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**UNCTAD BioTrade Initiative**

**BioTrade Principles and Criteria**



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## Abstract

*The BioTrade Principles and Criteria have been defined by the UNCTAD BioTrade Initiative and the BioTrade national programmes, and provide the core of the conceptual framework underlying the BioTrade Initiative's activities. They are in line with the objectives and principles of the Convention on Biological Diversity, the Commission on Sustainable Development and the Millennium Development Goals; they take into account the relevance of trade for specific species and ecosystems, supporting the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the United Nations Convention to Combat Desertification and the Ramsar Convention on Wetlands. The Principles and Criteria can be applied in different contexts, driving BioTrade processes to promote the conservation of biodiversity through sustainable commercial use. This publication sets out the criteria that BioTrade actors, wanting to use practices that are economically, socially and environmentally sustainable, should aspire.*

*Keywords: BioTrade, biodiversity, sustainable use, conservation, verification, benefit-sharing, native, trade, private sector.*



## I. Introduction

The objective of the UNCTAD BioTrade Initiative (BTI) is to contribute to the conservation and sustainable use of biodiversity through the promotion of trade and investment in BioTrade products and services in line with the objectives and principles of the Convention on Biological Diversity (CBD).

The notion of BioTrade is thus at the centre of a conceptual framework that guides the action of the BTI, BioTrade regional and national programmes, and of organizations that produce and commercialize products and services derived from biodiversity (fig. 1). Within this framework the term BioTrade is understood to include activities related to the collection or production, transformation, and commercialization of goods and services derived from native biodiversity (genetic resources, species and ecosystems) according to criteria of environmental, social and economic sustainability.

To complement the definition of BioTrade, the BTI, the BioTrade national programmes and other national and international partners have defined the BioTrade Principles and Criteria.

The Principles and Criteria are at the core of the conceptual framework that supports BTI activities and are in line with the objectives and principles of the Convention on Biological Diversity (CBD), the Commission on Sustainable Development (CSD) and the Millennium Development Goals (MDGs). Given the relevance of trade for specific species and ecosystems, supporting the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the United Nations Convention to Combat Desertification (UNCCD) and the Ramsar Convention on Wetlands is also a priority for the BTI. As shown in figure 1, the mandates from these bodies and organizations have guided the definition of the BioTrade Principles and Criteria.

In addition, in the development of the Principles and Criteria extensive consultations were held with partners and stakeholders. This process began in 1999 with the formulation of BioTrade national programmes. Since then, the Principles and Criteria have guided the activities of the BioTrade Initiative, BioTrade national programmes and other related initiatives. In early 2004, on the basis of the work of the BioTrade national programmes, a regional version of the Principles and Criteria was adopted by the BTI and the national programmes.

To complement the approaches implicit in the Principles and Criteria, the BTI and its partners are implementing the Principles and Criteria using the following approaches:

- **Value-chain approach<sup>1</sup>:** The BTI and BioTrade Facilitation Programme see the strengthening of value chains as a critical element in facilitating good practices related to the sustainable use and conservation of biodiversity and in promoting the equitable sharing of environmental, social and economic benefits among value-chain participants.
- **Adaptive management approach<sup>2</sup>:** In the context of BioTrade, adaptive management contributes to the implementation of sustainable practices, the identification of impacts on species and ecosystems and the continual improvement of BioTrade initiatives. For instance, the BioTrade Facilitation Programme is supporting the elaboration of management plans as a tool to help organizations, suppliers and authorities to implement the Principles and Criteria.
- **Ecosystem approach:** The ecosystem approach is based on a holistic vision that integrates ecological and social issues, as well as the interactions and processes that are involved in a productive system. In practice, the planning of productive processes related to BioTrade initiatives is undertaken according to the ecosystem approach. This guarantees that the initiatives will be environmentally and socially responsible with regard to their impact on species, habitats, ecosystems and local communities.

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<sup>1</sup> A 'value chain' refers to coordinated relationships established between actors involved directly and indirectly in a productive activity with the aim of moving a product or service from supplier to customer. 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, and that are willing to share the associated risks and benefits, and invest time, energy, and resources in realizing these goals.

<sup>2</sup> 'Adaptive management' is an approach that allows for the implementation of corrective measures in systems on an ongoing basis, based on a process of continued monitoring. In the case of management of biological resources, adaptive management is different from the monitoring of the impacts (environmental, social and economic) on the eco-systems and populations resulting from the use of biological resources. (Convention for Biological Diversity, Addis Ababa Guidelines and Principles for the Sustainable Use of Biodiversity, 2004).



Finally, the BioTrade Principles and Criteria are applied in different contexts, such as a programme's impact assessment, guidance for organizations, support of value chains, selection of funds and verification (see fig. 1). In short, the Principles and Criteria drive BioTrade processes to promote the conservation of biodiversity through sustainable commercial use.

The full set of BioTrade Principles and Criteria is set out below. This general version provides the basis for the minimum criteria to be met; it can then be adapted for specific applications. National programmes, for example, have made the adaptations required by their national contexts. Moreover, the Union for Ethical BioTrade has developed, through a global consultation process, a specific verification framework to measure the compliance of members in the natural ingredients industry with the BioTrade Principles and Criteria.

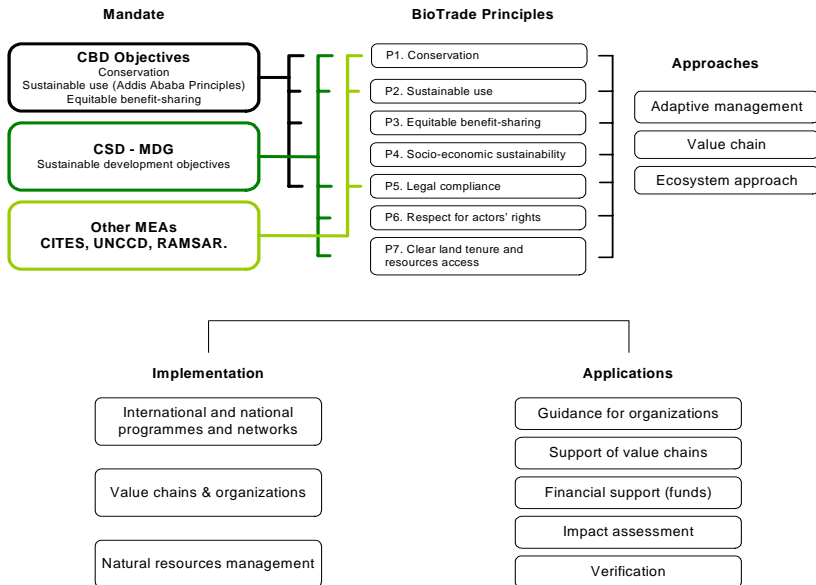


Figure 1. Context, implementation levels and applications of the BioTrade Principles.

## II. Application

The BioTrade Principles and Criteria should be applied at both the institutional level (e.g. national or regional programme), and the level of supply-chain actors (e.g. private company or producer group).

### *Institutional level*

The Principles and Criteria guide institutions' BioTrade activities, such as those of BioTrade national programmes and other projects or initiatives related to the promotion of BioTrade.

The impacts generated from these institutions or projects should be measurable within this framework, in the context of implementing the Principles and Criteria.

### *Supply-chain actor level*

At this level, the Principles and Criteria guide the actors that supply BioTrade products and services so that their good environmental and social practices are continually being improved. In this context, the Principles and Criteria *are not mandatory*; however, they do constitute the basis for organizations wanting to embark on a path of continual improvement.

## III. Document structure

The structure of this document follows the general set of Principles and Criteria established by the BioTrade Initiative. First, the seven principles are identified and the minimum obligations applicable to an organization following BioTrade practices are described. Then, the criteria that will help to assess compliance with the principle are set out.

An explanation of the application of each principle and its related criteria is also provided. This does not restrict the way in which the principles can be applied. As BioTrade uses an adaptive management approach in all its activities, the specific application of the Principles and Criteria depends very much on the product in question, the actors involved and their interpretation of the Principles and Criteria. For example, actors responsible for implementing the Principles and Criteria may even decide that the application of a certain principle is not relevant to a particular product or context.

## IV. BioTrade Principles and Criteria adopted by the UNCTAD BioTrade Initiative

### Principle 1 Conservation of biodiversity

*This is the first objective of the Convention on Biological Diversity; organizations<sup>3</sup> should maintain biological diversity on all scales (genes, specie, and ecosystems).*

#### **Criterion 1.1 Characteristics of ecosystems and natural habitats of managed species should be maintained**

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

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

Genetic variability is a vital element in ensuring the conservation of biodiversity. Therefore it is important to assure that genetic variability is protected or managed in such a way that there is no risk of losing this variability.

#### **Criterion 1.3 Ecological processes should be maintained**

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

#### **Criterion 1.4 Activities should be developed according to management plans for natural areas, in coordination with the relevant authorities and actors involved**

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

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<sup>3</sup> The use of the term 'organization' is used throughout this document to refer to all entities involved in BioTrade activities of production, transformation or commercialization.

## **Principle 2 Sustainable use of biodiversity**

*This principle supports the implementation of the second objective of the Convention on Biological Diversity. BioTrade productive activities aim to assure the sustainability of both the resource being used and the ecosystem involved. The aim is to ensure that the use of a species or ecosystem is not higher than its regenerative and/or productive capacity. Organizations 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 should be supported by management documents, including extraction rates lower than regeneration rates, monitoring systems and productivity indexes**

Management documents are essential for 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, since this document should be appropriate to the size and complexity of the organization and its productive practices (collection, farming and breeding in captivity).

### **Criterion 2.2 The management of agro-biodiversity should include agricultural practices that contribute to the conservation of biological diversity**

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

### **Criterion 2.3 Technical standards for initiatives of environmental services should be met**

Environmental services, such as ecotourism, water regulation or action to reduce the harmful effects of climate change should be provided in accordance with the technical standards defined in each field, or in accordance with

existing national and international standards (e.g. those relating to water resources or climate change).

**Criterion 2.4 Information and records of experiences should be compiled that contribute to knowledge of biodiversity**

Organizations and projects should contribute to the development and transfer of knowledge of management systems and tools, as well as contribute to knowledge validation and dissemination.

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

*This principle responds to a fundamental facet of the conservation and sustainable use of biodiversity under the Convention on Biological Diversity, of which the third objective is the fair and equitable sharing of benefits arising from the use of genetic resources. Article 15 thus requires access to and the distribution of the benefits related to genetic resources to be based on prior informed consent and mutually agreed terms. When BioTrade activities involve the commercialization of genetic resources, this principle supports these objectives and requirements. Equitable benefit-sharing also arises in the context of the second objective of the Convention: the sustainable use of biodiversity. Benefit-sharing is therefore also important in activities dealing with biological resources, which form the vast majority of BioTrade activities. In this context, however, principle 3 requires that suitable methodologies be defined that can support the actors involved in its implementation. For this reason, the criteria identified below are based on current experience. However, they need further definition based on the practical implementation of methodological proposals.*

**Criterion 3.1 The organization should interact and involve actors along the whole value chain, where possible**

The interaction of the organization with the other actors involved in production and commercialization should foster levels of access to information and dialogue that facilitate balanced negotiations. It is extremely important that actors along the value chain are well-informed about the production and commercialization processes. This allows actors to assess their contributions to creating value and

provides them with a solid footing for negotiating an adequate price and the equitable sharing of other monetary and non-monetary benefits.

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

The precondition for the equitable sharing of benefits is the generation of value and earnings. Without this, economic actors in bio-businesses have no material benefits to share.

**Criterion 3.3 Information and knowledge of target markets should be made available and shared among actors**

BioTrade organizations seek to promote greater interaction between, on the one hand, local communities and other economic actors and, on the other, markets and also to promote the opportunities they have to offer while promoting 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 can position themselves in specific markets and remain there long enough to generate the expected benefits.*

**Criterion 4.1 Potential markets should exist**

To guarantee sustainability, BioTrade products should have a market potential that is related to the existence of specific markets for those products and services. The specific needs for the product or service (market creation) in terms of trade tools, information, strategic partnerships and advertising need to be considered.

**Criterion 4.2 Financial profitability should be achievable**

A BioTrade organization should have high potential for long-term financial sustainability, according to the

activities and the organizational system within the enterprise.

**Criterion 4.3 Employment should be generated and the quality of life improved**

Local development is one of the added values for a BioTrade organization. From this perspective, the generation of employment and the improvement of the standard of living for local communities providing the natural resources are very important. One of the ways in which organizations can support such improvement is to provide tools that enable communities to enhance their commercial practices and to add as much value as possible to the supply chain.

**Criterion 4.4 Negative impacts on, *inter alia*, productive and local cultural practices that affect diversification and food security should 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 production practices are affected as well as the availability and price of basic products for the food security of local populations. In addition, it is important for organizations to recognize the efforts of the communities that are responsible for or involved in the conservation and sustainable management of the resources the organization uses. As a result, benefits arising from BioTrade activities need to be shared in such a way as to reward the community, as well as to protect and conserve the resource.

**Criterion 4.5 The organization should demonstrate organizational and management capacity**

To guarantee the generation of expected benefits and the implementation of the BioTrade Principles, the organization should have an organizational system in place to effectively coordinate 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 an organization and its efforts to obtain market access for its products.*

*There are two levels of implementation for this principle:*

- (i) At the international level, where conventions and agreements are, for the most part, guides to principles and good practices. These should be observed and applied wherever possible; and*
- (ii) At the regional and national levels, where there are existing regulations to be complied with.*

**Criterion 5.1 The organization should be aware of and comply with national and local legislation related to the sustainable use and trade of products and services derived from biodiversity (wildlife management, labour regulations, etc.)**

Every national regulation, including labour regulations, applicable to BioTrade projects must be strictly complied with.

**Criterion 5.2 The organization should be aware of and comply with international and regional legislation related to sustainable use and the 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 Fauna and Flora, the conventions of the International Labour Organization, the rules of the World Trade Organization and the Andean Community, and other regulations.



**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, respect for the rights of actors that in one way or another interact with the organization is fundamental.*

**Criterion 6.1    Human rights and gender issues should 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 recognized and respected.

**Criterion 6.2    Intellectual property rights should be respected**

Intellectual property rights, as well as the value of traditional knowledge in obtaining the innovations and creations protected by these rights, should be duly respected. If traditional knowledge is relevant to the development and commercialization of the product, organizations should acknowledge its relevance through joint ownership of intellectual property rights and/or the sharing of the royalties from licensing. Adequate discussion of the intellectual property policy of the different actors is very important in this regard.

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

Local communities and indigenous peoples are for the most part essential actors in the commercialization of biodiversity-based products, as well as in the conservation and sustainable use of biodiversity. 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 should be maintained and revived**

Traditional knowledge related to the conservation and sustainable use of biological resources is an important component of many BioTrade activities. Even when there is no direct contribution of traditional knowledge to the

value chain, BioTrade organizations should frame their activities so that they do not undermine these traditional practices, but rather contribute to their appreciation and conservation.

**Criterion 6.5 The organization should offer labour security and proper work conditions**

Beyond the standardized labour regulations, a BioTrade organization 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 an organization. Only then can long-term investments be made or 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 organization should demonstrate land tenure according to the relevant regulations**

The organization should demonstrate it has the right to use the land and the resources in addition to the compliance with Principle 7 and in accordance with Principle 6. The organization should not encroach upon the existing rights of local communities. In cases where there are conflicts over the use of land – for example where traditional rights contradict legal rights – the organization should have mechanisms in place 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 should be subject to prior informed consent**

The Convention on Biological Diversity requires access and distribution of benefits in relation to genetic resources

to take place on the basis of prior informed consent. In such cases, the consent of all relevant national authorities in the provider country should be obtained. These cases are normally regulated by national legislation, in line with the Convention on Biological Diversity.

**Criterion 7.3 Access to traditional knowledge should be granted only where prior informed consent has been granted**

Where traditional knowledge is used, the organization should follow all regulations and their established procedures to ensure that the rights of the actors providing this knowledge are recognized, including the right to prior informed consent of all relevant stakeholders, such as indigenous and local communities, as appropriate to the circumstances and subject to domestic law. Traditional knowledge can be considered a resource and, as such, should be valued and rewarded in the appropriate manner.

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