



## The BioTrade Initiative

### *Linking the sustainable use of biodiversity with poverty alleviation<sup>1</sup>*

The presentation would be divided in three parts, the first one on providing background information on what the BioTrade concept refers to, the goal of UNCTAD's BioTrade Initiative and its partners. The second part would focus on concrete examples of a communitarian SME in Latin America where BioTrade activities have successfully contributed to the conservation of biodiversity while generating complementary income to local communities. Other results would be presented from the initiatives in Africa and other Latin American countries. Finally, in the conclusions it would also state the challenges that bio-business are currently facing and need to overcome.

#### **Background information**

The BioTrade Initiative was launched in 1996 by the United Nations Conference on Trade and Development (UNCTAD) and aims to foster trade and investment in biodiversity to further sustainable development in line with the three objectives of the Convention on Biological Diversity (CBD). It frames the implementation of its activities within the global conservation and development objectives established by the Millennium Development Goals (MDGs), the Commission on Sustainable Development (CSD) as well as by CBD and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

In particular, *Bio Trade* refers to those activities of collection / production, transformation, and commercialization of goods and services derived from native biodiversity, under criteria of environmental, social and economic sustainability. In this sense, a set of Principles and Criteria are used in order to guide the activities carried out by UNCTAD, BioTrade National and Regional Programmes in Africa and Latin America and its partners.

The BioTrade Principles and Criteria (BT P&C) were agreed upon and adhered by the BioTrade Initiative, its programmes and partners:

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

*For further information please see document number: UNCTAD/DITC/TED/2007/4*

The Initiative works at the national, regional and international level. At the national level, partnerships with developing countries' governments and other national actors are established to put in place BioTrade National Programmes. This programmes aim at fostering national capacities to develop sustainable bio-businesses that can effectively increase the value added of their products and services, and commercialize them in national and international markets. Regional and international activities complement the national programmes for instance by addressing policy and market access issues including: non-tariff barriers that affect the trade of biodiversity products and services, support market access and promotion, among others.

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## Case Study: Communitarian enterprise Jambi Kiwa (Chimborazo Province, Ecuador)

### Background

The Jambi Kiwa project was launched in 1998 as a pilot project of 20 women that transformed and commercialized medicinal and aromatic plants in the local/national market. By 2001, the project evolved into a communitarian business named Jambi Kiwa which was then considered under the category of Small and Medium Enterprises (SME), having the following objectives:

- Improving the quality of life of its members (for both, family and community), through the improvement of productivity of their traditional crops and therefore obtain higher income levels
- Value their traditional knowledge on natural medicine and avoiding the destruction of their environment

Currently, this SME involves more than 632 families in 62 communities of the Chimborazo Province, out of which 80% are women with high levels of illiteracy and 75% are indigenous Puruhá.

Jambi Kiwa uses and transforms more than 64 plants in order to obtain ingredients (plants dried, cut or powder) used for national agro-industries and finished products: formulas (infusions), and personal care products (shampoo, essential oils, creams, among others). Their products are commercialized in local, national and international markets.

### Results obtained

Particularly for Jambi Kiwa, the benefits of selling their products at local and national markets, as well as trading internationally, have been positive. Hence, it has been able to fulfil its dual objective of contributing to poverty alleviation and sustainable management of their natural and cultural resources. As a result of the access to the niche market of sustainable-derived products, Jambi Kiwa and its members have had the following benefits:

- Healthier products and plantations:
  - Low pollution concentration in the soil by avoiding the use of pesticides, fertilizers or chemicals
  - Lands and crops under sustainable management (agro forestry systems), which is being profitable in economic and environmental terms
  - Revalue their traditional practices that aim to foster the sustainable use of its resources (e.g. soil recovery and crop rotation)
  - Reforestation in order to generate coverage for water sources protection
- Socio-Economic benefits:
  - Increase their family income by 25% through complementary economically-feasible activities
  - Revalue their ancestral knowledge that is being passed to new generations
  - Increase the consumption of healthier products by rural communities
  - Revalue the role of women and indigenous communities
  - Obtain an interesting commercial offer and product quality due to a association of almost 500 producers
  - Strategic partnership with a SME that allows them to vertically integrate and access new markets and generate value added products.

### Other results obtained around the world

- Other countries active in BioTrade are Bolivia, Colombia, Peru, Uganda, Vietnam and the several southern African countries grouped under the Southern African Natural Products Trade Association, PhytoTrade Africa. From the sectoral perspective, activities were developed and implemented for a wide array of biodiversity sectors including natural ingredients and products for cosmetic and food industries, products derived from sustainable aquaculture (ornamental fish, crocodile leather and meat), tropical flowers and foliage, sustainable tourism, among others.
- Approximately 170 companies benefited from activities carried out by the UNCTAD BioTrade Initiative in the priority sectors, which began working towards the implementation of the BioTrade P&C, making a serious start to take into account issues related to quality, sustainable use of biodiversity and benefit sharing. Of these companies, around 57% were from Latin America, 40% from Africa and 3% from Asia.

- In Peru, 2,550 families (with approx. 55,000 hectares) were involved in the collection of plant material for natural ingredients in companies participating directly with the BioTrade Initiative. In the ornamental fish product group, an estimated 30,000 families are involved in local fishing activities, and slowly they are starting to become involved in the implementation of the BioTrade P&C.
- In Uganda, 1,250 families are registered as suppliers of the companies that work with the BioTrade Programme in the natural ingredients sector, hence following the BioTrade P&C.
- With PhytoTrade Africa the experience centered in developing value-added products derived from native biodiversity, which has benefited around 30 thousand producers and has generated over US\$384,000. This concerns over 2 million hectares in harvest areas.

## Conclusions

Biodiversity and trade can be seen as a promising option that if developed under a sustainable framework could contribute to poverty alleviation and the conservation of biological resources, particularly in rich-biodiversity countries. Market trends and consumers demand for natural, environmentally friendly and socially responsible products and services create opportunities which the BioTrade Initiative and its partners are taking advantage of.

In general, for the development of biodiversity related sectors, efforts should be focused in promoting an integrated work of the value chain that includes sustainable practices in all its steps. Some of the environmental practices include for instance the development of management plans per species used, in order to guarantee that it would not be over-exploited nor would destroy the ecological systems involved.

UNCTAD has therefore been continuously supporting BioTrade related activities since 1996, obtaining not only positive results but also acquire knowledge and lessons learned in the needs that need to be addressed to foster environmental social and economic sustainable development. In this sense, efforts should continue to focus in overcoming challenges, some of which can be summarized as follows:

- Access to market and to accurate, reliable and current market information.
- Limiting policies and legislation at national and international level (e.g. Novel Foods regulations of the EU) that fosters the production of traditional products under intensive cultivation procedures
- Limited scientific and technical knowledge of native species, as they are very costly and normally needed when entering international markets
- Need to strengthen and/or build national capacity and access financial resources to support and facilitate the implementation of BioTrade related activities, which are aimed to promote sustainable practices.
- Obtain a sustainable supply chain and offer, which involves the need to obtain quality and value added products while benefiting from economies of scale in order to become more competitive.