

Working Document

United Nations Conference on Trade and Development

UNCTAD BioTrade Initiative
BioTrade Principles and Criteria



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Introduction

The UNCTAD BioTrade Initiative (BTI) objective is to contribute to the implementation of the Convention on Biological Diversity (CBD) through the promotion of trade of and investment in BioTrade products and services. In so doing, it also contributes to other multi-lateral environmental processes and agreements including the work of the Commission on Sustainable Development (CSD), the Millennium Development Goals (MDGs), and the sustainable use of wild species in the context of the Convention on International Trade in Endangered Species (CITES).

To guide its work, the UNCTAD BTI and its BioTrade Facilitation Programme (BTFP) have developed a conceptual framework (Figure 1) around the notion of BioTrade. Within this framework the term BioTrade is understood to include those activities of collection/production, transformation, and commercialization of goods and services derived from native biodiversity (genetic resources, species and ecosystems) under criteria of environmental, social and economic sustainability.

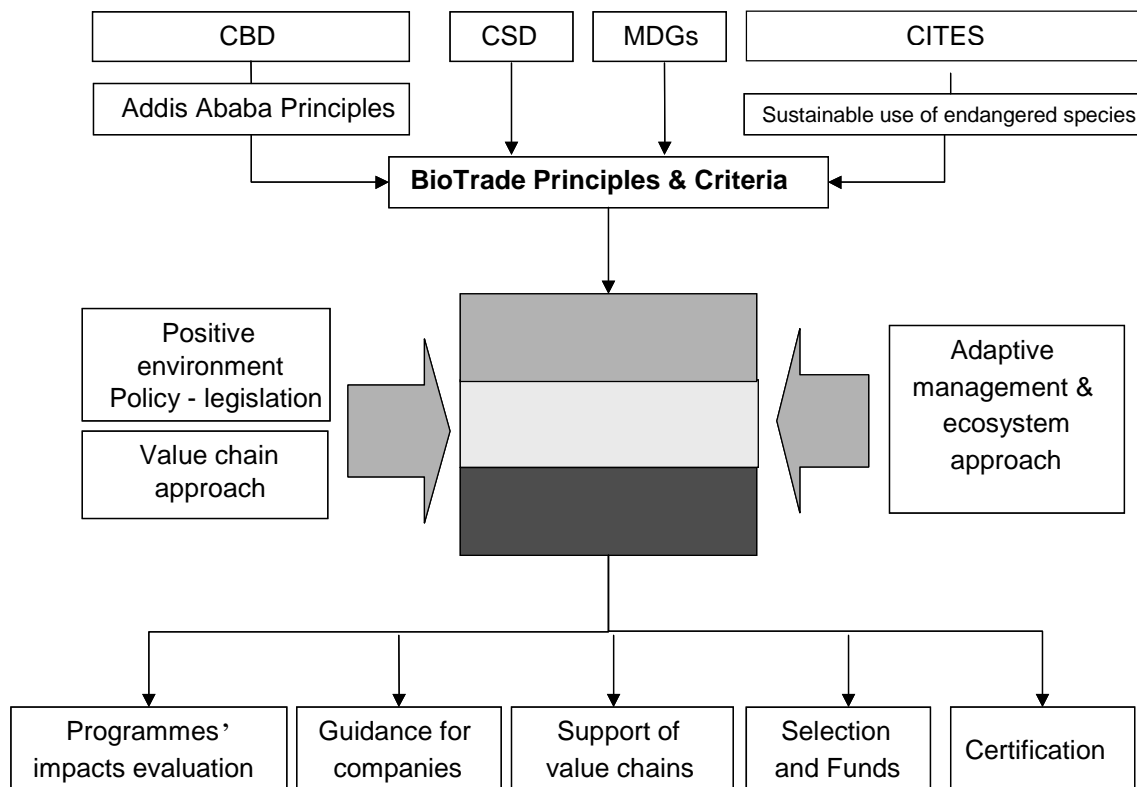


Figure 1. Conceptual Framework for BioTrade

Within this conceptual framework, UNCTAD has drawn up a set of BioTrade Principles and Criteria (P&C). These were developed in collaboration with National BioTrade Programmes, biotrade businesses and other partners. The P&C guide the interventions of the BTI, regional

and national biotrade programmes, and biotrade companies and communities that commercialise products derived from biodiversity. The **BioTrade Principles** are:

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

As shown in Figure 1, these Principles are based on the objectives of the CBD, CSD, MDGs and CITES. Notably, the first three principles are the three objectives of the CBD. Furthermore, regarding the second principle on sustainable use, it also relates directly to the Addis Ababa Principles on sustainable use adopted by the Parties to the CBD at their 7th Conference of the Parties (COP7).

In addition, as shown in Figure 1, BTI and its partners are implementing the P&C through the following approaches:

- **Value chain approach.** The term value chain refers to relationships established between actors involved directly and indirectly in a productive activity with the aim of adding value to each stage of the value chain. It involves alliances among producers, processors, distributors, traders, regulatory and support institutions, which, departing from a market demand for their products and services, establish a joint vision to identify mutual needs and work jointly in the achievement of goals. They are willing to share the associated risks and benefits, and invest time, energy, and resources in realising these goals. In the context of BTI and BTFP, the strengthening of the value chains is used as an incentive mechanism to facilitate good practices related to the sustainable use and conservation of biodiversity and the equitable sharing of environmental, social and economic benefits among value chain participants.
- **Adaptive management approach.** Based on the definition set by the CBD, adaptive management allows for the implementation of corrective measures in systems on an ongoing basis, based on processes of continued monitoring. In the case of the management of biological resources, adaptive management begins with the monitoring of impacts (environmental, social and economic) on the ecosystems and populations resulting from the use of biological resources. This type of management allows for the appropriate adjustment of the productive processes, including modification or suspension of activities that are affecting the populations and their habitats. In the context of BioTrade, adaptive management is an approach that contributes to the involvement of sustainable practices, the identification of impacts on species and ecosystems and the improvement of BioTrade initiatives in a continuous way. For instance, BTFP is supporting the elaboration of management plans as a tool for implementation of P&C by companies, providers and authorities.
- **Ecosystem approach.** According to the CBD, the ecosystem approach is a strategy for the integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable way. Application of the ecosystem approach helps to achieve a balance of the three objectives of the CBD, which are also the first 3 of the BioTrade Principles. The ecosystem approach requires an integrated vision of ecological and social issues, as well as the interactions and processes that a productive system involves. In practice, the planning of productive processes related to BioTrade initiatives has to be undertaken following the ecosystem approach in order to

guarantee the fulfilment of an initiative's environmental and social responsibilities, with respect to their impact on species, habitats and ecosystems.

Finally, as also presented in Figure 1, the P&C are applied to different contexts, such as programmes' impact evaluation, guidance for companies, support of value chains, selection of funds and certifications. In short, the P&C drive BioTrade processes for conserving biodiversity through commercialised sustainable use.

The full set of BioTrade P&C follow. This general version includes the minimum criteria that should be implemented and can be adapted to specific applications. For example, BTFP is developing a more detailed version including indicators for the natural ingredients sector which can be used to verify the level of compliance to the BioTrade P&C.

BioTrade Principles & Criteria adopted by the UNCTAD BioTrade Initiative

Principle 1 Conservation of biodiversity

This is the first objective of the CBD: companies should maintain biological diversity on all scales (genes, species, and ecosystems).

Criterion 1.1 Characteristics of ecosystems and natural habitats of managed species shall be maintained

Companies should maintain the ecological conditions of the ecosystem where the species are being used and activities should not threaten such species.

Criterion 1.2 Genetic variability of flora, fauna and micro-organisms (for use and conservation) shall be maintained

Genetic variability is a vital element in ensuring the conservation of biodiversity. Therefore, genetic variability should be protected or managed in such a way that risks of losing such variability are avoided.

Criterion 1.3 Ecological processes shall be maintained

This refers to maintaining the quality of air, water and soil, as well as ecosystem functions of the biomes, the management of water sources and local micro-climates and the intra- and inter-specific interactions that can affect the productivity of species.

Criterion 1.4 Activities shall be developed according to management plans of natural areas, in coordination with relevant authorities and involved actors

Coherence is necessary among existing management and conservation plans in the areas where the activities of production are carried out so that the practices developed by the company favour the implementation of these plans.

Principle 2 Sustainable use of biodiversity

This principle supports the implementation of the second objective of the CBD. BioTrade products should be derived from systems that demonstrate the sustainability of both the resource being used and the ecosystem involved. The aim is that the use of a species or ecosystem is not higher than its regenerative and/or productive capacity. Companies should define instruments for the application of good management and monitoring practices to guide, design and improve the productive processes used.

Criterion 2.1 The use of natural resources shall be supported by management plans including, *inter alia*: extraction rates lower than regeneration rates, monitoring systems and productivity indexes

Management documents are essential in identifying the fundamental processes, defining the necessary activities to ensure the sustainable use of biological resources, and facilitating the monitoring of activities carried out and their impact. This does not necessarily imply the use of a management plan as usually understood, as this document should be appropriate to the size and complexity of the company and its productive practices.

Criterion 2.2 The management of agro-biodiversity shall include agricultural practices that contribute to the Conservation of Biological Diversity

Agricultural practices should ensure the maintenance of basic conditions to sustain the agricultural production in the long term without threatening biodiversity, and at the same time creating conditions that favour the regeneration of natural ecosystems.

Criterion 2.3 Technical standards for initiatives of environmental services shall be fulfilled

The offer of environmental services like ecotourism, water regulation, reducing harmful effects of climate change, etc., should be carried out in accordance with the technical standards defined in each field, or in accordance with existing national and international standards (e.g. water resources, climate change, etc.)

Criterion 2.4 Information and documentation of experiences that contribute to increasing the knowledge of biodiversity shall be generated

Companies and projects must contribute to the development and transfer of knowledge of management systems and tools, as well as contributing to its validation and diffusion.

Principle 3 Fair and equitable sharing of benefits derived from the use of biodiversity

This Principle corresponds to the third objective of the CBD. In order to guarantee fair and equitable benefit sharing, it is important that beneficiaries have access to the relevant information on the commercialisation of BioTrade products and that they are involved in the negotiation of prices and trade conditions. This Principle requires that suitable methodologies be defined that can support the actors in its implementation. For this reason, the Criteria identified below are based on current experiences. However, they need further definition based on the practical implementation of methodological proposals.

Criterion 3.1 Actors along the whole value chain, shall be interacted with and involved, when possible

The interaction of the company with the other actors involved in the production and commercialisation supports the generation of transparent relationships that facilitate negotiations. It is extremely important that actors along the value chain are well-informed on details of production and commercialisation processes. This allows for the equitable sharing of benefits as actors can evaluate their contributions in creating value, providing them with a solid footing for negotiations.

Criterion 3.2 Income shall be generated at all the levels of the value chain, by contributing to position value-added products in the market, under transparent conditions

The pre-condition for the equitable sharing of benefits is the generation of value and earnings. Without this, economic actors of bio-businesses cannot rely on the material basis for these benefits.

Criterion 3.3 Information and knowledge of target markets shall be available and shared between actors

BioTrade companies should promote greater interaction of local communities and other economic actors with markets and the opportunities they have to offer, supporting the maximum use of information for accessing such markets.

Principle 4 Socio-economic sustainability (productive, financial and market management)

Competitiveness in the field of BioTrade should result in sustainably managed products that are able to position themselves in specific markets and remain there long enough to generate the expected benefits.

Criterion 4.1 Potential markets shall exist

To guarantee sustainability, BioTrade products should have a market potential that is related to the effective existence of specific markets for those products and services, as well as the generation of the specific need for the product or service (market creation) through tools of trade, information, strategic partnerships and advertising.

Criterion 4.2 Financial profitability shall be achievable

A BioTrade company should have high potential for long-term financial sustainability according to the activities and the system of organisation within the company.

Criterion 4.3 Employment shall be generated and the quality of life improved

Local development is added value for a BioTrade company. From this perspective, the generation of employment and the improvement of the standard of living for local communities that provide the natural resources are very important.

Criteria 4.4 Negative impacts on productive and (local) cultural practices that affect diversification and food security, among others shall be prevented

The development of commercial activities in relation to natural resources can change the customs of the producer and the dynamics of the local market. This can happen in such a way that traditional practices of production are affected as well as the availability and price of basic products for the food security of local populations.

Criterion 4.5 The company shall demonstrate organisational and management capacity

To guarantee the generation of expected benefits and the implementation of the BioTrade Principles, the company should have an organisational system in place in accordance with its activities, as well as a strategy that shows high potential for financial sustainability in the long term.

Principle 5 Compliance with national and international regulations

Compliance with relevant legislation and regulations is fundamental for the legal legitimacy of companies and market access for their products.

There are two levels of implementing this Principle:

- i) At international level, where conventions and agreements are, for the most part, guides for principles and good practices. These should be observed and applied wherever possible; and*

- ii) *at regional and national levels, where there is an extensively developed regulation that must be adhered to.*

Criterion 5.1 The company shall know and comply with national and local legislation related to sustainable use and trade of products and services derived from biodiversity (wildlife management, labour regulations, etc.)

Every national regulation that is applicable to BioTrade projects should be adhered to in the strictest possible way, including labour regulations.

Criterion 5.2 The company shall know and comply with international and regional legislation related to sustainable use and trade of products and services derived from biodiversity

This includes, but is not limited to the Convention on Biological Diversity, the Convention on International Trade in Endangered Species of Wild Flora and Fauna, the Conventions of the International Labour Organization and the rules laid out by the World Trade Organization and the Andean Community, and other regulation

Principle 6 Respect for the rights of actors involved in BioTrade activities

The generation of social capital is one of the pillars of sustainable development. For this reason, the respect of the rights of actors that, in one way or another, interact with the company and the generation of local development are fundamental to the management of a BioTrade company. In other words, the company must be a “good neighbour”.

Criterion 6.1 Human rights and gender issues shall be respected

Human rights are fundamental to the work of all those involved in the sustainable trade of biodiversity products. They should therefore be duly recognised and respected.

Criterion 6.2 Intellectual property rights shall be respected

Intellectual property rights should be duly respected, and their consolidation upheld wherever necessary.

Criterion 6.3 Rights of local and indigenous communities (territory, culture, knowledge) shall be respected

Local communities and indigenous peoples are for the most part essential actors in the commercialisation of biodiversity-based products. To guarantee sustainable trade, the impacts of the productive system on these groups of people should be identified and their rights respected.

Criterion 6.4 Traditional knowledge shall be maintained and revived

The revival of traditional practices favours the implementation of conservation measures as long as such a traditional practices can be used. Nevertheless, this does not imply that all traditional practices necessarily favour the conservation of biodiversity.

Criterion 6.5 The company shall offer labour security and proper work conditions

Beyond the standardised labour regulations, BioTrade companies should comply with appropriate practices that guarantee job security and offer adequate working conditions to its employees.

Principle 7 Clarity about land tenure, use and access to natural resources and knowledge

Clarity about rights of access is a very important element in the responsible management of a company. Only then can long-term investments be made or can corresponding management measures be implemented to ensure sustainability. At the same time, clarity on this issue means that the responsibilities of each actor in the management of the species can be established.

Criterion 7.1 The company shall demonstrate land tenure according to relevant regulations

The company should demonstrate it has the right to use the land and the resources in addition to the justification of Principle 7 and in accordance with Principle 6. The company must not encroach upon existing rights of local communities. In cases where there are conflicts over the use of land, where, for instance, the traditional rights contradict legal rights, the company should have the mechanisms to resolve such conflicts in a way that is satisfactory to all parties.

Criterion 7.2 Access to biological and genetic resources for sustainable use shall be subject to prior informed consent

In order for a company to demonstrate that it adequately compensates the parties that supply the genetic resources, it is important for the latter to understand the condition and real value of these resources. These cases are normally regulated by national legislation, according to the CBD.

Criterion 7.3 Access to traditional knowledge shall be granted only upon prior informed consent

Where traditional knowledge is used, the company should have recourse to the regulations and their established procedures in such a way that the rights of the actors providing this knowledge are recognised. Traditional knowledge can be considered a resource, and as such, should be valued and rewarded in the appropriate manner.