrade Initiative in cooperation with the National BioTrade Programmes. Ongoing compliance should be verified by a third party every three years, whilst first- or second-party audits are to be carried out annually.

5. Membership

Membership is open to all companies and non-business organisations (e.g. producer organisations, manufacturing companies, focal points of National BioTrade Programmes, conservation and developmental NGOs) active in the BioTrade arena or with an interest in it, as long as they respect some fundamental ground rules based on the full endorsement of the BioTrade Principles and Criteria. Membership is provisional until compliance with a set of minimum criteria is confirmed and the individual member's work plan is approved. Following this approval membership status is granted. No member organisations should carry out any work that creates a conflict with the mission and vision of the UEBT, the Principles and Criteria of BioTrade, or the minimum membership criteria.

In addition, members of the general public can register as individual members and will receive electronic newsletters and gain access to some of the information that will be available online.

¹⁰ In the case where an evaluation has already been conducted by a National BioTrade Programme or another UEBT partner, this evaluation may, under certain conditions, replace the third-party audit in step 2. Strict criteria will be in place regarding these assessments.



6. National BioTrade Programmes

National BioTrade Programmes in Africa, Asia and Latin America will be invited to act as strategic partners of the UEBT, given their experience on BioTrade matters and the services they can provide. In countries where such government-led programmes exist, the UEBT will coordinate its efforts with them to assure that activities of the UEBT are complementary to national efforts. Nevertheless, the UEBT's scope is global and members don't necessarily need to have a direct relationship with the National BioTrade Programmes.

The following supporting documents are available:

As of 15 April 2007

- UEBT services documents:
 1. Outreach & Market Development
 2. Business Development Services
 3. Verification System

- UEBT institutional set-up:
 1. UEBT Governance
 2. UEBT Membership

- Collaboration with the National BioTrade Programmes

- Verification documentation:
 1. BioTrade Principles and Criteria (English and Spanish)
 2. The BioTrade Initiative and Verification V4.0, 2006-04-29 (English)
 3. UEBT DIS 2: 2007-01-11: BioTrade Verification Framework for Natural Ingredients (English, French, Portuguese, and Spanish)
 4. UEBT Guide Draft 2: 2007-01-16: Guidance for the Application of the BioTrade Verification Framework for Native Natural Ingredients (English, French and Spanish)
 5. UEBT D2.1: 2006-11-22: Critical Paths for Producer Organisations (English)



The Union



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BioTrade



For further information:

Email: info@uebt.ch
Web site: www.uebt.ch

Membership Model

Who can become a member of the UEBT?

Enterprises, trade associations, NGOs, community producers/collectors, focal points of National BioTrade Programmes, and other organisations active in the biotrade arena can apply for UEBT membership. Members need to comply with minimum BioTrade criteria and make a commitment to working towards compliance of the BioTrade verification Framework. All membership applications will be reviewed by a membership committee of the UEBT.

What are the different types of membership?

1. Supply Chain Actors: This type of membership includes all actors that are directly involved in the supply chain of BioTrade goods and services (e.g. producer/collector organisations, processing companies, traders, manufacturing companies). Initially a supply chain actor will join as a provisional member. Membership will be granted as soon as the Union has approved the member's work plan outlining the measures and timeframe by which the member organisation will complete its critical path to achieve compliance with the BioTrade Principles and Criteria.

- **Provisional membership:** Supply chain actors who have submitted their membership application have thereby committed to the BioTrade Principles and Criteria. In their membership application they also express their consent with the process leading to BioTrade verification as well as their compliance with a set of minimal requirements. Compliance with the minimal requirements needs to be verified through a third party audit together with an assessment of the existing gaps for complying with the BioTrade Principles and Criteria. This audit should take place within six months after joining. As part of their critical path, every provisional corporate member will develop a work plan outlining how and when it will implement the necessary changes to achieve BioTrade compliance, based on the previous third party audit. This work plan is then submitted to the Union for evaluation, and if accepted, the provisional member will be granted membership status.

A member can maintain its provisional membership status should it fail to comply with the minimal requirements or fail to receive approval for the work plan and can carry out a further audit or re-submit its work plan once it is confident that all issues have been addressed. Provisional members will refrain from making any claims of UEBT membership until their work plan has been approved and their provisional membership status is being upgraded to membership. Provisional members should submit their work plans within six months after joining the UEBT.

- **Membership:** Supply chain actors who have successfully undergone the third party audit and have received approval for their workplan are granted membership. A supply chain actor will maintain its membership status if it achieves compliance with the BioTrade Principles and Criteria within five years for as long as it continues to comply with them and can demonstrate its dedication towards continuous improvement.

Failure to receive verification within five years will lead to the exclusion of the member from the Union. However the organisation is free to address the issues that led to failing the compliance audit followed by a further third party audit. Once it can demonstrate independently verified compliance with the Principles and Criteria of BioTrade it can reapply and membership may again be granted.

2. *Affiliate member*: For organisations such as NGO's, certifiers and other organisations not directly involved in the supply chain (e.g. international organisations, public sector organisations, consultants) the affiliate membership status is being established. Affiliate members need to formally commit to the BioTrade Principles and Criteria indicate how they implement this commitment before being accepted a member of the Union.

3. *Trade association member*: Trade associations that are not directly involved in the supply chain of BioTrade goods are also invited to join the Union. They are expected to formally commit to the BioTrade Principles and Criteria and actively encourage their members to become members of the Union for Ethical BioTrade. They should report to the Union on these efforts.

4. *Focal points to BioTrade National Programme*: When National BioTrade Programmes are in place, they will be considered as partners to the UEBT. A special membership category therefore exists for focal points of National BioTrade Programmes. Focal points of National BioTrade Programmes need to recognise the UEBT BioTrade standard as the measure to develop the UEBT Critical Path. They will also be available to give assistance to other member organisations seeking support for their efforts to achieve compliance with the BioTrade Principles and Criteria. For more information on the relationship between National Programmes and the UEBT see the note: 'UEBT: collaboration with the National BioTrade Programmes'.

5. *Individual member*: This status is aiming at members of the public such as journalists, academics or other individuals who are working in a biotrade related field and are impacting public opinion. Individual members will need to formally commit to promote the BioTrade Principles and Criteria in the work they carry out in the respective fields. They will receive information such as the electronic newsletters and gain access to some of the information that will be available online.

What is the cost of membership?

Supply chain actors pay an annual membership fee based on their turnover. Membership fees will be determined on a sliding scale ranging from 50 US\$ to 50,000 US\$¹. Membership fees are paid upon application to the Union. They can not be reimbursed should a member be excluded from the UEBT. Membership fees will be determined by the Union Board of Directors. Tentatively, the following scale has been established.

Tier 1: 50 US\$ p/yr for members with an annual turnover of less than 10,000 US\$
Tier 2: 250 US\$ p/yr for members with an annual turnover of 10,000 US up to 500,000 US\$
Tier 3: 500 US\$ p/yr for members with an annual turnover of 500,000 US\$ to 2 Million US\$
Tier 4: 1,000 US\$ p/yr for members with an annual turnover of 2 Million US\$ to 10 Million US\$
Tier 2: 2,500 US\$ p/yr for members with an annual turnover of 10 Million US\$ up to 50 Million US\$
Tier 3: 10,000 US\$ p/yr for members with an annual turnover of 50 Million US\$ up to 500 Million US\$
Tier 4: 25,000 US\$ p/yr for members with an annual turnover of 500 Million US\$ up to 2 Billion US\$
Tier 5: 50,000 US\$ p/yr for members with an annual turnover in excess of 2 Billion US\$

Membership for the focal points of National BioTrade Programmes and individuals is free of charge.

Affiliate members and trade associations that are not directly involved in the supply chain will be charged a fixed of US\$ 200 per year.

What are the minimal membership requirements for companies?

In addition to their ongoing commitment to the Principles and Criteria of BioTrade and the successful submission of their work plan following the third party gap analysis, provisional corporate and trade association members must fulfil the following set of seven minimal requirements in order to gain membership.

Maintaining characteristics of ecosystems and natural habitats: There are no processes either to convert natural **habitats** to agricultural systems or natural forest to other productive systems.

¹ It is proposed that membership fee is based on the turn-over of a company. In some cases a sub-division of the company that deals with BioTrade products may apply to the UEBT. In the latter case, the claims regarding UEBT membership will be limited to this division. The final decision on this issue will be taken once the Union Board of Directors is established.

Agricultural practise: The organization does not use pesticides banned under the Stockholm Convention on Persistent Organic Pollutants (POPs), that fall under WHO Categories I and II and/or are listed in the *Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade*.

Transparency in benefit sharing: There are no disputes related to the use of biodiversity and traditional knowledge of substantial magnitude involving a significant number of interests.

The organization avoids immoral transactions in business relations according to international covenants, national law and practices (OECD Guidelines for Multinational Enterprises and UN Convention on Contracts for the Sale of Goods).

Economic sustainability: The corporate member is currently profitable or has a viable plan to become so.

Respect for human rights: The **organization** takes measures to ensure the respect for human rights and there is no evidence of non-respect, nor of restrictive/discriminatory policies or practices

Adequate working conditions: The **organization** provides adequate housing where required by workers and potable water to all workers.

Land tenure in line with relevant regulations: There are no disputes on land tenure and access of substantial magnitude involving a significant number of interests.

Governance

Governance structure of the Union for Ethical BioTrade

The Union for Ethical BioTrade (UEBT) will be an association under Swiss law based in Geneva, Switzerland.

Governing Bodies of the Union for Ethical BioTrade

Membership

The UEBT is a membership based organisation. The UEBT membership is divided in the following groups:

- Supply chain actors;
- Affiliate members;
- Trade Associations;
- Focal Points of BioTrade National Programmes;
- Individual members.

The members elect the Board of Directors and approve the management of the organisation. Every year a general assembly of members will be held. This can be done through e-mail or by organising meetings. 50% of the members need to participate in order to take decisions.

The Board

The Board is elected by the members and acts on their behalf. Board members serve for a period of 2 to 3 years. The maximum number of Board members will be 11. The initial composition is as follows:

- 4 Private sector organisations from different levels of the supply chain (e.g. buyer, producer, intermediary);
- 2 Trade associations;
- 2 National BioTrade Programmes;
- 3 Affiliates.

Every membership group will select its own representatives. A limited number of organisations may be invited to act as observer to the Board, for example UNCTAD. The Board takes its decisions with consensus. In case this cannot be achieved, or when a vote is needed, a 2/3 majority of all board members and a simple majority within each membership group is required. In case of vote, the private sector organisations and the trade associations will be considered as one membership group. The Executive Director (ED) of the UEBT acts as the secretary to the Board.

The Board has the authority as well as the responsibility to govern the Union, giving strategic direction to the ED and staff in support of the Union's mission and vision. The Board will define a set of priorities and success criteria, establish and assign responsibilities, and monitor the level of achievement of the Union for Ethical BioTrade. The Board shall focus on the following responsibilities:

- *Vision and policy development*: the Board needs to formulate, revise and adopt the strategy applied to achieve the mission of the Union for Ethical BioTrade.
- *Finance*: ensuring the sustainable financial health of the Union for Ethical BioTrade is one of the key tasks of the board.
- *Executive Management Performance and Succession Planning*: the Board members needs to pay great attention to the recruitment of the ED as this is the only employee directly reporting to them.

- *Self Evaluation:* the Board will assume responsibility for its own effective and efficient performance. This includes a periodic self assessment by the Board which is essential to ensure good governance and continuous improvement.
- *Quality Services and Programs:* the Board is committed to ensure the Union for Ethical BioTrade provides quality services to its members and stakeholders.

The board will create an executive committee that consists of the Treasurer, President and Vice-President. This committee will authorise expenditures and sign documents on behalf of the Board.

Secretariat

ED and Staff of the Union for Ethical BioTrade

The Union is envisaged to operate with six full-time staff including the Executive Director (ED), one staff member for each of the three service offers¹ of the Union, a financial officer, an IT expert, and one assistant providing office support. Additional project staff may be added. Initial staffing of the Union will depend on the availability of resources.

The ED is appointed in by the Board of the Union. The role of the ED is primarily to manage the Union in such a way that it delivers its core services in support of the Union members. The ED will undertake fund-raising activities to assure that financial means exist to support its functioning. The ED will also interact with the Board and the different support committees providing them with all necessary and requested information and overlook that any decisions by the governing bodies of the Union are fully implemented. The staff members are recruited by the ED².

Additionally, the Union for Ethical BioTrade will have local and/or industry specific consultants working on a contract basis to facilitate the Union's global and multi-industry mandate.

Support Committees

The Union for Ethical BioTrade has different support committees.

- *Standards Committee:* The BioTrade Verification Framework is the tool of the Union to compare a members' conduct against the BioTrade Principles and Criteria. It is an international standard developed in accordance to the requirements for developing standards as stipulated by the World Trade Organisation (WTO) and the International Social and Environmental Accreditation and Labelling Alliance (ISEAL). These requirements include the need to carry out consultations open to all stakeholders and decision-making mechanisms that respect the balance between different interest groups. They also require the need to periodically review the standards (at least every five years).

The standards committee therefore periodically revises the standard and will, when necessary, recommend changes in order to keep the Verification System relevant and applicable to the different industries member organisations operate in. It also ensures that any decisions on changes take balanced consideration of the effects they have on all parties and openly consults stakeholders during the process.

The members of the Standards Committee will be appointed by the Board according to criteria that need to be established, but will include the need of a balanced representation of different stakeholders. Members of the standard committee shall not need to be all UEBT members.

- *Membership Committee:* The Membership Committee has the following tasks: (a) advise the Secretariat on the admittance of new members, (b) advise the Secretariat on the exclusion of

¹ The service offers are 1) Outreach and Market Development; 2) Business Development Services; 3) Verification System. These services are defined in separate documents.

² Initial selection will be supported by an ad-hoc recruitment committee and may require approval by the Board.

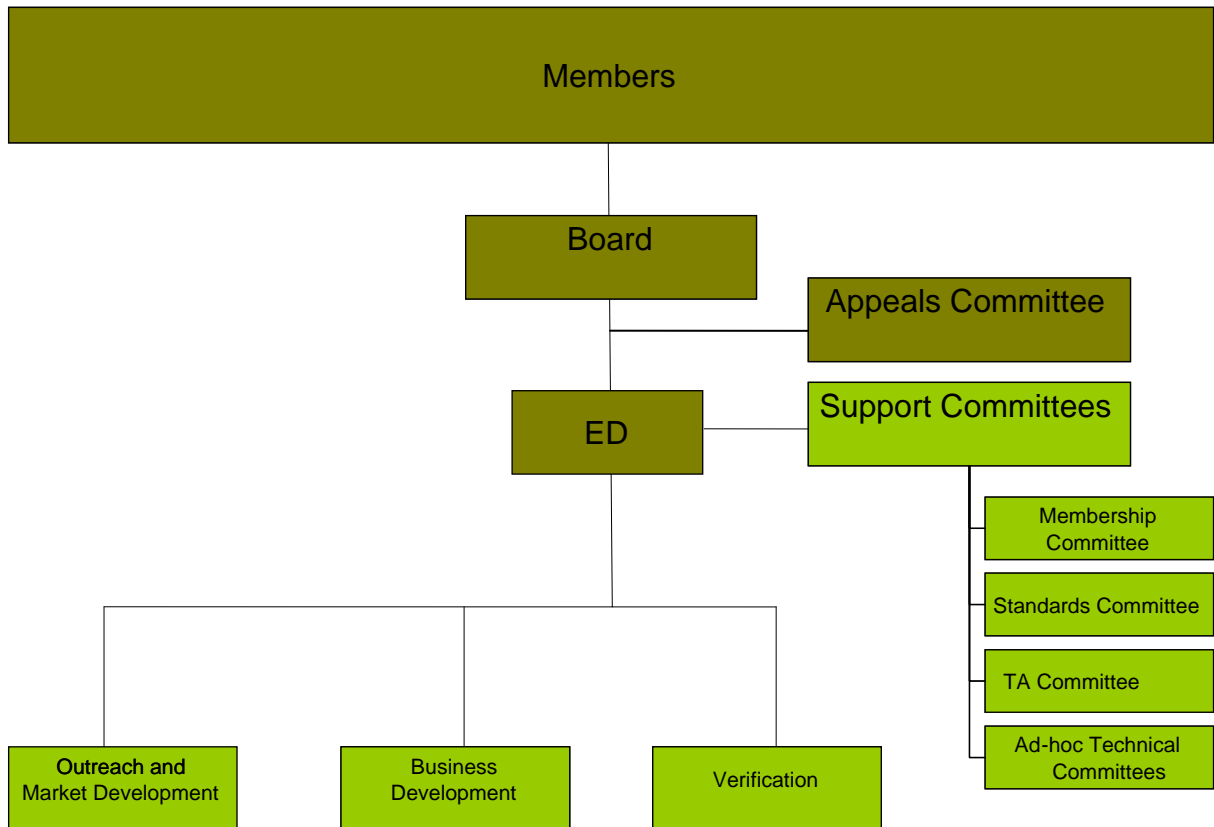
existing members of the Union for Ethical BioTrade if membership obligations are not met, c) advise the Secretariat on membership conditions. The committee is convened on a regular basis (it can meet electronically, through conference calls or in person). Based on the advice of committee the UEBT Secretariat may ask third party auditors to pay special attention to certain features.

The membership committee has permanent members and ad-hoc members. The ad-hoc integrants to the membership committee are invited depending on the applicant's profile (e.g. representative of a national programme may be consulted when an applicant applies from a country where such a programme exists). The permanent members are appointed by the Board, the ad-hoc members are invited by the ED.

- *Technical Assistance Committee:* As part of its business development services the Union for Ethical BioTrade administers funds to support business transformation and business development projects. Members need to apply in order to be considered candidates for receiving such funding. The Funding Committee will assess the applications using an established set of criteria and advises the Secretariat on received applications. The committee will consist of independent experts and ad-hoc members that are familiar with the countries in which the applicant operate (e.g. national BioTrade programmes, Trade Associations, other NGOs).
- *Appeals Committee:* The Union for Ethical BioTrade will have a diverse group of members and consequently situations may arise where conflicts of interests between different members or members and decisions taken by the Union can arise. The Appeals Committee may be called to judge any members' appeal on decisions made by other bodies of the Union for Ethical BioTrade (e.g. membership exclusion, grant application). The appeals committee reports directly to the Board.

The members of the Appeals Committee should reflect the membership categories of the Union.

- *Ad-hoc Technical Committees:* These committees will be formed on a temporary basis in cases where technical support is required to successfully carry out any projects supported or funded by the Union. The number of individuals and their background will vary in ad-hoc technical committees according to the specific skills required in any given circumstances.



UEBT Services

Outreach & Market Development

What services will be offered by the UEBT?

The service portfolio of the Union for Ethical BioTrade will consist of three main areas, namely: *outreach and market development*, *business development services*, and *the verification system*. This note refers to outreach and market development.

Outreach and market development

As the title suggests, this service has two main dimensions: reaching out to the various stakeholders of the UEBT to establish the Union as a credible and ethically sound organisation, and developing the presence of the UEBT in existing markets, as well as expanding into new ones.

Outreach

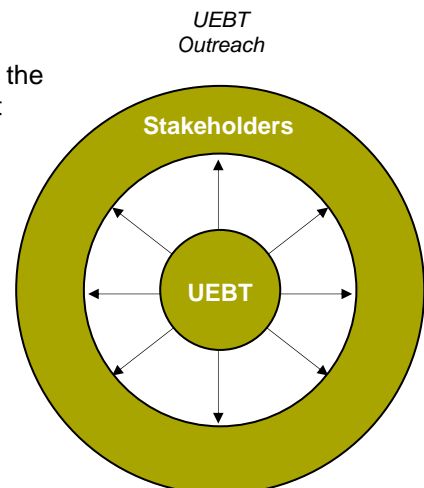
In order to connect to various stakeholders, the Union will promote the concept of BioTrade verification and build a brand around itself that communicates the moral leadership of its members. The messages delivered by the Union for Ethical BioTrade will aim to:

- *Ensure that non-members have a correct understanding of the Union's work and purpose.*

The mission of the Union for Ethical BioTrade is to "bring together actors committed to ethical biotrade, and to promote, facilitate and recognise ethical trade practices in biological goods to meet the objectives of the sustainable development Convention on Biological Diversity" (CBD). This is fundamentally the *raison d'être* of the UEBT. In order for the Union to gain maximum reach in all sectors relevant to biotrade, the CBD must first be appreciated and understood. External communications will therefore focus on creating a link between the UEBT and UNCTAD's BioTrade Initiative and the CBD. This will generate an understanding of the broader vision of biodiversity, its sustainable use and the impact that this has on conservation efforts and sustainable livelihoods. Furthermore, the BioTrade Principles and Criteria used by the UEBT to verify members' products have been developed by UNCTAD's BioTrade Initiative and are primarily based on the development objectives of the CBD. Communicating this will enhance the credibility of the UEBT amongst non-members as the verification standard is derived from UNCTAD and the Convention on Biological Diversity, signed by 150 government leaders during the Rio Summit in 1992. In addition, the UEBT will be a transparent organisation that considers all individuals or organisations with a genuine interest in the work of the Union as stakeholders, who will be able to find information about the work of the UEBT online or request printed documentation.

- *Increase recognition of the efforts made by its members.*

Membership to the Union will in many cases imply substantial changes in the way a business operates. These changes include the compliance with a set of criteria, but they also go beyond this. Changes are based on embracing an ongoing commitment to sustainable development by supporting biodiversity conservation, its sustainable use and equitable benefit-sharing. In order to increase the market and public's recognition of its members' efforts, the UEBT will announce the achievement of members with products that have recently become compliant, communicating this to the member network and supporting relationship building and business partnerships between



them. The Union will also establish links to corporate social responsibility (CSR) reporting initiatives and agree on reporting procedures specific to BioTrade products. Members will be able to include claims of positive market impacts in their annual reports, for example, under the guidance and branding of well-established reporting initiatives. In addition to this, the Union is in talks with various labelling organisations.¹ Given that the UEBT does not intend to launch its own label, this collaboration will allow members to establish a path for receiving a particular product label.

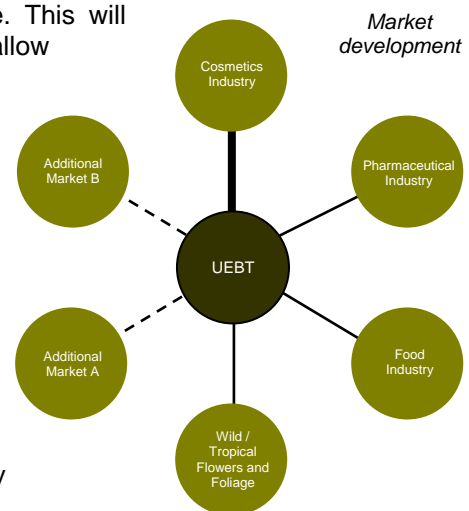
- *Support the use of BioTrade verification as a market differentiator.*

BioTrade-verified products have added value, as they assure buyers that ethical practices have been used along the supply chain; products that are in the process of being verified demonstrate the producers' commitment to BioTrade and value addition. This distinguishes the products of UEBT members from those of their competitors and can be used as a market differentiator. The Union would therefore encourage its members to use statements in their corporate communications or on the packaging of products, such as: "We are a proud member of the Union for Ethical BioTrade (UEBT). For more information on the UEBT, please visit www.uebt.ch". Once members reach compliance with the BioTrade Principles and Criteria, they will be able to mention this in their B2B communications. The Union will support members by providing marketing material explaining the verification criteria, process and impact.

Market development

Market development is the second dimension of this service. This will strengthen the presence of the UEBT in existing markets and allow for expansion into new markets.

The Union has defined some priority markets to which it will offer its services. These have been selected on the basis of existing demand for goods and services derived from native biodiversity and their potential contribution to its sustainable use. In addition to natural products for the cosmetics industry, such markets include pharmaceutical and food industries, wild and/or tropical flowers and foliage or products derived from wild fauna, among others. Increasing UEBT's presence within existing markets and expanding into new ones will generate a rise in the demand for the products offered by UEBT members and strengthen their market position throughout the supply chain.



To achieve this expansion, market development services will implement an awareness-raising strategy for the benefits the Union offers its members. This will include participation in sector-specific trade fairs, articles or news pieces in specialised magazines, and attendance of conferences and workshops. The Union will actively pursue partnerships with leading companies in the target markets. As these companies apply the BioTrade standards along their supply chains, there will be the likely increase in demand for BioTrade products from which members of the Union can potentially benefit. Leading companies will be approached world-wide, but special attention will be paid to companies in the USA and the EU.

¹ To date, talks have taken place with the Soil Association, the Forest Stewardship Council (FSC) and the Rainforest Alliance.

Business Development Services

What services will be offered by the UEBT?

The service portfolio of the Union for Ethical BioTrade will consist of three main areas, namely: *outreach and market development*, *business development services*, and *the verification system*. This note refers to the second service, the Business Development Services.

Business Development Services

Business development services consist of two service lines. The first, Business Transformation Assistance, aims to help members implement operational changes that lead to compliance with the BioTrade Principles and Criteria. The second, Business Development Packages, is designed to help lower market entry barriers for BioTrade products.

Business Transformation Assistance: sustainable use and benefit sharing

An important goal of the UEBT is to guide its members towards applying more ecologically and socially sustainable practices. Some small and medium-sized members, however, may not have the means to implement the work plan they developed as part of their critical path to transform their operations towards compliance with the BioTrade Principles and Criteria. To facilitate this transformation, the Union for Ethical BioTrade will create a facility to provide financial assistance to members that are seeking assistance from (local) service providers to meet the required practices related to the principles of conservation, sustainable use and benefit sharing. Assistance will thus be targeted at the lower end of the supply chain and focus on putting into place practices that support conservation and sustainable use of biodiversity, as well as equitable benefit sharing.

With this support the UEBT aims to catalyse the implementation of ethical business practices rather than providing long-term subsidies to them. Once these changes are implemented, ecological and social costs are thus expected to be internalised in the price of the product or service and transferred throughout the chain of supply to the end consumer.

Business Development Packages

Natural products provide an important business opportunity for SMEs. Companies are looking for innovative new products that comply with increasingly rigorous regulations. BioTrade provides an excellent opportunity to present such products to the market, sourced in compliance with boundary stretching environmental, social and economic criteria.

Experience shows that the increasingly more stringent market requirements to meet safety, efficacy and quality regulations are posing problems to BioTrade companies and importers alike. Preparation of required documentation (e.g. MSDS), and registration of products are often preconditions to successfully establish these products in target markets. Furthermore, in the past companies have brought products to market with incomplete documentation and consequently have had only limited success. Such documentation is also required to enter into business partnerships with well-established companies. Particularly for native species that often have no history of use in target markets, costs to fulfil these requirements may be prohibitive for many SMEs. Active coaching of private sector companies and brokering of collaboration between businesses in developed and developing countries can result in significant partnerships and sales.

To address this situation the Union will establish a facility to provide business development packages to SMEs in order to lower market entry barriers. In contrast to the support described under Business Transformation Assistance, which focuses on a company's business conduct, the business

development packages are directly aimed at increasing sales of BioTrade products and ingredients by providing primarily technical assistance. Such a development package would, for example, help small and medium-sized members meet the technical requirements for exporting natural ingredients. This may include contributing to the costs of (a) developing product-specific testing methods (b) safety assessments (c) preparing product dossiers or monographs and (d) supporting the development of new processing techniques etc. This is not an exhaustive list and other proposals can be considered. When awarding business development funding to a developing country SME, preference will be given to collaborative efforts between different members of the Union, those companies who have already carried out a significant level of product development and those who can provide a good business case. The business development package is designed to be complementary to other types of market access support that may be available to a particular member.

Application procedures

Formal applications for both types of business development funding will be requested from small and medium sized members of the Union. The application will include background information, feasibility assessment, proposals for use of the funding, proposals for service providers to help fulfil technical requirements, the contribution of the applicant, the existing or planned support of other members of the Union and existing or planned support from other business development organisations. Guidance will be available from the Union, if necessary, on how to complete the application. Each application will be assessed by a committee and the applicants will be notified accordingly as to whether funding will be approved or not. The Union reserves the right to reject or accept an application, and, in dialogue with the applicant, suggest modifications to the application or suggest alternative sources of funding. Grants are expected to cover a maximum of 50,000 US\$.

These services will be complementary to the services offered by regional associations or UNCTAD's national BioTrade programmes. The UEBT may engage local partners to administer the application process and may request local service providers to help implement these practices.

Resource mobilisation

The UEBT will seek financial support for these two facilities from both public and private sector actors. Particularly larger UEBT members may be interested in contributing to these funds as a means to channel some of their Corporate Social Responsibility expenditure.

UEBT Services

Verification System

What services will be offered by the UEBT?

The service portfolio of the Union for Ethical BioTrade will consist of three main areas, namely: *outreach and market development*, *business development services*, and *the verification system*. This note refers to the third service, the verification system.

Verification System

The verification system of the UEBT is based on the BioTrade Verification Framework and on individual members' critical paths¹. It is set up to guide members towards compliance with the UNCTAD BioTrade Principles and Criteria and monitor members' respect for their membership obligations such as the fulfilment of minimal requirements, or the adherence to work plans aiming to achieve compliance with the BioTrade Principles and Criteria.

BioTrade Verification Framework

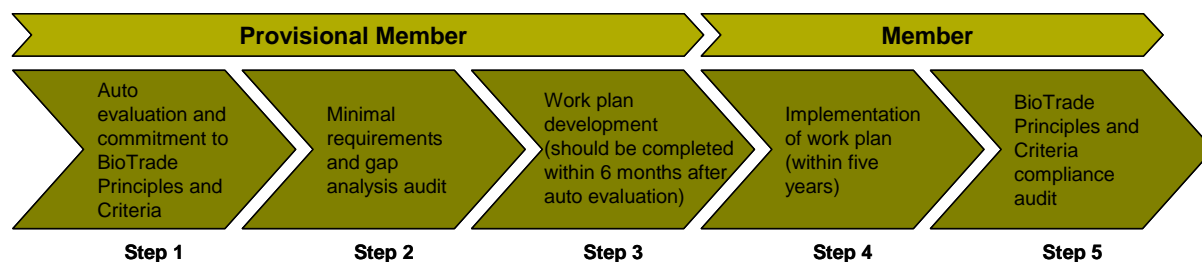
The Verification Framework stems from the seven Principles and Criteria developed by UNCTAD BioTrade. The Framework is an international standard designed in accordance to the requirements for developing Standards as stipulated by the World Trade Organisation (WTO) and the International Social and Environmental Accreditation and Labelling Alliance (ISEAL). These requirements include the need to carry out consultations open to all stakeholders and decision-making mechanisms that respect the balance between different interest groups. They also require the need to periodically review the standards (at least every five years).

The Verification Framework is the tool used to analyse a member's conduct in comparison to the Principles and Criteria of BioTrade in order to determine those parts in a members operation that need to be addressed. As such, it is also the main tool to develop individual work plans that guide members towards compliance with the BioTrade Principles and Criteria. The Framework will be accompanied by guiding documentation in order to help interpret the Verification Framework at different stages of a value chain.

Critical Path

The critical path consists of five major steps. First an organisation will undertake an auto evaluation to assess compliance with a set of minimal requirements and commit to the Principles and Criteria of BioTrade (Step 1). In a second step the organisation will request a third party audit verifying that the minimum requirements for membership are met as well as analysing the gaps between the status quo of the members' operation and the Principles and Criteria of BioTrade (Step 2). Next the member develops a work plan, defining the necessary adjustments which is submitted to the UEBT for approval (Step 3). Once the work plan is approved the organisation receives full membership and can initiate the implementation of its work plan which will be completed in no more than five years (Step 4). The last step is the independent confirmation of compliance with the BioTrade Principles and Criteria by a third party auditor (Step 5).

¹ See box with reference materials at the end of the document for more information.



- **Step 1:** In a first step an organisation will conduct an auto evaluation to assess if it meets a set of minimal requirements and, where necessary, make adjustments to comply with them. At this stage organisations will also submit their member application in which they are asked to formally commit to the BioTrade Principles and Criteria and confirm their consent with the process leading to BioTrade verification. Following the application membership will be granted on a provisional basis and provisional members will not yet be able to make any claims about Union for Ethical BioTrade membership.
- **Step 2:** A provisional member needs to receive independent verification of compliance with the minimal requirements and undergo a gap analysis, in which a third party auditor² will analyse a member's conduct and compare it to the BioTrade Verification Framework. This audit will define those aspects in a member's operation that need to be adjusted in order to achieve compliance with the BioTrade Principles and Criteria. The Union recommends this audit to take place within six months after joining as a provisional member.

The third party audit will also assess the member's capability to implement the required changes as well as the capacity to carry out reliable internal progress audits during the following steps. This will determine whether intermediate audits measuring progress in the implementation will be first party (i.e. self-evaluation by the organisation itself) or second party (by the UEBT, the BioTrade National Programmes or a body designated by them). Depending on the individual situation of a member organisation the UEBT may attempt to avail funds to help cover the costs of third and/or second party audits and/or to develop a first party auditing capacity. A member that fails to comply with the minimal requirements can maintain its provisional member status and carry out a further audit once it is confident that compliance with the minimal requirements has been achieved.

- **Step 3:** As a third step the member organisation will develop its own implementation plan, called the work plan, describing the sequence of measures and the timeframe by which it will implement the necessary changes. This work plan will then be sent to the UEBT for evaluation and, if accepted, the provisional member status will be upgraded to membership.
- **Step 4:** The fourth step is the implementation of adjustments resulting from the gap analysis in accordance to each member's own work plan. The maximum timeframe given for the implementation of these adjustments is five years, although members are encouraged to move ahead swiftly in their efforts to implement changes. Once a year, a first party (self-evaluation) or second party audit will take place to ensure the member organisation's progress is in line with the previously defined work plan. The results of these audits will be reported to the UEBT. One year³ before the BioTrade compliance verification audit is carried out, a third party audit will assess progress and verify that previous reports of first or second party audits were accurate. This is done in order to limit the risk of receiving disappointing results when applying the Verification Framework to verify BioTrade compliance in the following year. The UEBT will make public the progress that members are making with the implementation of their work plans.

Although members are themselves responsible for the implementation of their critical path, managerial, technical or financial help may possibly be provided or its provision may be facilitated by the UEBT depending on the individual members needs.

² In case an evaluation was already conducted by a National BioTrade Programme or another UEBT partner, this evaluation may under certain conditions replace the third party audit in step 2. Strict criteria will be in place regarding these assessments.

³ Should a member move ahead quickly in the implementation of the required changes this date could be closer to the final third party audit.

- *Step 5:* The fifth step is a third party audit to verify full compliance with the BioTrade Principles and criteria. Failure to receive verification will lead to the exclusion of the member from the Union. After a minimum 6 months period to address the issues that led to failing the compliance audit a further third party audit may be carried out. Once the member can demonstrate independently verified compliance with the Principles and Criteria of BioTrade it can reapply and membership may again be granted.

Through their membership, organisations are committed to stay compliant with the BioTrade Principles and Criteria and work towards continuous improvements that can be measured using a set of impact indicators provided by the UEBT and developed by the UNCTAD BioTrade Initiative. Ongoing compliance should be verified by a third party every three years whilst first or second party audits are being carried out annually.

After approval of the work plan members can make claims such as: “We are a proud member of the Union for Ethical BioTrade. Please see www.UEBT.ch for more information.” If passed successfully member organisations will be able to offer BioTrade verified products and make corresponding claims in their b2b and stakeholder communication. This will further enhance their ability to communicate to business partners that they are offering a product that contains added value in addition to the market differentiation members will already have gained through their membership to the UEBT.

Auditors

The UEBT verification system relies as much as possible on existing mechanisms. As such it avoids developing an accreditation system. Field-tests with different verification bodies, pertaining to different accreditation/endorsement systems, have been carried out in several countries in Latin America and Africa. It is based on these experiences that the following requirements have been decided upon regarding the qualification of auditors and accreditation.

For carrying out verification of producers: accreditation under ISO/IEC Guide 65 (General Requirement for Bodies Operating Product Certification Systems) in relation to natural resource management) and recognized by an ethical certification scheme, with emphasis on the latter.

For carrying out verification of buyers: accreditation under ISO/IEC Guide 65, recognition by an ethical certification scheme, and ISO 19011 (Guidelines for quality and/or environmental management systems auditing), with emphasis on the latter.

At the present time, as a result of field tests, the following ethical verification systems have been identified as responding to the UEBT requirements in terms of auditors' qualification and accreditation

- Forest Stewardship Council: 16 certification bodies, from small NGOs to transnational companies. Certification operational in 77 countries
- RainForest Alliance/ SAN (Sustainable Agriculture Network): 10 certification bodies in Latin America and USA, all NGOs. Certification operational in 17 countries (Latin America, Ethiopia, Indonesia and Philippines)

Under some circumstances, the UEBT may accept, as 1st third party audit, assessments conducted in the context of National BioTrade Programmes by other organisations than those mentioned above. Strict criteria will be in place regarding these assessments

Reference materials available (as of 15 April 2007):

1. BioTrade Principles and Criteria (English and Spanish)
2. The BioTrade Initiative and Verification V4.0, 2006-04-29 (English)
3. UEBT DIS 2: 2007-01-11: BioTrade Verification Framework for Natural Ingredients (English, French, Portuguese, and Spanish)
4. UEBT Guide Draft 2: 2007-01-16: Guidance for the Application of the BioTrade Verification Framework for Native Natural Ingredients (English, French and Spanish)
5. UEBT D2.1: 2006-11-22: Critical Paths for Producer Organisations (English)

UEBT

Collaboration with the National BioTrade Programmes

Collaboration based on a mutually beneficial relationship

The Union for Ethical BioTrade was created in response to the need for differentiation of BioTrade products in the market, as articulated by, among others, companies participating in the joint export promotion programmes of National BioTrade Programmes and the BioTrade Facilitation Programme. The UEBT was designed in close consultation with the National BioTrade Programmes and other relevant BioTrade partners. It therefore complements the efforts of the programmes, as well as those of UNCTAD, the regional BioTrade programmes, national and regional trade associations, and other partners.

The Union for Ethical BioTrade and the various National BioTrade Programmes worldwide are expected to establish a mutually beneficial relationship. It is to be expected that a great number of UEBT members will come from countries in which National BioTrade Programmes are established, although the UEBT's scope is global and members don't necessarily need to have a direct relationship with the National BioTrade Programmes.

Mutual benefits

Cooperation between the UEBT and the National BioTrade Programmes will be mutually beneficial. The UEBT will complement the work of the National BioTrade Programmes and is expected to benefit the National Programmes in the following ways:

- The UEBT may provide access to (matching) funds for actors involved in the supply chain of BioTrade products (e.g. business transformation support and business development packages for private sector actors and their providers);
- It offers a product differentiation opportunity for those organisations involved in the National BioTrade Programmes, complementing the different certification efforts that are already on-going in the countries;
- It contributes to an increased awareness of BioTrade in regional and international markets, through the implementation of special market development projects¹;
- The UEBT creates demand for BioTrade products, as members throughout the value chain adopt the BioTrade standard in their production processes;
- It provides a mechanism for third party evaluation of organisations that benefit from the support of National BioTrade Programmes;
- It complements the capacity building tools of National Programmes by providing access to additional training materials, knowledge, and the member network of the UEBT.

At the same time, the UEBT will benefit greatly from the National BioTrade Programmes in the following ways:

- UEBT members will benefit from the enabling policy and improved regulatory environments that the national programmes promote in their respective countries;
- Members will benefit from the network of national service providers that programmes are building and/or strengthening;
- UEBT members and service providers such as auditors will have access to valuable information generated by the national programmes, such as: databases of BioTrade service

¹ The UEBT has initially prioritised four product groups: natural ingredients and products for cosmetics, pharmaceutical and food industries, products derived from fauna, tropical flowers and foliage, eco-tourism. For these products market development activities will be undertaken in the EU, USA and Asia, as well as regional markets.

providers operating the country, an overview of relevant national legislation for BioTrade products, lists of native and /or endangered species found in the country;

- Members may have access to technical assistance that national programmes provide or facilitate access to. For example: support in self-evaluation, assistance in the development of work-plans to meet the principles and criteria of the BioTrade verification framework, support for the implementation of good biodiversity practices, or business enhancement support²;
- National programmes can facilitate the dissemination of information regarding the UEBT;
- National Programmes may support the creation of local audit capacity that meets the UEBT audit criteria, this with a view to facilitating third party audits that are foreseen in the UEBT verification system;
- Increased private sector interest in UEBT membership is expected to exist in countries in which National Programmes are established, especially when services of national programmes are tied to UEBT membership;
- Growing interest in local markets for BioTrade verified products is expected in countries in which BioTrade national programmes are established.

The role of the National BioTrade Programmes in the UEBT

National BioTrade Programmes in Africa, Asia and Latin America will be invited to act as strategic partners of the UEBT, given their experience on BioTrade matters and the services they can provide. In countries where such government-led programmes exist, the UEBT will coordinate its efforts with them to assure that activities of the UEBT are complementary to national efforts.

In order to ensure complementarities and synergies between the UEBT and the National BioTrade Programmes, the programmes are encouraged to actively participate in various activities of the Union. The focal points of the BioTrade National Programmes are envisaged to:

- Become (founding) members of the UEBT (a special membership category exists for focal points of National BioTrade Programmes);
- Form part of the UEBT Board (initially two Board positions are reserved for focal points of National BioTrade Programmes).
- Join technical committees to support decision making processes of the UEBT, especially on issues where local knowledge is required (i.e. participation of National Programmes is foreseen in the Membership Committee, the Business Development Support Committee and the Standards Committee).
- In some cases, create joint funding mechanisms to support business transformation processes and business development packages, for organisations that are members of the UEBT.

Once the UEBT is established, it is suggested that country specific cooperation agreements will be established with National BioTrade Programmes.

² Costs related to these services need to be born by the UEBT members. In some cases the UEBT, National BioTrade Programmes or other partners may be able to provide financial support to facilitate access to these services.