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Secretariat of the Convention on Biological Diversity

SPECIAL FOCUS ON BIOTRADE

PROMOTING GREATER BUSINESS ENGAGEMENT

Providing a snapshot on how biotrade works and its multistakeholders structure

COMPANY VIEWS UP CLOSE

Offering a close up view of companies that work on biotrade and others that support it

TOWARDS SOURCING WITH RESPECT

Insights from UEBT and its members

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Preface

by Ahmed Djoghlaf ● Executive Secretary of the Convention on Biological Diversity

Through the adoption of Decision VIII/17 in 2006, Parties to the Convention on Biological Diversity (CBD) officially recognized the important contribution that business can make in the implementation of the three objectives of the Convention.

Business and biodiversity initiatives have indeed been fundamental in promoting greater private sector engagement and more biodiversity-friendly business practices. This edition of the CBD newsletter is dedicated to the concept of BioTrade, which is the basis of a growing number of approaches and initiatives.



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The notion of BioTrade was first put forward by the United Nations Conference on Trade and Development (UNCTAD) in 1996 and since then, it has been promoting trading practices that reflect and seek to advance the three objectives of the Convention.

In this regard, BioTrade contributes integrally to the different mandates of the Convention. Parties to the CBD have recognized the valuable contribution of BioTrade on many occasions. An example of this is decision IX/26 on promoting business engagement. The decision highlights the importance of the business experiences and practices that have been developed within the UNCTAD BioTrade Initiative and the need to disseminate them to a broader audience.

The UNCTAD BioTrade Initiative, jointly with national, regional and international partners, has supported the development of biodiversity-based sectors in developing countries, particularly those businesses and local communities that depend on biodiversity for their living.

BioTrade is defined by the BioTrade Principles and Criteria, which establish its core conceptual framework. BioTrade practices demand the maintenance of ecosystems, natural habitats and genetic variability, thus promoting the conservation of biodiversity. Organizations following BioTrade practices must support local development and respect traditional knowledge. Notably, BioTrade requires companies to integrate biodiversity practices throughout their supply chains, going to the heart of business practices.

Collaboration between CBD and UNCTAD is long standing, with a Memorandum of Understanding dating back to 1997 on economic instruments and incentive measures for biodiversity conservation, sustainable use, and the equitable sharing of benefits.

The growing realization that additional efforts were needed to reach out to the private sector led to the creation, in 2007, of the Union for Ethical BioTrade (UEBT).

UEBT, a non-profit association, builds on the efforts of the CBD, UNCTAD, and other partners to promote BioTrade, with an innovative approach that allows the independent verification of private sector commitment to the CBD. It is proving to be an important tool to guide businesses in good biodiversity practices, as the growing number of companies and other organizations joining UEBT attests. To support these efforts, the CBD and UEBT signed a MoU in December 2008, to encourage companies involved in BioTrade to adopt and promote good practices as a contribution towards the 2010 target and the objectives of the Convention.

The International Year of Biodiversity provides a unique opportunity to build political commitment and take actions towards a common solution to the current challenges. Much remains to be done, especially as we increase our realization of the economic importance of biodiversity and the fact that we cannot continue with "business as usual."

In this context, engaging the private sector remains a priority. The present publication aims to present examples of the work that has been done in the context of BioTrade, and thoughts on the road ahead.



SECTION I /

● BIOTRADE— PROMOTING GREATER BUSINESS ENGAGEMENT

Providing a snapshot on how BioTrade works and its multistakeholder structure: A close-up view of companies that work on biotrade and others that support it

The BioTrade Network

UNCTAD'S BIOTRADE INITIATIVE AIMS TO PROMOTE TRADE AND INVESTMENT IN BIOLOGICAL RESOURCES TO FURTHER SUSTAINABLE DEVELOPMENT IN LINE WITH THE THREE OBJECTIVES OF THE CBD.

by **Lorena Jaramillo Castro** • Economic Affairs Officer, BioTrade Initiative, United Nations Conference on Trade and Development (UNCTAD)

In order to implement its activities, the United Nations Conference on Trade and Development (UNCTAD) works closely with national, regional and international partners that implement the BioTrade concept. The partners include governments, trade promotion organizations, business associations, NGOs, academia, and cooperation programmes. All these constitute the "BioTrade Network."

Currently, more than fifteen countries benefit from BioTrade programmes in Africa, Asia and Latin America and work to strengthen biodiversity-based sectors (Table N°1). Within the BioTrade Network, methodologies, tools, guidelines and standards are developed to enhance the implementation of the seven BioTrade Principles. The Verification Framework for Native Natural Ingredients, guidelines to implement management plans for wild-collected species and to strengthen value chains of BioTrade products, are a few examples.

BioTrade Countries	Products and services supported
Bolivia Brazil Colombia Ecuador Peru Southern Africa (Botswana, Malawi, Namibia, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe) Uganda	<ul style="list-style-type: none"> Natural ingredients and products for cosmetics: essential oils, natural dyes, soaps, creams and butters, moisturizers, etc Natural ingredients and products for pharmaceuticals: extracts and infusions from medicinal plants, natural medicine capsules, etc Natural ingredients and products for food: fruits, cereals, grains, roots, nuts, cocoa, fish products, jams, sweets and snacks, jellies, pulps and juices, spices and sauces, teas and infusions, food supplements, etc Wildlife for trade: chameleons, snakes, tortoise, etc. Flowers and foliage: heliconias and other tropical flowers Crocodile products: meat and skin from Caiman yacare and Nile crocodile Fish products: paiche (Arapaima gigas) Handicrafts: furniture, decoration objects, jewelry, garments Sustainable tourism: ecotourism, nature-based tourism, birdwatching, etc
Under development: Costa Rica Paraguay Vietnam Indonesia/Aceh (pilot project)	<p>The BTIAS is based on the seven BioTrade Principles and Criteria and the adaptive management, ecosystem, value chain and sustainable livelihood approaches.</p> <p>Through environmental, social, economic and governance indicators, BioTrade's contribution to sustainable development and in particular to the objectives of the CBD, is measured. Examples of indicators used are the effectiveness of the management of conservation areas within the area of influence of the BioTrade business, usage or exploitation rate of the resources in relation to the regeneration capacity and compliance with national and international environmental and social legislation.</p> <p>BioTrade partners and practitioners will be obtaining the information from beneficiary companies in order to measure and track the changes generated. The results and analysis of the BT IAS will be available to the general public through reports and other material prepared by UNCTAD and its partners.</p> <p>The BTIAS and the lessons learned during its development and implementation will also feed the global initiative "2010 Biodiversity Indicators Partnership", as UNCTAD BioTrade became an Affiliate partner in April 2010.</p>

During its fourteen years of existence, BioTrade has fostered sustainable practices that enhance the use of native biodiversity, promote biodiversity-based sectors, and facilitate access to national and international markets for SMEs. BioTrade plays a key role in promoting enabling policy environments for the development of sustainable bio-businesses, and in building knowledge and capacity of different stakeholders in implementing and monitoring BioTrade.

BioTrade provides sustainable development opportunities to often marginalized communities. Recognizing the importance of having comparable quantitative and qualitative data to measure its impact, special focus been put in the past years to advance in the development of indicators to help assess the impact of BioTrade on sustainable development.

UNCTAD's activities have been implemented with the support of the Governments of Norway, Spain, Switzerland and The Netherlands, as well as the UN Foundation.

WHAT IS THE IMPACT OF BIOTRADE?

As programmes and partners implement BioTrade in a variety of sectors, there is a constant need to demonstrate and measure on the ground the social, economic and environmental benefits that are generated. The BioTrade Impact Assessment System (BTIAS) has developed since 2006 to measure the contribution that UNCTAD and its partners are having in sustainable development.

The BTIAS is based on the seven BioTrade Principles and Criteria and the adaptive management, ecosystem, value chain and sustainable livelihood approaches.

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The BTIAS and the lessons learned during its development and implementation will also feed the global initiative "2010 Biodiversity Indicators Partnership", as UNCTAD BioTrade became an Affiliate partner in April 2010.

BioTrade: How Business Is Driving Change

by **Eduardo Escobedo** •

Economic Affairs Officer, United Nations Conference on Trade and Development (UNCTAD)

In a time when biodiversity decline is continuing at alarming rates and when the world as a whole has failed to fully meet the 2010 Biodiversity Target of achieving a significant reduction of the rate of biodiversity loss, governments are calling for major and more rapid responses.

In a time when policy makers at the global level are negotiating the appropriate language to provide the required political support and guidance to effectively respond to this global challenge, a group of businesses and communities spread across more than 15 countries and three continents are already proving that the private sector can be an important driver for the conservation of biodiversity and for the creation of broader sustainable development opportunities.

At the same time, this group of businesses and communities are showing how working together with governments, universities, trade promotion organisations, chamber of commerce and regional and international organizations can be effective and mutually benefitting.

This multi-stakeholder collaboration takes place in what today is called BioTrade, and the learning and experience gained from 14 years of history provide a valuable contribution to efforts being made to integrate biodiversity concerns into global and regional instruments and processes that relate to major economic sectors.

BioTrade is about business, it is about going beyond the mitigation of negative impacts on the environment and on the welfare of populations; it is about using biodiversity in a sustainable manner and not only ensuring its conservation but also creating opportunities to integrate some of the most marginalised and poorest populations into the world economy.

For example, local communities in Bolivia have successfully implemented sustainable management plans resulting in exports of skins and products derived from the Caiman Yacare, a species of crocodile, to Italy, generating over US\$1.4 million in sales (a 282% increase over 2003). Exports of these products to the United States now total US\$500,000 (up 364% over 2003). Management plans adopted by the communities ensure that harvesting of the species does not exceed its rate of reproduction, and ensure that the communities maintain a clean environment that enables the species to thrive.

The contribution of BioTrade goes beyond the sharing of successful experiences in engaging business in the sustainable use of biodiversity. It highlights the importance of having enabling

SERGIO TRUJILLO DAMIA/JUAN CARLOS VARGAS



policy and legal frameworks in place and the need for further involvement of the private sector in the formulation and implementation processes of policies.

The work of BioTrade in the revision process of the EU Novel Foods Regulation is a good example of this. This Regulation has the main objective of establishing rules for the placing of novel foods in the EU with a view to ensuring a high level of human health and consumers' protection.

The regulation affects initiatives that relate to sustainable use and conservation of biodiversity in the food sector because a lot of the native foods of developing countries are only now making their way into international markets.

In addition, some of the foods falling under this regulation are important development drivers. For instance, in Southern Africa, the development of products derived from native biodiversity, such as the baobab tree, kalahari melons, mobola plum, among others, have already benefited some 30 thousand producers. In the Peruvian Amazon, approximately 3,000 rural families participate in the extraction activities of Camu-camu - a tree native to the region. In Namibia, Marula trees grow widely and they are easy to harvest and represent therefore a great opportunity for women. Eudofano Women's Cooperative, for example, brings together approximately 4,800 rural women.

BioTrade has been one of the main platforms used to bring together policy makers, regulators, governments of exporting countries and companies to effectively formulate a regulation that will meet its health protection objectives and avoid hindering important advances in environmental conservation. Business has been a main driver in these discussions.

Unfortunately, BioTrade does not provide all the answers to all the challenges and complexities of conserving biodiversity, but being the longest running United Nations initiative on business and biodiversity, it provides an interesting case for advancing in the effective engagement of business in the implementation of the Convention on Biological Diversity.

Biodiversity in Business

COMMUNITIES IN LATIN AMERICA AND THE CARIBBEAN ARE CHANGING HOW WE THINK OF BUSINESS FOR BIODIVERSITY

by **Corrina Steward** ● Biodiversity Consultant, UNDP/GEF Small Grants Programme and Terence Hay-Edie, Programme Specialist, UNDP/GEF Small Grants Programme

Based on a year-long review of the sustainable use of biodiversity-based products supported by the United Nations Development Programme (UNDP)/Global Environment Facility (GEF) Small Grants Programme (SGP) in the Latin America and Caribbean (LAC) region it is clear that communities are in the business of biodiversity. Many communities in the region rely on biodiversity for their livelihoods and understand the nature of “biotrade” very well.

BIODIVERSITY PRODUCTS INITIATIVE

Biodiversity “products” are any consumable, useable, artistic, or healing creation from the riches of biodiversity. In some cases, the products are used locally for household use such as jatropha soaps in Cuba; in other cases, the products are created for external markets such as palm fruit juices in Bolivia. The SGP Biodiversity Products Initiative for LAC aims to document biodiversity products in several categories. These are: native plants and animals, fruits and nuts, cacao, coffees, insects, natural fertilizers, jams and jellies, drinks and juices, honey, cooking oils and vinegars, seafood and other marine products, timber, artisanal handicrafts, medicinal plants, and bath and body products.

Often, it is through the collaborative efforts of government, producer organizations and fair trade markets that communities are investing in global biotrade markets.

In total over 100 products were documented in the LAC region through high-quality photography and product descriptions. They will be included in two different formats. The first is a print catalogue (due out for the GEF Assembly taking place in late May 2010) to be disseminated throughout the LAC region and to potential funders, marketers, retailers and capacity builders in Europe and North America. The second is an online portal that will house a database of the products. The website is being developed in collaboration with the Amsterdam-based Progreso Network, and will feature a network that stimulates exchange and learning among and between producer organizations and partners.

The ultimate aim of the online biodiversity products portal is to create learning exchanges between producer organizations and funders,

marketers, and retailers about the products and explore their potential for further development. The LAC biodiversity products will be the first online with the African region to follow and the remaining SGP programs to come online over the course of several years.

BIOTRADE MODELS IN LATIN AMERICA AND THE CARIBBEAN

What the LAC region already reveals is that there is great potential for community growth in biodiversity trade in a way that offers consumers environmentally-friendly products and communities increased possibilities for sustainable livelihoods. Several models of biodiversity in business are occurring on the ground. Described below are three models that are prevalent in the LAC region. The possibilities for expansion of these models are as rich as biodiversity itself. Each offers multiple entry points for business to collaborate; all of them indicate lasting trends for the sustainable use of biodiversity in business.

BIOTRADE IN CONSERVATION AREAS

LAC communities integrate with conservation area management plans to create productive landscapes in national parks, biological corridors, biosphere reserves and World Heritage Sites through biotrade. Often, it is through the collaborative efforts of government, producer organizations and fair trade markets that communities are investing in global biotrade markets. It is through these geo-political and socio-economic arrangements that communities' involvement in biodiversity conservation become essential to the larger conservation goals of a nation.

In Costa Rica, for example, the Association of Small Producers of Talamanca, supported by the SGP, harvests araza fruit in the Talamanca Caribbean Biological Corridor as part of the country's payment for ecosystem services program. The Biological Corridor is part of the Amistad International Park and the Friendship Biosphere Reserve, situated in the largest remaining stands of the Atlantic Moist Forest in Costa Rica. With a national policy to protect the Atlantic Moist Forest, the payment for ecosystem services program created a market for the indigenous population of the area. They receive both payment for maintaining the forest and the added value of harvesting fruit from the forest they are protecting. The araza is sold in fair trade and organic markets in Europe and the United States either as a juice mixed with exotic fruits or as a frozen pulp. This model is replicated throughout Costa Rica's conservation areas. Mexico, the Dominican Republic, Honduras, Bolivia and Ecuador are also paving the way in creating biotrade markets for the protection of conservation areas.

BIOTRADE FOR NEW LIVELIHOODS

Another model prevalent in the LAC region is the creation of new livelihoods to replenish biodiversity. This biotrade model occurs in areas where the means for making a living from natural resource changes. Various examples from the LAC Biodiversity Products



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Initiative demonstrate that the over-harvesting of marine or forest species leads communities to adapt to their changing environment. At first the motivation is income, but with appropriate support and partnerships, increasing awareness of conservation goals becomes aligned with these new livelihoods.

The Cuban fishing village of Carahatas is one such example of creating new livelihoods and meeting conservation goals. Fishing used ecologically harmful techniques such as bottom trawling that damaged spawning areas for commercial fish species. The fish stocks depleted, and the fishermen sought new ways of making an income. They collaborated with university researchers to develop sustainable techniques to harvest natural marine sponges. The technique they developed allows natural growth of sponges in the marine environment, and does not disturb the sensitive breeding areas for commercial fish. Today, sponges are the most important source of income for Carahatas, and they fetch niche or ‘specialty’ prices in Europe.

BIOTRADE OF NATIVE, RARE SPECIES AND RESTORATION OF THREATENED ECOSYSTEMS

A final notable biotrade model is the marketing of native and/or rare species through sustainable harvesting. This model relies on communities' local knowledge and, often, the restoration of threatened species and ecosystems. Restoring and maintaining ecosystem integrity is necessary for this biotrade to be successful.

Honey is a prominent product in the restoration biotrade, and there are deliberate efforts to create wild honey from local flower and tree species and native bees in LAC. In Brazil, for example, the honey marketed

under the name Natmel is made from bees native to the endangered Cerrado biome, located in the central and southern areas of Brazil. The native bees are crucial for pollination of native flora and maintaining the Cerrado as a healthy, functioning ecosystem. Most honey production in Brazil is from exotic bees that do not work in unison with the native environment. Natmel is part of the Native Bee Project and covers some 800,000 hectares of Cerrado. The result is an ecosystem-wide restoration project and a high-value product. Similar honey production models can be found throughout the LAC region, especially in Mexico, Ecuador, Bolivia and Peru.

CONCLUSION

Communities supported by small grants delivered directly to the grassroots level in the Latin American and the Caribbean region are reinventing how to be in the business of biodiversity. The three models of biotrade presented here are only a sample of what the LAC Biodiversity Products Initiative uncovered. Other models encompass biodiversity in health and nutrition and are changing the local diets and health practices to be more inclusive of local biodiversity. The expression of nature through the arts is also popular in the biotrade across the region. This biotrade often creates opportunities for multiple generations to work together with elders teaching teenagers ancient crafting techniques. The result will be a new generation of artists that understand how to integrate the old with the new.

It is from these biotrade models that an evolved vision for biodiversity in business can be developed. As the regional Biodiversity Product Initiative shows, it is when communities' livelihoods and conservation are at the center of biotrade that innovation flourishes.

Natural Products Exports Under the Focus of BioTrade

PROMPERU IS PLAYING AN IMPORTANT ROLE BY PROMOTING A NEW WAY OF DOING BUSINESS BASED ON PERU'S NATURAL RESOURCES

by **Vanessa Ingar**

Coordinator of the Biotrade Promotion Program, PROMPERU

The international trade of products from biodiversity has reached a remarkable importance and is making headway in an increasingly globalized economy. In parallel, trends in social and environmental responsibility are becoming quite important in purchasing decisions of consumers which have led to the emergence of niche markets, with special concern to the management system of natural resources, social and environmental impact generated by its production and use.

Main products from biodiversity	FOB US\$
Tara (Caesalpinia spinosa)	25,317.94
Cochinilla (Dactylopius coccus)	16,725.89
Nuez del Brasil (Bertholletia excelsa)	11,676.77
Achiote (Bixa orellana)	10,190.18
Quinua (Chenopodium quinoa)	7,604.13
Maca (Lepidium meyenii Walp)	4,747.47
Maíz Gigante del Cusco (Zea mays var.Urubamba)	4,212.53
Kiwicha (Amaranthus caudatus)	1,882.72
Maíz Morado (Zea mays L)	1,740.62
Uña de Gato (Uncaria tormentosa)	1,027.36
Sacha Inchi (Plukenetia volubilis)	785.97
Camu Camu (Myrciaria dubia)	663.46
Lúcuma (Pouteria lucuma)	530.25
Yacon (Smallanthus sonchifolius)	316.14
Aguaymanto (Physalis peruviana)	33.70
Total	87,455.1

Due to its vast biodiversity, Peru has the ability to develop new production lines and to consolidate its current range of goods and services. This has been evidenced by the increasing value of biodiversity-related exports recorded every year to different countries. The challenge is to guide these businesses to work under the focus of the principles of Biotrade to ensure its sustainability over time, as well as to generate profits along the value chains of these products.

Furthermore, BioTrade provides tools for the country's sustainable development and conservation of native biodiversity. The primary links of value chains are developed mainly in rural areas associated with people in extreme poverty and located in fragile ecosystems.

The National Biotrade Promotion Program (Programa Nacional de Promoción de Biocomercio – PNPB) encourages and supports the creation and consolidation of businesses based on native biodiversity, applying criteria of social and economic environmental sustainability.

The PNPB work is based on the institutional agenda of the National Commission for the Promotion of Biotrade (Comisión Nacional de Promoción de Biocomercio – CNPB), a platform constituted by the public and private sector which aids the development of Biotrade in its different aspects, such as generating export competitive supply based on research and product innovation that meet the demands of international markets.

In this context, Peru's Export and Tourism Promotion Board (Promperu), is playing an important role by assuming the Technical Secretariat of PNPB and implementing the Biotrade Promotion Department based on the special relationship with the exporting companies, thus promoting a new way of doing business based on the natural resources of Peru.

Promperu has implemented the Biotrade Area with the purpose of promoting the companies that practice sustainable businesses. Here there are commercial promotion activities that are being developed for these products, following a market strategy, according to different certifications such as organic or fair trade as well as some prioritized niche markets like exotic foods, gourmet or foot print.

To meet this objective there are several tools that are used such as technical guidance to potential entrepreneurs, participation in specialized and well known trade shows, and distribution of material (see www.biocomercioperu.org).

The PeruNatura trade show, organized with the Expoalimentaria



Peru is the commercial platform for exhibiting developed products based on Peru's native biodiversity. The trade show sees a growing interest on the international market. This trade show is composed by a space for commercial exhibition and a forum where the main aspects of Biotrade are presented.

Another important tool for Biotrade, along with the commercial promotion strategy, is the elaboration of market surveys for specific developed products and niche markets, in order to direct the exportable supply to the identified potential niche markets.

It is important to state that the National Biotrade Promotion Program carries out its activities throughout the implementation of projects of international cooperation that have been

promoting the Biotrade practice in the Andean Region and in Peru, such as:

- Biotrade Facilitation Program – BTFP/UNCTAD
- PeruBiodiverso Project – SECO/GTZ
- Financing facilitation for biodiversity businesses and support to market development activities in the Andean Region Project – GEF/CAF

Our experience over the years, allows us to have a wide vision of Biotrade. This is reflected in the private and public sectors promotion network, which has contributed to add value to the unique position that Peru has as one of the most biologically diverse countries on the planet.

Providing Support to the BioTrade Principles and Criteria

THE SWISS IMPORT PROMOTION PROGRAMME, WITH A MANDATE FROM THE STATE SECRETARIAT OF ECONOMIC AFFAIRS, HAS BEEN INVOLVED IN THE BIOTRADE FACILITATION PROGRAMME OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT'S BIOTRADE INITIATIVE FROM ITS INCEPTION IN 2001

by **Franziska Staubli** ● Project Manager, SIPPO/Osec,
Head of Food and Tourism Programme, Zurich, Switzerland

The overall objective of the Swiss Import Promotion Programme (SIPPO) is to support small and medium-sized enterprises (SMEs) from selected countries in gaining access to the Swiss and European markets. It also helps Swiss and European importers to find new market sources and interesting products. Moreover, SIPPO provides on a regular basis importers with information on export offers, trade fairs and relevant publications. With a focus on the supply chain, SIPPO offers tailor-made business services in the "last mile", according to the needs of exporters and importers in different sectors.

In respect of the natural ingredients sector in general, and biodiversity products in particular, SIPPO has been involved in supporting companies to find markets for their specialty products. Over the past eight years, this has involved compa-

nies from the Balkan region, Vietnam, Indonesia, Ghana, South Africa, Peru and Bolivia. Finding a market for products derived from natural biodiversity was not always easy, as often these products are not known to the importing companies, or elementary documentation and research was missing to trigger interest in these products. The supply of these non-commodity types of products is usually not very easy because at one side it requires volumes to gain interest from bigger European companies which are often not available at the other side it needs research and development investment from companies which are not easy to finance.

IMPLEMENTING BIOTRADE PRINCIPLES AND CRITERIA

As a result, SIPPO invested a lot of time and effort in building up a system suitable for companies in Europe, and in the countries of origin, to deal with the many obstacles. For instance, in order to complement the BioTrade Principles and Criteria for companies to implement sustainable sourcing, SIPPO supported the development of the FairWild Standard in order to translate the Principles and Criteria into a certifiable standard with an accompanying label. Sustainability and fair trade are increasingly becoming important criteria in the global market place, for which several product certification and labelling schemes currently exist. However, these are generally not appropriate for wild-collected plant products. The standard of the FairWild Foundation aims to meet this need by assessing the harvest and trade of wild-collected plants on various ecological, social and economic requirements. In this way, the FairWild Standard

supports efforts to ensure that plants are managed, harvested and traded in a way that maintains wild plant populations while also benefiting rural producers.

CASE EXAMPLES FROM PERU

One of the longstanding companies involved in biodiversity products, and one that is interested in a sustainability concept, is Candela Peru. The company was founded in 1989 as a processing and trading company, based on fair trade principles in order to ensure a better system for producers. In this respect, Candela works under the principles and code of practice of the World Fair Trade Organisations (formerly known as the International Federation of Alternative Trade, IFAT).

Capacity-building plays a vital role in the operations of Candela. The company provides training on administration, sustainable resource management and export procedures. Furthermore, Candela supported the development of the producer organisation called RONAP. This organisation takes care of the collection of certified organic Brazil nuts, and works closely with Candela to offer larger volumes of a high quality product, whilst ensuring the protection of the environment and the economic and social development of the collectors.

BRAZIL NUTS

Candela works closely with 273 Brazil nut collectors and their families who live along the Madre de Dios River in the Peruvian rainforest. Candela's Brazil nuts are harvested from trees that grow naturally in the rainforest, and reach heights of over 40 meters. The nut pods fall from the trees, after which they are collected and cracked open with machetes, in order to remove the nuts which are used for food or pressed for extraction of vegetable oil. The collectors' livelihoods depend on the sound and responsible management of the forest resources, and they are working closely with the staff of Candela to improve the quality of their organic products. In addition, Candela supports over 50 families in their harvesting activities by providing credit, food and river transport to their forest concessions. The nuts are being brought to the Candela factory in Puerto Maldonado, where they are shelled and dried before being transported by truck to Lima. In Lima the nuts are further dried, then sorted, graded and vacuum packed, or further processed into vegetable oils before exported to Europe and all around the world.

Candela, supported by SIPPO for three years in terms of trade development and trade promotion, participated in the Biofach trade show under the umbrella of SIPPO. Since then, the company has constantly grown and has been able to find new clients for its products, all the while developing new product lines such as new types of vegetable oils (e.g. for cosmetics) and other products from Brazil nuts, such as candles and jewellery.

When the Principles and Criteria of BioTrade were introduced in

2004, Candela Peru showed much interest in their implementation, since the concept fitted exactly into the company's way of thinking about sustainability (in ecological, economical and social terms). The manager of Candela was therefore from the very beginning involved in the development of these principles and criteria, and participated in the development of the principles and criteria. At the same time they saw the FairWild standard as contributing to the implementation of these principles and criteria.

SACHA INCHI: OPPORTUNITIES AND CHALLENGES

Since 2006, SECO, together with GTZ, has financed the PeruBiodiverso project, focusing on the development and trading of BioTrade products. One of the value chains selected in this programme is Sacha Inchi. Candela took up the challenge to support this programme, and added the extraction of Sacha Inchi to its activities in recent years. This plant contains seeds with a high content of Omega 3 and Omega 6 fatty acids, and an exceptionally low content of saturated fatty acids (6.2%). Besides, the oil also contains vitamin A and vitamin E. Sacha Inchi oils are currently gaining international recognition for their health properties and taste. It can be used in the cosmetics industry, in the pharmaceutical industry, and in the food industry as an edible oil or as a food supplement.

Since Sacha Inchi is a relatively new product for Europe, and was not known before 1997, it needed to be registered as a Novel Food in Europe. An application was submitted to the European Union and now different programmes and companies are working on the required research so as to obtain registration. In the cosmetics industry, the product can however be used, and has been used in different products (such as shampoos) of European companies such as Cognis, GreenTech, LCN etc. In Switzerland, which does not fall under the regime of the Novel Food registration, the oils are also sold in the food industry, as a final product or as a food supplement.

It is expected that once the product has been approved by the European Union, it will experience a great boost. Preparatory actions for ensuring sufficient supplies are at the moment ongoing by research institutions in Peru, by trying to domesticate the plant under controlled conditions. This has however proven to be more difficult than expected, because of the many different ecotypes (57!) and their different chemical characteristics. SIPPO supports this process, and guides the companies in the PeruBiodiverso programme with its broad network, including experts in the field of trade and domestication, as well as technical information and European market overviews.

Once it takes off, this product will have a broad impact on the local communities in the Amazon region, and on the poor regions of Peru in particular, where such products are sourced and where economic development is urgently needed.



Sisacuma and the Dry Forest

EMPOWERING LOCAL COMMUNITIES TO RESPECT THE DRY FOREST

by **Martha Ortega** ● General Manager, Sisacuma Cia Ltda

In Ecuador, one of the biological diversity systems is located in the little known dry forests on the Pacific Coast provinces and islands. These dry forests are characterized by a short three month rainy period and a very dry sunny season that lasts nine months. Some of the communities that live near the dry forest harvest the different native species.

This traditional harvesting is one of the most important sources of income due to limited sales during the religious festivities of Easter and Christmas. Furthermore, there are kiosks located at the roadside of the dry forest where sales occur.

One of the products of the dry forest, called "palo santo", has been sold to the public directly. It is used as a perfuming smoke, incense for church related activities, insect repellent, and for traditional rituals.

MANAGEMENT PLAN

With the support and promotion of the Ecuadorian National Program of Biotrade Initiative, and following the three objectives of the Convention on Biological Diversity, SISACUMA has implemented a management plan for the development and wild collection of "palo santo", as in the consolidation of a commercial relationship with the communities.

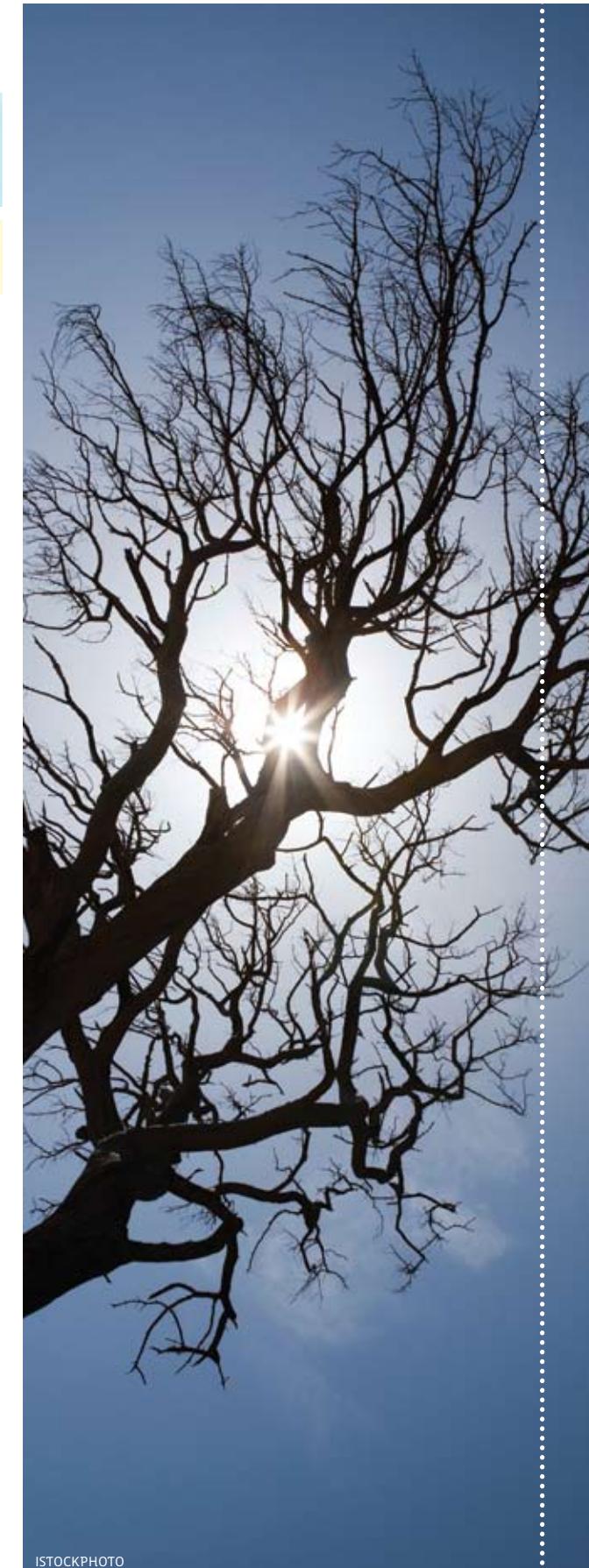
This management plan has requested all the legal permits from the authorities as well as the communities to obtain mutual benefits through sustainable use of biodiversity with social and environmental responsibility.

With well defined use of resources and good practices for harvesting the products, it will not affect the soil biomass and it will maintain a suitable habitat of all the species in the dry forest.

Furthermore, the slogan "Use 1, plant 3" has encouraged the community to take care of the dry forest and its wild life through the implementation of nurseries complying with the principles and criteria of the Ethical Union for Biotrade.

The above mentioned activities have empowered the members of the communities to respect the dry forest and they have implemented the "10 Commandments of the Good Harvester," to take care of the forest through training and incentives. This reflects the traditional knowledge of the harvesting techniques passed through generations. This practice is sustainable and environmentally friendly.

The local knowledge and the management plan according to the UEBT principles are the main reasons of the conservation of the forest.



The Kuski Experience of Making a Sustainable Biodiversity Business

THE ANDEAN CULTURE AND REGION HAS ALWAYS BEEN THE BASE FOR SUSTAINABLE MANAGEMENT AND RESPECT FOR THE ENVIRONMENT. KUSKIE, HAS BUILT ON THIS BASE, INCORPORATING MANAGEMENT TECHNIQUES OF A MODERN AND GLOBALIZED WORLD.

by **Andrés Llosa** ● Kuski

Some agribusiness companies in the Peruvian mountains – such as Kuskie – have come to realize that to be innovative is to continue the nearly 10 thousand years of domestication of plants in the Andean culture through modern standards in technology, health, and quality.

Our company has recognized from the beginning the potential of native biodiversity-based products from the Andean region. Although our strategy was brought into question from the beginning by some larger companies in Peru, we see these same companies now also recognizing the great nutritional potential, the incredible traditional and ancient flavors, the unique colors, and the ecological components of native biodiversity based products.

Profits and return on investment have always been the basis for our survival as we have never been subsidized. Our initial capital was very small and over the years we have remained a small company primarily focused on the local market but with growing international presence through exports. We have been fortunate to have lived through various challenges prevailing in the nineties such as hyperinflation, terrorism, rapid market opening for imports and international competition from companies that understood that products such as ours do have strong market potential. The experience and knowledge gained from overcoming these challenges has resulted in a great satisfaction that is now inherent to our company.

VALUE IN COLLABORATION

Nowadays we see with great pleasure that regional and national institutions see the value of collaborating and working together as a team. This would have been unthinkable just five years ago, but now it is reality. We believe that the fate of the geography and topography of the

Andean region is not that of a region dominated by intensive agriculture and agro-industry, full of monocultures, and also full of chemical elements and additives. The lands of the Andes have to return to what they were: the site of tremendous biodiversity, of different cultures, heterogeneous and complementary, with a specialized agro-industry that develops products that are special treasures of the earth and are valued as such.

To put this belief into practice, our business produces 64 agro-industrial products in different markets. Most of them are mainly based on Andean crops from native biodiversity such as peppers herbs, fruits and roots, maize, potatoes, among others.

Apart from the economic benefits (which we are not missing) our company has benefited significantly from the cultural value of our products (agriculture, traditional and modern technologies, ecology and biotrade).

Our value chain incorporates dozens of families of Andean farmers, agro-industrial workers, other agribusinesses in the region, researchers, shippers, distributors, representatives, supermarkets, printers, export agencies. Our company also manages the Andean Botanical Garden (in Qolqanpata) and an Ecological Experimental Center (in Retiro).

In our world, which is also very diverse, people and/or companies that do not consider environment sustainability or that consider it only to go along with what is fashionable will always continue to have great influence. We cannot (nor want) to compete with them or replace them. These are two different worlds. What we can do is continue working and influencing through our example, and doing this with enthusiasm and passion.

Our goal is our process: to continue doing what we do and now, more so knowing that there are opportunities and work in this area for generations to come.

We see that the greatest prize for a company like ours is that we are an active and productive part of the Andean world striving to have Andean crops accepted, appreciated, and - why not - admired around the world. Recognitions such as the Business Creativity Award from CONAM and the BioTrade National Award reflect this commitment.



Using Biodiversity as a Source of Innovation

COMPAÑÍA ECUATORIANA DEL TE, CETCA (ECUADORIAN TEA COMPANY), FOUNDED IN 1962 AS A BLACK TEA PRODUCTION AND EXPORT COMPANY, BEGAN HERBAL AND MEDICINAL PLANTS PRODUCTION IN 2000

by **Jaime Flores M.** • General Manager, CETCA, Ecuador

Production of most of the herbal and medicinal plants produced in Ecuador is by small farmers on 500 to 1000 square meter farms. Some groups have joined in associations for marketing purposes and to improve production technologies.

One of the best alternatives for agricultural development in Ecuador is working on the productive value chain. In 1999 the Ecuadorian Corporation for Exports and Investments (CORPEI) and The Sustainable Biotrade Programme in Ecuador brought together herbal and medicinal plants actors: small producers, merchants, producers of plant extracts, essential oils, tea bag

packers, aromatherapy, producers of cosmetic and medicinal products (cough syrups, ointments).

After several meetings, CETCA and JAMBI KIWA (producers association with 250 members and 650 producers) signed a Strategic Alliance Agreement in 2001, with the aim of producing, packing, marketing and exporting herbal and medicinal plant infusions. In 2005 a similar agreement was signed with UNORCACH (an association with 35 members and 265 producers).

The most relevant aspects of the agreements are: CETCA provides technical assistance in: processing plant and equipment designs, processing operations, accounting, quality control, GPA (Good Agricultural Practices); GPM (Good Manufacture Practices) and HACCP (Hazard Analysis of Critical Control Points).

CETCA also provides packing services for its own brand products and does not cause any interference at the local traditional markets. After deducting all production costs and exporting expenses, CETCA divides profits according to the percentage of investments incurred by each part in the operation.

DOMINIQUE SIBERSTEIN

JAMBI KIWA and UNORCACH sell herbal plants to CETCA at yearly fair fixed prices and volumes. All association products meet quality, hygienic and technical parameters as required by CETCA.

JAMBI KIWA has already received an organic production certification by BCS from Germany and is working to get the HACCP certification. UNORCACH is working towards an organic production certification. CETCA is already certified as organic packers.

JAMBI KIWA, CETCA and ETHIQUABLE (a French Cooperative working with Fair Trade System) signed a Fair Trade Agreement in 2007. Six containers of innovative mixed herbal mixtures were exported up to date to France, Belgium and Spain. JAMBI KIWA produces and exports herbs; CETCA provides packing and quality control and helps JAMBI KIWA with exporting requisites. ETHIQUABLE buys and distributes the herbal products in Europe.

CETCA buys herbal plants from three other community associations without signed agreements. After several years of successful working agreements with both JAMBI KIWA and UNORCACH, the most relevant achievements are:

- Preservation of biodiversity of herbal and medicinal plants
- Introduction of management productive plans to protect biodiversity species previously used only by extractive harvesting
- Introduction of new field production technologies
- Products comply to technical parameters and international standards
- Promotion of ancestral medicine knowledge, using biodiversity active ingredients with herbal mixtures for infusions and extracts
- Both Associations have increased their production volume by ten times within the Agreements period
- Increased sales volumes of processed products, instead raw materials at lower prices.
- Exporting processed products from Ecuador Biodiversity with aggregate value
- Upgraded living standards among community producers through increased income.

It is important to consider as an example not common in Ecuador, that private entrepreneurs are capable of working with community organizations, if we demonstrate that we are respectful of their cultural traditions and give a fair and honest economic recognition for their effort and production.

NATIVA ECUADOR ASSOCIATION

In 2007 based on these experiences five private companies and

PHIL SELLERS



three community organizations: one Community Foundation and two Small Producers Associations (both working with CETCA) decided to found NATIVA Ecuador. Members work with plants, ingredients and natural products from Ecuador geared towards the cosmetic, pharmaceutical and food industries. NATIVA was created with the objective of promoting the conservation and sustainable use of the biological megadiversity of Ecuador in support of the Sustainable Bio Commerce Program, and following the principles and criteria of social, environmental and economic responsibility throughout the production value chain.

CETCA, JAMBI KIWA, BIOEXOTICA, FUNDACION CHANKUAP, SUMAKLIFE, KUEN S.A., SISACUMA CIA. LTDA AND ILE C.A. are the foundation members of NATIVA ECUADOR.

Ikiam, Biodiversity and Cosmetology as a Development Tool for Ecuador's Amazon Communities

CREATING SPECIAL PRODUCTS FOR NICHE MARKETS WHILE EMPHASISING RESPECT FOR THE WAY OF LIFE OF THE SHUAR AND ACHUAR PEOPLE

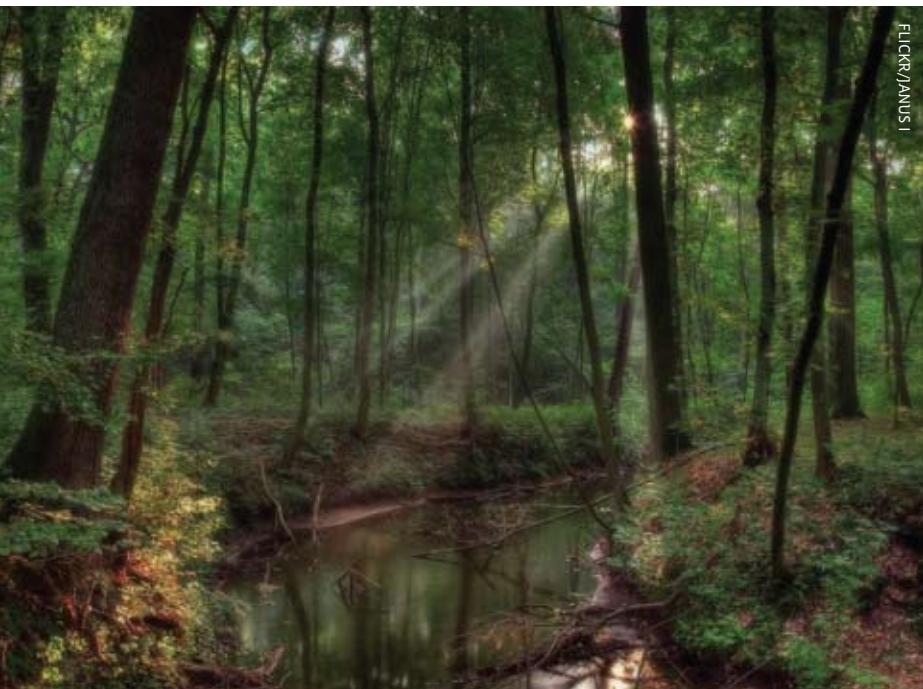
by **Matteo Radice**

Chief Executive Officer, PROMETEO BIO s.c.; Adriana Sosa Villacrés,
Secretary General, Fundación Chankuap Recursos para el Futuro

In the Achuar language the word jungle translates to "ikiam." The Achuar people live in the part of the Amazon territory which is today separated by the border between Ecuador and Peru, a real border for modern maps but absolutely insignificant to the forest and its inhabitants. The Achuar people had their first contacts with Western culture approximately four generations ago. Most of the Achuar communities are completely surrounded by the jungle and cannot be reached by land.

The relationship between human and land is still very strong and people depend greatly on local resources for their survival,

There is awareness that biological resources such as medicinal plants, essences and vegetable oils that the jungle provides can be used sustainably through management plans.



especially those resources stemming from biodiversity. It is here where the pillars of sustainable development, the future survival and identity of the Amazon people are being founded.

Contact with the global culture brings new patterns of consumption and, more importantly, a productive (and educational) system based on the extraction of natural resources. When this system has been applied to mineral resources or oil, the results have been devastating for the area and the local people have been left on the sidelines of any development gains. The application of this system on biodiversity has been just as bad and, in many cases, the indigenous populations have been accomplices in this devastation.

This way of thinking sees the forest like a mine, where the resources of the subsoil and those of biodiversity are grouped together under the same "extractive" criteria, a criteria that does not respect the natural renewal cycle of vegetation nor does it respect the participatory principle of the local communities.

We know that fossil fuels will sooner or later run out; but what about biodiversity? Should biodiversity be lost because of the existing logic of unsustainable economies? Local populations and many other actors do not seem to think so.

RESPECTING NATURE AND LOCAL COMMUNITIES

There is awareness that biological resources such as medicinal plants, essences and vegetable oils that the jungle provides can be used sustainably through management plans.

For more than 14 years, the populations of the Upano and Trans-Kutucú valleys of the Ecuadorian Amazon, have taken on the challenge together with a local NGO - the Chankuap Foundation (www.chankuap.org) - to experiment and apply alternative production and social development models.

The case of the IKIAM "Alma Amazónica" cosmetic line presents a good example of how the Shuar and Achuar communities are actively conserving biodiversity at the same time as generating important alternative income for the sustainable use of this biodiversity.

The work of this value chain has focused on species such as the ungarahua (*Oenocarpus Bataua*), the ishpink (*Ocotea Quijos*), the lemon verbena (*Cymbopogon Citratus*) and other species that are part of their medicinal and dietary traditions such as (ginger, turmeric and citrus).

Management plans for the harvesting of species like the Ungarahua have been developed and approved by the Ecuadorian Ministry of Environment. Small distilleries and



presses have been set up for the extraction of essential and vegetable oils. This has created family and community micro-enterprises that sell to the Chankuap Foundation.

The natural ingredients and other plant-derived material obtained are then used for the production of soaps, body perfumes, massage oils and nutritional and multivitamin creams. All the production takes place at the Centre for Collection and Transformation of the Foundation. An important national and international fair trade market has been created for these products. All the products are tested and comply with both national and European standards.

Through international partnerships like the one with the Italian NGO "Volunteering for International Development" (www.volint.it), the sales of these products have increased

more than fivefold since 2002 and today account for the second largest source of income of the Chankuap Foundation. The Italian NGO has supported the development of products and markets, and contributed to the formation of local technical personnel.

Looking ahead to the future, the Chankuap Foundation is looking at consolidating its experience in the cosmetics sector and has signed a letter of collaboration with the consultancy firm Prometheus Bio sc (www.prometeobio.net) dedicated to the valuation and protection of biodiversity.

There are no plans to go towards mass production. The objective is to create special products for niche markets, emphasizing the respect for the productive capacities and practices of life of the Shuar and Achuar people.

Embracing Ethical Sourcing

BRANDS CAN PLAY A LEADERSHIP ROLE IN ADDRESSING IN A HOLISTIC WAY THE SOCIAL AND ENVIRONMENTAL CHALLENGES OF TODAY AND IN ANTICIPATING THOSE OF FUTURE GENERATIONS

by Michel Mane ● President, Mane USA

It is interesting to note that an increasing number of companies' mission statements include 'making the world a better place' as the overarching message driving strategies, products and services that 'make a difference'.

Cosmetic companies rely heavily on natural ingredients to deliver a healthy look to skin and hair and to enhance overall well-being. Consumers do care about the efficacy of the products to fulfill their promise, but the truth is they take products performance and safety for granted. They are not as interested in the science and technology as the social and environmental principles in accordance to which they have been conceived and manufactured.

Effectively embracing the correct practices supporting the sustainable use and conservation of biodiversity has become the key product mix component that emotionally connects the consumer to the brand. Some leading cosmetic companies have learned the hard way that the "socio-eco-conception" of beauty products spans beyond their own perimeter: indeed it has become imperative for them to work with their supply chain stakeholders to embrace ethical sourcing principles of the natural raw materials and extracts entering their products composition.

Effectively embracing the correct practices supporting the sustainable use and conservation of biodiversity has become the key product mix component that emotionally connects the consumer to the brand.

SUPPORTING PROGRESSIVE FARMERS

Essential oils from such species as vetiver (*Vetiveria zizanioides*) and patchouli (*Pogostemon cablin*) illustrate the interest the fragrance industry has in supporting progressive farmers and distillers who embrace the "zero residue" principle and the most advanced technologies of organic farming. The collaboration schemes that have been developed around these species offer many competitive advantages, such as the elimination of intermediates that are often the source of speculative tensions,

operational transparency in driving costs out of the business and managing indexed pricing independently from market fluctuations, and exerting positive pressure on competing supply chains to adopt similar practices. One example of a successful implementation of such a partnership is in Rwanda where, with the support of the International Trade Center, a three-year binding contract has been signed between one Kigali-based company and one leading Fragrance and Flavour group for the supply of patchouli essential oil.

In the case of vetiver there are additional issues to consider due to the fact that Haiti is the major producer of vetiver roots essential oil. Inherent structural instabilities in Haiti give rise to irresponsible production methods that are carried out at the expense of watersheds preservation and that do not benefit the thousands of farmers trapped in continued poverty. As such there is no framework in place to promote the transformation of the existing supply chain into a more sustainably committed one that implements sustainable root production and distillation practices involving reforestation. Given the lack of the political framework, private sector has taken upon itself to promote these changes as in the case of the company Raros in Natal, Brazil. This company has invested in organic vetiver plantations and promoted the sharing of knowledge on their agricultural and distillation practices to meet international standards, with the unwavering commitment from end-users to pay the fair price for the resulting essential oil.

There are several other interesting—but less publicized—examples where the sustainable exploitation of endemic species contribute to the prevention of deforestation and the loss of biodiversity. These include for instance the production of Rosewood leaves essential oil in Maues and Silves and the Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) projects that are being implemented in the Amazon basin; the use of Ojon, another vegetable oil extracted from the fruit of a palm tree in Honduras; the wild harvesting of *Commiphora Wildii* gum by the Himba indigenous communities of Namibia, the Palo Santo essential oil distilled from its dead wood in Ecuador, or the plantations of *Aquilaria Crassna* (Agarwood) in Vietnam.

INTERDEPENDENCY

What the private sector often fails to recognize is the interdependence between climate change, sustainable use of natural resources, and the conservation of biodiversity and traditional knowledge. Even today, botanical NTFPs represent a largely untapped source of innovation for the fragrance and cosmetic industry, and indigenous peoples and local communities rely on too few of them to provide critical subsistence. This is one additional reason why it is critical to demonstrate that the equity of our ecosystems and our forests in particular far exceeds the aggregate value of its timber and underground resources.



So far, laws have been opportunistically designed and enacted to respond to threats and intellectual property misappropriation. Therefore it is in the interest of market and non-market stakeholders to work together to define a robust policy framework to regulate the NTFPs sustainable management and equitable trade along a shortened value chain.

Success stems from aligned expectations and commitment, with mutual respect and trust between stakeholders. The private sector's role is to provide market access, know how and technology transfer to aggregate value at the source; yet it very much relies on Governmental institutions, NGOs and potential industrial partners to ensure access to the resources and traditional knowledge of indigenous and local communities with their prior and informed consent, and to assist in the establishment of a transparent compensation model enabling the economical sustainability of such projects.

Inherently, fragrances and cosmetics are emotionally charged products; and as a result, their benefits, seduction power and image are increasingly scrutinized and challenged by consumers in search of meaning.

Brands can no longer ignore this growing desire as their equity becomes directly correlated to the leadership role they play in addressing the social and environmental challenges of today in a holistic way, and in anticipating those of the generations to come.

There is no better time than this International Year of Biodiversity to actively engage our time and assets into REDD and poverty reduction projects in responsibly managing our natural resources and in advocating the real heroes, the indigenous peoples and local communities...in a spirit 'to build a better world'.

Why Nestlé Cares About Biodiversity

TO PRESERVE BIODIVERSITY AND TO CREATE AWARENESS AMONG CONSUMERS FOR BIODIVERSITY AND THE ECOSYSTEM SERVICES IT PROVIDES, NESTLÉ IS HELPING FARMERS IN 32 COUNTRIES AROUND THE WORLD, TO IMPROVE EARNINGS AND ASSURE THE SUPPLY OF QUALITY RAW MATERIALS IN THE SUSTAINABLE AGRICULTURE INITIATIVE NESTLÉ (SAIN) PROGRAMMES

by **Claus Conzelmann** ● Head of Safety,
Health and Environmental Sustainability Nestlé Group, Vevey, Switzerland

More than any other business sector, perhaps with the exception of eco-tourism, the purveyors of food and beverages depend on a healthy environment. It is therefore not surprising that Nestlé, the world's leading food, nutrition, health and wellness company, has long been at the forefront of caring for the environment. Originally, the focus was on improving the environmental performance of our own operations: In many countries Nestlé was the first enterprise to build an industrial waste-water treatment plant, often well ahead of legal require-

While we source most of our minor ingredients through specialised commodity markets, Nestlé has a long history of engaging directly with farmers for our core raw materials: milk, coffee, and cocoa.



ments, starting in Switzerland in 1929. Over the years, our activities have broadened to include our entire value chains, from farmers to consumers.

One of our fundamental beliefs at Nestlé is that for a business to be successful in the long term, it must create value not only for its shareholders but also for society. Nestlé calls this Creating Shared Value and focuses its efforts in three key areas: nutrition, water and rural development.

One of the foundations of Creating Shared Value is sustainability – ensuring that our activities preserve the environment for future generations, while at the same time meeting the needs of the present generation. This balance between current and future needs is not easy to maintain. In recent years agricultural productivity has not kept up with the rapidly growing world population and its desire for more varied eating habits. This means that areas of high biodiversity are being sacrificed to expand agricultural production. An example is palm oil, where sprawling plantations in Indonesia and Malaysia, the world's largest producers, threaten the survival of "poster animals" such as orang-utans, elephants and tigers. The complex interplay between these animals, plants, and microbes provide the ecosystem services, such as water retention (hence flood prevention), water purification or pollination that we have, until recently, taken for granted. The disappearance of these ecosystem services and the underlying biodiversity made us aware of their societal and often direct economic value.

WHAT CAN A COMPANY LIKE NESTLÉ DO?

Let's take a look at palm oil first. Nestlé uses approx. 0.7% of the world's palm oil, and most of it is bought in processed form through a complex "ecosystem" of processors and traders. Nestlé shares the concern about the serious environmental threat to rainforests and peat fields in South East Asia caused by expanding palm oil plantations. We believe the solutions must come through effective multi-stakeholder processes and we are prepared to play a full part. For example, we have been closely associated with the "Roundtable for Sustainable Palm Oil" since its inception and became a full member in 2009. According to the Nestlé Policy on Environmental Sustainability, we commit ourselves to give preference to suppliers who continuously strive towards improving the efficiency and sustainability of their operations and use of resources.

As part of this policy, we have undertaken a detailed review of our palm oil supply chain. We have started to buy "Green Palm Certificates" as a first practical step to support farmers committed to more sustainable practices and we are also sourcing some palm oil with special characteristics directly from CSPO-certified operations. We expect that by 2015 at the very latest sufficient quantities of "Certified Sustainable Palm



SERGIO TRUJILLO DAVILA/JUAN CARLOS VARGAS

Oil" will be available to cover all our needs. We prefer to work constructively with our suppliers to improve their practices we are prepared to suspend, and have suspended, commercial relationships when circumstances require it.

Given our relatively low use of palm oil in our products should we have decided to replace palm oil altogether by other vegetable oils? Oil palms are actually the most productive sources of vegetable oil. Replacing it, for example by soybeans, would require significantly more land to produce the same quantity of oil and may therefore only transfer the problem from one ecosystem to another. The solution can therefore only come from a responsible and sustainable intensification, combined by a whole range of supportive measures such as the "Kinabatangan Corridor of Life", which was initiated by the WWF with the purpose to link the various remaining habitats through protected ecological corridors, in cooperation with the plantation owners.

Another growing cause of biodiversity loss is the misuse of agricultural land – which is under severe stress to satisfy the world's food requirements – to produce agrifuels. Most forms of agrifuels currently being subsidised by taxpayers' money cause more environmental harm than the fossil fuels they are replacing. In addition to their environmental problems, agrifuels compete directly with food, and it's the vulnerable who suffer most from the corresponding price effects.

Silvopastoral System in Southern Colombia's Milk District

While we source most of our minor ingredients through specialised commodity markets, Nestlé has a long history of engaging directly with farmers for our core raw materials: milk, coffee, and cocoa. This is central to our business strategy, i.e. to ensure a stable and safe supply of quality agricultural raw materials. One example of combining the benefits for food quality, economic and social development of suppliers and biodiversity is located in Southern Colombia.

Since 1974, Nestlé has been the main dairy company permanently active in Caquetá. The region has now evolved into a dairy district, where Nestlé works with farmers to provide advice on technology, animal nutrition, animal genetics and farm infrastructures. Importantly, dairy also constitutes one of the main sources of income in a region suffering from armed conflict and narcotics cultivation.

With the aim of increasing fresh milk production, reducing land use and introducing environmentally sustainable practices, Nestlé Colombia started to work with 13 pilot farms to introduce a new system called "Silvopasture".

This system protects the soil and the environment by combining pasture land with trees and shrubs, increasing profit for the farmer along with milk quality and quantity, without encroaching further into the rainforest. Through sustainable intensification, the number of cows per hectare has increased from one to 1.5, while the milk production per cow has increased from three to five litres, thus improving the overall productivity from 1000 to almost 3000 liters per ha / year.

The introduction of leguminous shrubs to the traditional grasslands enhances productivity without increasing livestock areas, improves pasture fertility because the trees extract water and nutrients from soil, and provides direct benefits such as fruits, firewood and timber.

The pilot farms have made strong environmental commitments: not to deforest, to generate new pasture areas and to correctly manage their water supplies. Nestlé is looking to expand this project to ultimately work with more than 1,300 farms in cooperation with the Center for the Investigation in Sustainable Systems of Agricultural Projects (CIPAV).

In conclusion, this project meets the priorities of the United Nations Convention on Biological Diversity focus theme of "Biodiversity for Development and Poverty Alleviation" while Creating Shared Value in an integrated way.

Nestlé is helping farmers in 32 countries to improve earnings and assure the supply of quality raw materials in the Sustainable Agriculture Initiative Nestlé (SAIN) programmes.

Weleda: Committed to the Sustainable Use of Biodiversity

WELEDA IS THE WORLD'S LEADING PRODUCER OF NATURAL COSMETICS AND ANTHROPOSOPHIC MEDICINES. PLANTS AND PLANT-DERIVED MATERIALS ARE AT THE CORE OF ALL OUR PRODUCTS.

by **Bas Schneiders** ● Head of International Strategic Sourcing and CSR Weleda Group, Arlesheim

Currently we use about 350 species of plants, over 90 % of which are grown organically. New plants are evaluated on an ongoing basis to fulfil the needs of new functionalities in our natural cosmetics. Weleda obtains the required plant material from different sources. First of all we do have our own medicinal plant gardens in countries around the globe. Some 300 species are being cultivated by Weleda following bio-dynamic principles. Other sources of our raw materials are the collection of wild plants and contract cultivation by partners worldwide.

Weleda has been engaged in research on cultivation of medicinal plant crops for decades. Numerous collaborations with universities, governmental and private research institutions and NGOs have resulted in a huge number of scientific publications. The practical application of the know-how gained is being used both by us and by our partners.

One aspect of this research is the cultivation of wild species. At least one new wild species per year is being taken into cultivation in Weleda's gardens. Examples from previous years include Herba Euphrasiae, Imperatoria and Laminum Album.

Another aspect is the sustainable wild collection of plants. Weleda follows the concept of "Use it or Lose it" to ensure the protection and sustainable use of plants.

SUSTAINABLE USE

A well-known example is the project with WWF-UK for the sustainable wild collection of Arnica Montana in Garda (Apuseni, Romania). Arnica flowers are a key ingredient in different medicinal and cosmetics products, like Arnica ointment for the treatment of muscle strains and the natural cosmetic product Arnica massage oil. The project's aim was to develop a system for sustainable use of the Arnica Montana flower, which protects both their species and habitats and increases the income of the local population.

The Arnica project in Romania illustrates all the important principles that Weleda has been following since decades. Beside the ecological dimension, a positive socio-economical impact

is part of Weleda's business model. Fair partnerships with local communities as suppliers lead to win-win situations. Access and benefit-sharing has been coined as a term to describe the responsibility of companies to participate in an open and encompassing process leading to safeguarding of the rights of local farmers.

Arnica Montana, a protected species, grows on subsistence grassland in the Apuseni Mountains. To protect and stabilise the Arnica habitat, collectors and farmers play key roles. Extensive farming by land owners and sustainable collection is necessary in order to withstand the trend of either intensifying farming or abandoning farming due to emigration or reforestation altogether.

What is the benefit for local communities? Collectors have been selected and trained and their income contributes to their livelihood. Landowners generate income from otherwise unused land. A simple drying facility for fresh flowers, in conformance with local technology, was built locally and is up and running.

In addition two local associations were established: one for monitoring of the supply situation/habitats and for drying of the plant material, the other for trading and export. Needless to say that the dried Arnica flowers produced have to be certified as 'organic.'

Over the years a stable business connection has been established with benefits to all parties involved: secure supply for Weleda at fair prices, a significant contribution to the livelihood of the local community and protection of the habitat of a very sensitive plant.

Many more collaborations like this are underway e.g. the collection of Sabadilla from Venezuela, Strophantus combe from Malawi and Lobaria pulmonaria in Europe.

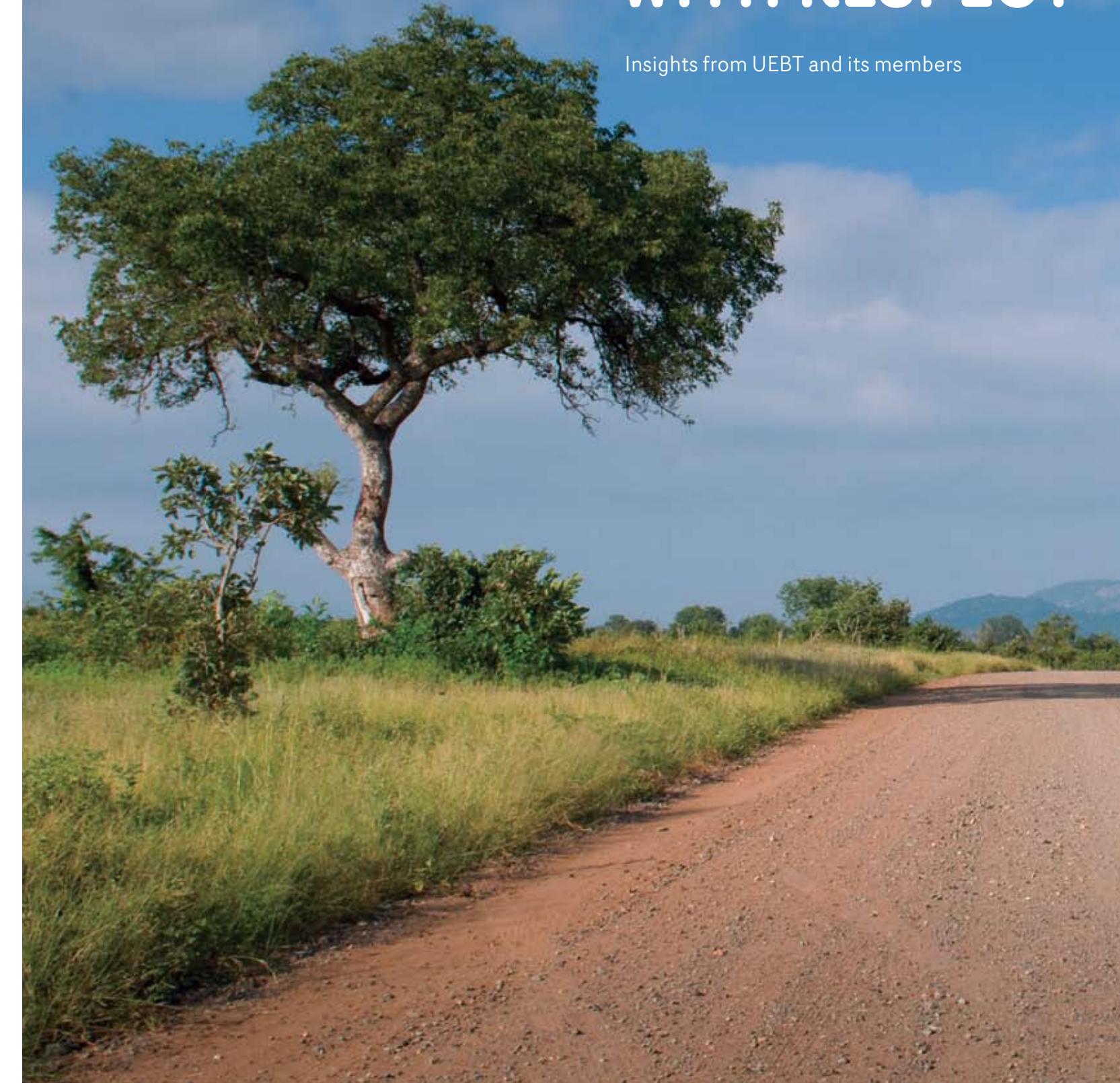
To emphasise its commitment to biodiversity, Weleda has signed the leadership declaration for the implementation of the UN Convention on Biological Diversity to acknowledge and support the Conventions' three objectives:

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilisation of genetic resources.

As regards developing biodiversity management, Weleda is member of the international Business and Biodiversity Initiative of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

SECTION II / TOWARDS SOURCING WITH RESPECT

Insights from UEBT and its members



Union for Ethical BioTrade: Promoting “Sourcing with Respect”

by **Rik Kutsch Lojenga**

Executive Director, Union for Ethical BioTrade (UEBT)

Consumers are increasingly aware of biodiversity—and this awareness means growing expectations regarding business and their approach towards conservation and sustainable use. They are also calling for more information on companies' biodiversity strategies and claim to be willing to make purchasing choices on the basis of these. With the International Year of Biodiversity campaign picking up, this trend is expected to accelerate in 2010 and beyond.

What does this mean for sectors such as cosmetics, personal care, or food and beverages? How are companies addressing the issue of biodiversity? What is ethical sourcing of biodiversity, and what are some of the key issues in implementing ethical sourcing practices?

BRINGING TOGETHER ACTORS

The importance of the private sector's role in protecting biodiversity cannot be overstated. By sourcing biodiversity ethically along the supply chains, industry can contribute to the conservation of resources on which their operations depend, meet consumers' evolving sustainability concerns, and make an important contribution to the conservation of biodiversity, and benefit sharing goals of the Convention on Biological Diversity (CBD). But while the CBD provides general principles, not much practical guidance is available to help industry advance on the ethical sourcing of biodiversity.

MISSION: To bring together actors committed to Ethical BioTrade and to promote, facilitate and recognize ethical trade practices in goods that meet the sustainable development goals in the Convention on Biological Diversity.



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

The Union for Ethical BioTrade (UEBT) was created to fill this gap, promoting, facilitating and giving companies a chance to demonstrate the ethical sourcing of biodiversity. Ethical BioTrade is not only good business, but also a way of making a concrete contribution to poverty reduction, biodiversity conservation, the sustainable use of biodiversity and benefit sharing. UEBT is also helping to increase awareness within industry and enlarge the market for ethically sourced products. In this way, it encourages the adoption of ethical sourcing practices around the world, at all levels of the supply chain.

UEBT AND ITS MEMBERS

UEBT has members from the international, private and non-governmental sectors. Private sector members of UEBT, those working with biodiversity along their supply chains, are committed to the ethical sourcing of biodiversity in the spirit of the CBD. They commit to gradually ensuring that their sourcing practices promote the conservation of biodiversity, respect traditional knowledge, and assure the equitable sharing of benefits all along the supply chain. Adopting an innovative approach to private sector engagement in biodiversity, this commitment is externally verified using the UEBT standard. The standard is based on the BioTrade principles and criteria as defined by the United Nations Conference on Trade and Development (UNCTAD).

As contributions to this newsletter show, membership of UEBT is drawn from all parts of the supply chain. It features well-known consumer brands like Natura who is actively integrating biodiversity considerations in its supply chains, it shares



the view of processing companies in countries like France and Colombia which turn natural ingredients into high quality cosmetics used by such brands. And on the other end of the supply chain we find examples of member companies owned by rural women in Swaziland, involved in wild collection in Malawi, or small-scale cultivation of maca in the high Andes. Finally, examples are given of members such as PhytoTrade and IUCN that are making efforts to up-scale trade in biodiversity-based products such as Allanblackia and Baobab, trying to make significant contributions to poverty reduction and biodiversity conservation in Western and Southern Africa. These examples clearly show the breadth of the UEBT membership base, which is set to grow importantly over this year.

KEY ISSUES

One of UEBT's central roles is sharing knowledge and expertise. As mentioned, practical guidance on the ethical sourcing of biodiversity is not widely available. On issues such as the equitable sharing of benefits – paramount to the CBD but still largely unimplemented, this is particularly important. The contributions of UEBT members show that all have initiated work on benefit sharing approaches, although at different levels of progress. As they implement their commitment to achieve compliance with the UEBT standard, they will further improve these practices, with UEBT support. With the CBD negotiations on new international rules on access and benefit-sharing (ABS) coming to a close, it is also opportune to highlight the way in which UEBT addresses this set of rules and principles. ABS is a crosscutting issue in the UEBT standards and related activities.

LOOKING AHEAD

Since its inception, UEBT has been working together with the CBD in encouraging companies to adopt ethical biodiversity sourcing practices. As awareness of biodiversity increases, and the challenges of addressing the mounting loss of species and habitats calls on all stakeholders to make a change in their policies and practices, such collaboration will become even more

The importance of the private sector's role in protecting biodiversity cannot be overstated.

important. Through this issue, UEBT hopes to call attention to the work already taking place, as well as the need for more companies to become involved in "Sourcing with Respect" and the implementation of the CBD.

The Union for Ethical BioTrade is a non-profit association that promotes the "Sourcing with Respect" of ingredients that come from native biodiversity. It promotes industry awareness on biodiversity and actively encourages more responsible sourcing practices. It also publishes briefing documents for industry, and provides other types of technical support. UEBT is a business driven association, but also draws members from outside the private sector, including IUCN – World Conservation Union, United Nations Foundation, or the International Finance Corporation. UEBT has signed an agreement with the CBD to promote business engagement in pursuit of biodiversity conservation.

ABS and the UEBT

Access and benefit sharing (ABS) is one of the pillars of the CBD. The fair and equitable sharing of benefits derived from the use of biodiversity is also at the core of Ethical BioTrade, and constitutes one of the key elements of the UEBT standard, in line with the objectives and principles of the CBD and other multilateral environmental agreements. Several requirements are based on and linked to fair and equitable sharing of benefits.

The UEBT standard requires compliance with all relevant national legislation, including on ABS. More importantly, because the standard reflects ABS principles in its broader benefit sharing requirements, compliance with ABS becomes necessary even in cases that are beyond strict CBD definitions (for example, when there is use of biological resources) or in which there is no relevant national legislation.

Surveying Biodiversity Awareness: The 2010 Biodiversity Barometer

BIODIVERSITY AWARENESS IS GROWING AMONG CONSUMERS. INCREASINGLY, CONSUMERS UNDERSTAND WHAT BIODIVERSITY MEANS AND VALUE ITS IMPORTANCE.

by **Emma Brooks** ● Programme Officer
Communications, Union for Ethical BioTrade (UEBT)

In 2009, the Union for Ethical BioTrade (UEBT) launched its first edition of the Biodiversity Barometer, a survey that gives an overview of awareness of biodiversity from three different perspectives: the consumer, industry, and the media.

This year, UEBT announced at its annual conference, The Beauty of Sourcing with Respect, the results of the second edition of its Biodiversity Barometer, which provide some interesting points compared to the 2009 edition. The barometer provides answers to important questions such as:

- How many people have heard of biodiversity?
- Do they know what biodiversity really is?
- How do consumers view the importance of ethical sourcing of biodiversity?
- Do consumers trust industry? What do they expect from it?
- How does industry report on biodiversity?
- How does the media cover biodiversity sourcing practices?

BIODIVERSITY IN THE PUBLIC EYE

Rising awareness: Notions directly linked to biodiversity and ethical sourcing are still less known than those of fair trade or

sustainability. The biggest increase in awareness however, is in biodiversity-related notions, such as ethical sourcing of biodiversity, equitable benefit sharing, or conservation of biodiversity.

On the other hand, notions such as the CBD remain relatively unknown by consumers in Europe and the USA, with only 31% of people having heard of it before. Due to a change in wording for these questions in Germany, results and evolutions only concern France, the UK and the USA.

A high proportion of consumers (81%) are ready to stop buying products from companies that disregard ethical biodiversity sourcing practices. It is vital that companies take these opinions into account.

BIODIVERSITY REPORTING

Cosmetics companies have limited reporting on biodiversity: Has the cosmetics and personal care sector made any progress in providing information for the public? Yes, but still only 21% of the top 100 companies report on biodiversity. An even smaller number (12%) reports that they pay attention to biodiversity in their sourcing practices, and only three companies report on paying attention to issues such as traditional knowledge, access and benefit-sharing, or intellectual property rights and biodiversity.

Biodiversity is increasingly being covered in the media and 2009 saw an increase in the number of biodiversity-related press articles. In total, the number of articles mentioning biodiversity increased by 32% in Europe and the USA.

IN CONCLUSION

Biodiversity is an emerging trend. The 2010 biodiversity barometer clearly shows that biodiversity awareness is growing

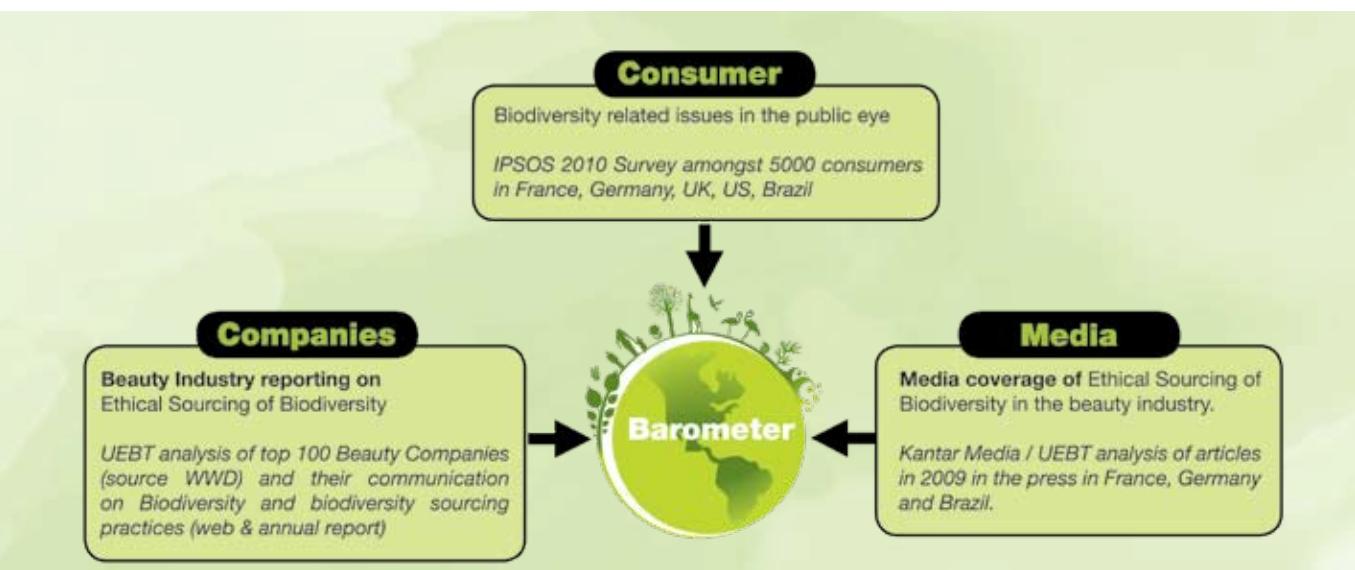
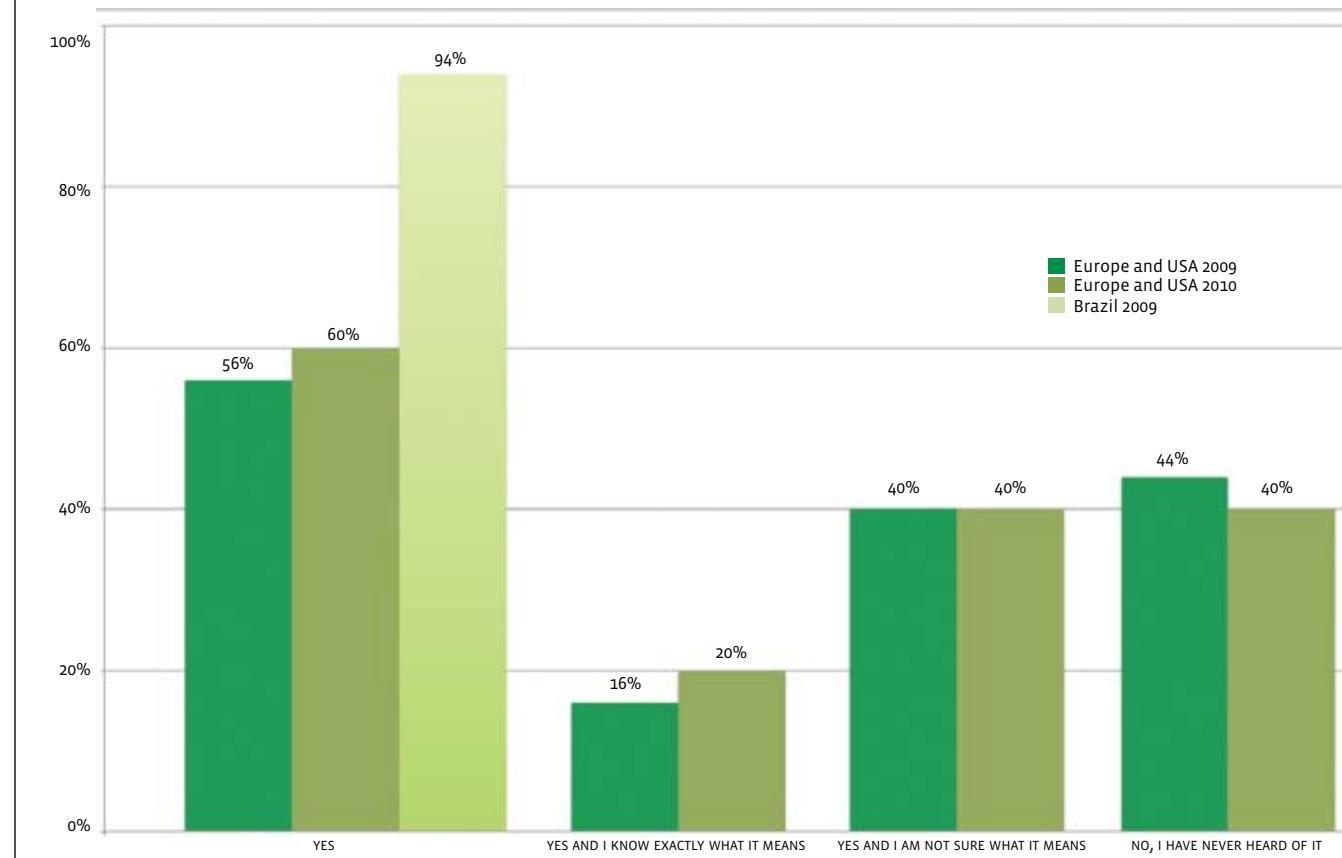


TABLE I



among consumers. Increasingly, consumers also understand what biodiversity means and value its importance. With the International Year of Biodiversity campaign picking up, this trend is expected to accelerate in 2010 and beyond.

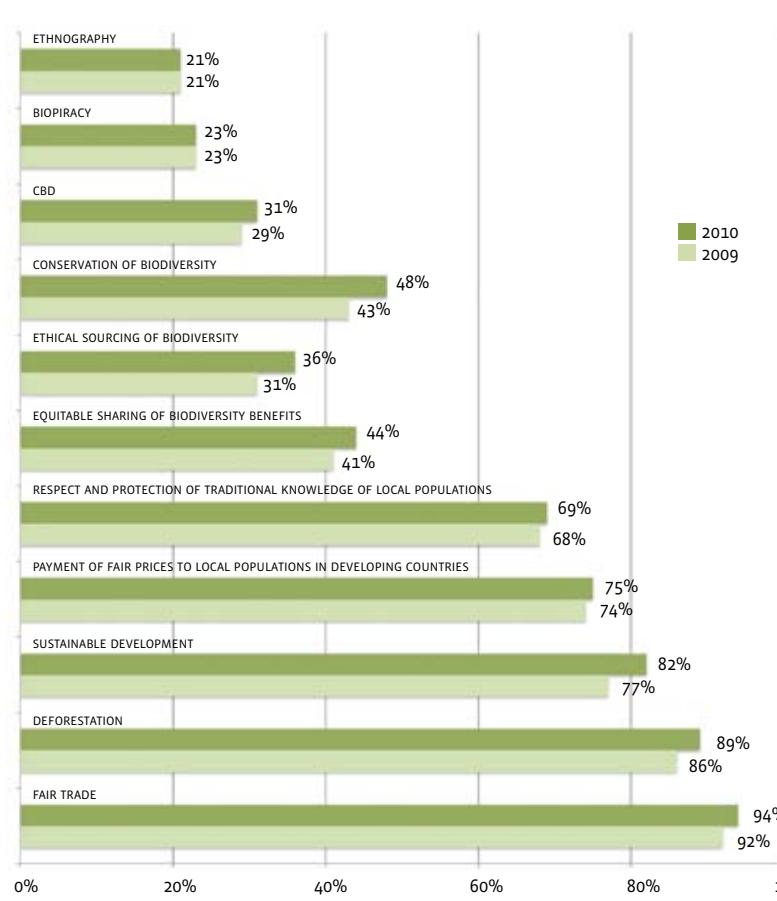
The 2010 International Year of Biodiversity should offer a strong incentive for companies in the cosmetics, personal care and food sectors to increase their commitment to biodiversity-friendly sourcing practices. Yet, biodiversity cannot just be a single project, but must be reflected through company-wide approaches that systematically integrate ethical biodiversity sourcing practices into their supply chains.

For more information, please contact emma@ethicalbiotrade.org.

Methodology

- UEBT commissioned IPSOS to conduct a survey of 5000 consumers: France, Germany, UK, USA, and Brazil. As in 2009, the interviews took place over the month of February.
- For the review of the top 100 cosmetics companies, UEBT based itself on the results of Women's Wear Daily top-100 ranking for 2009. Information taken into account: publicly available annual reports, sustainability reports, websites and the information contained therein.
- For the media review, UEBT commissioned KANTAR media to do a back search of media in France, Germany, the UK, the USA, and Brazil. The same databases and search words were used as in 2009. Media sources include professional media, magazines and journals for general public.

TABLE II



Allanblackia - An Ingredient for Poverty Reduction?

WHEN UNILEVER REALISED THE POTENTIAL OF THE OIL-RICH SEEDS OF THE ALLANBLACKIA TREE AND OBTAINED FOOD CLEARANCE FROM THE EUROPEAN FOOD SAFETY AUTHORITY, IT BECAME AN INTERESTING SOURCE OF INCOME FOR AFRICAN FARMERS. A NETWORK OF COMMERCIAL AND NON-PROFIT-MAKING ORGANISATIONS ARE WORKING ON THE IMPLEMENTATION OF A SUSTAINABLE MARKETING STRATEGY.

by **Chris Buss** ● Senior Programme Officer, Forest Conservation Programme, International Union for Conservation of Nature (IUCN); Jukka Tissari, Forestry Officer (Forest Products Trade and Marketing), FAO Forestry Department

The oil-rich seeds of the Allanblackia tree have been used for generations in the most diverse countries and regions of Africa, for food, to make cooking oil, and in more recent times for soap. Originally collected from the wild, the domestication of this tree and increased demand for the oil is an opportunity to boost incomes for African farmers.

Now the food industry in the industrialised world has discovered Allanblackia oil, this market presents new opportunities for African farmers. The increase in demand has come from potential uses of the oil identified by the international company Unilever, for use in food products like spreads, vegetable-based dairy products and ice cream. The commercialisation of this resource is an exciting opportunity to influence the supply chain from its early stages of development.

The cultivation of Allanblackia can contribute to food security in smallholder households for the following main reasons: The net income from growing Allanblackia is higher than from cocoa or palm oil, and, the harvesting time for Allanblackia falls between the other cash crops, which means that it can be grown in addition to them.

THE TREE AND OIL

With growth restricted to the humid forests of West, Central and East Africa the nine species of Allanblackia are found in areas high in biodiversity and subject to habitat loss, with three of the species considered "vulnerable", according to the International Union for Conservation of Nature (IUCN) Red List. It grows primarily in tropical rainforests, but can also be found in cultivated farmland areas. Many Allanblackia sites are considered to be areas rich in biodiversity and high in poverty, meaning that demands on the local forest resources are high, underlining the importance of investing in this tree to achieve conservation, forest restoration and poverty reduction goals.

The interest from a commercial perspective is that the oil is high in stearic and oleic acids and has a very precise melting point, which means that it remains solid at room temperature. However, owing to the precise melting point, it melts easily

once ingested; hence its excellent properties for cream-based spreads like margarine.

"PEOPLE, PLANET, PROFIT"

In 2002 the Novella Partnership was founded to support a programme of scaling up the production of Allanblackia oil in Ghana, Tanzania and Nigeria, and at the same time to reduce poverty and promote sustainable enterprise and biodiversity conservation in Africa. The vision of this partnership is to build a sustainable (environmental, economic and social) supply chain that will contribute to the development of Allanblackia businesses in Africa.

Novella is an international public-private partnership with a wide range of actors. Unilever is the largest investor and buys the harvest in pre-processed crude oil for refining. The opportunity of having such a key market player as Unilever in the partnership is critical in encouraging an increased supply of Allanblackia seeds.

The World Agroforestry Centre (ICRAF) is leading the scientific work on the domestication of Allanblackia to boost harvest levels to commercial viability. The National Forestry Research Institutes in Ghana and Tanzania are supporting this work by coordinating field activities. Technoserve provides business advice, and supports access to markets and capital, for business people in developing countries. Whilst IUCN works to facilitate the integration of forest landscape restoration principles into the different models for increased production of Allanblackia, it is also supporting the development of a market differentiation system for the Allanblackia oil in collaboration with the Union for Ethical BioTrade.

Novel International is the African partnership member and consists of the companies developing the supply chain in the main three countries of focus at present, Ghana, Tanzania and Nigeria. In 2008 Unilever withdrew from the management of the national level supply chain and it was handed over to three local companies in Africa (Novel Ghana, Novel Tanzania and Novel Nigeria). The reasoning behind this decision is to strengthen decision-making, ownership and implementation at a national level and support the vision of Allanblackia being a product from Africa for the benefit of Africans.

PATHWAY TO DOMESTICATION

A study by SNV (Netherlands Development Organisation) and

Novel Development Ghana Ltd. concluded in 2007 that the initial investment for planting Allanblackia is greater per acre than for cocoa or oil palm, but the annual management costs are considerably lower. Net annual cash benefit per acre will rise with Allanblackia. It can offer an important additional income opportunity for farmers living below the poverty line, or for households with unbalanced seasonal incomes. Allanblackia's harvest season, especially, falling between other cash crops, from January to April, is particularly important for income security.

FARMER FOCUS

Unilever has made a specific commitment to purchase oil from seeds grown by smallholders. To meet the estimated volumes that the market can absorb (>100 tonnes), a vast increase in planting and future production needs to take place. Production volumes at present are too low to render the supply chain viable, owing to the widespread nature of the "wild" trees and the low levels of seed-producing domestic trees.

However, with support from the partnership, the local in-country partners are overcoming these obstacles and the number of farmers involved in production is increasing; around 10,500 have been mobilised and trained to collect and plant new trees (100,000 planted to date). More than half of these farmers are women. In 2010 over 300,000 trees will be planted and Unilever will purchase over 200 tonnes of oil for use in their margarines.

Those farmers already involved are seeing additional income of around USD 100 from seeds harvested from around 15 trees. A scaling-up of production will generate increased income for more farmers, whilst stabilising the supply of oil. Fair price-setting for purchasing from the farmers and the Novel companies is a commitment that all Novella Partners are striving to achieve.

INCREASED PRODUCTION

In order to meet potential market demand the aim of the Novella Partners is to achieve production levels of 10,000 tonnes in ten years and 60,000 tonnes in 20 years with the involvement of over 40,000 farmers and by sustainable planting of eight million trees.

In order to meet these production levels, there will also be the development of larger-scale plantings of Allanblackia. With all members of the partnership committed to a sustainable supply chain, the challenge will be to ensure that any new actors adhere to the same principles as those established by the Novella Partnership. Partners are now investing in using different production models to demonstrate and field-test to ensure the economic viability and environmental sustainability of planting Allanblackia trees in agroforestry systems and degraded landscapes, following the principles of Forest Landscape Restoration. In collaboration with the Union for



Ethical BioTrade a verification framework is being developed for a variety of production systems, including wild collection, agroforestry and small to medium size plantations, and will therefore be applicable to all systems that may be used to increase stocking rates of Allanblackia. With the Novella Partners committed to the development of this verification framework an exciting opportunity exists to ensure that all production of Allanblackia oil is sustainable. Through IUCN this work is being supported financially by the Swiss State Secretariat for Economic Affairs (SECO).

WORK IN PROGRESS

Since 2002 over USD 10 million has been invested in developing the supply chain, which highlights the Novella Partners' commitment to making this exciting venture work. However, USD 10 million may be small change compared to the potential value of Allanblackia trade in the future. Successes like the increase in farmers' income and the number of trees planted, and future opportunities for restoration of degraded lands and additional carbon sequestration, can only be realised if certain obstacles can be overcome. Improvement of propagation techniques, biodiversity-rich production systems, equitable benefit sharing throughout the supply chain and consistent prices for farmers are all challenges that need to be met before the Novella Partnership and the Allanblackia trade can really be claimed as a success.

With interest in Allanblackia production mounting in Liberia and Cameroon, the potential to meet the demands of the market is great, and with members of the Novella Partnership all bringing different support to the supply chain, the opportunity exists to build a sustainable supply chain for an African product for the benefits of Africans.

Biodiversity and Access to Affordable Medicines

by **Gustavo Urrea** ● BioTrade Manager, Labfarve

Recognizing the importance of medicinal plants offers a unique opportunity to link biodiversity, health and sustainable development. Biodiversity is the source of primary health care for the majority of the world's population. The research and development of medicinal plants is thus a way to safeguard and advance health care, which is essential for much of the population. Moreover, the ethical sourcing of medicinal plants can play an important role in the conservation and sustainable use of these species and their ecosystems, as well as provide a significant avenue for local sustainable development.

For almost 30 years, Labfarve has strived to combine economic, social and environmental objectives in its ethical sourcing of biodiversity in Colombia. Labfarve is a leading research laboratory in the field of medicinal plants. It was founded in Colombia in 1984 by Dr. Jorge Piñeros Corpas, as part of a wider initiative to improve access to health services for the poorest segments of society. Today, Labfarve is recognized throughout Latin America for facilitating access to affordable medicines and advancing the recognition and sustainable use of biodiversity.



The main activities of Labfarve consist of research, development, transformation and commercialization of natural products derived from Colombia's rich biodiversity, including the high Andes and the Amazon rainforest. Labfarve develops phytopharmaceutical, cosmeceutical, and nutraceutical products based on extracts of native species that come from Labfarve's own organic cultivation areas. For example, Labfarve has developed a nutraceutical product based on an extract of "alegría del monte" (*Scutellaria coccinea*) used to treat depression and other ailments of the nervous systems.

ETHICAL BIOTRADE

Today, Labfarve numbers approximately 170 direct employees, which includes biologists, chemists, pharmacists, doctors, employees and administrative personnel. The company also provides jobs for close to 100 affiliated farmers in charge of the sustainable wild collection of raw materials. Throughout its supply chains, Labfarve implements the principles of Ethical BioTrade. It holds long-term contracts with its suppliers, offers continuous training to its commercial partners, and shares 10% of profits with local communities providing the raw materials. It also respects traditional knowledge, ensures there are numerous positive impacts on health, and its principles and criteria include safeguards to avoid harmful effects such as threatening the food security of local populations.

Labfarve adheres to the concept and practices of Ethical BioTrade for a number of reasons. Ethical BioTrade can bring health benefits, both direct and indirect, to thousands of the rural poor. In Latin America, much of the population is still not connected to a formal health system and relies primarily on natural remedies. As noted by the World Health Organization, it is critical to encourage these practices, incorporating them into primary health care strategies and ensuring that traditional medicines and therapeutic elements of recognized utility are further researched for further pharmacological and clinic uses. In addition to its research and development, Labfarve has also successfully asked the Colombian government to include 20 phyto-medicines in its national health care system.

Ethical BioTrade also ensures that medicinal biodiversity and related ecosystems will be sustainably managed and conserved, and the rights of indigenous and local communities in relation to their lands, resources and knowledge will be protected. Equitable benefit sharing is, in this regard, an adequate recognition of the contribution of biodiversity and traditional knowledge to new products, as well as an essential incentive to protect and integrate such biodiversity and knowledge in sustainable development policies and plans. Indeed, Ethical BioTrade is a critical concept that underlies the partnerships among all participants in the supply chain, key to achieving improved local health care and livelihoods, and for sustainably meeting the international demand for natural health products.

Making Ethical Choices the Natural Way

Interview with **Marcos Vaz** ● Director of Sustainability, Natura

Natura is a Brazilian company established on the principle of sustainable development, which influences all of its business strategies and practices. We posed five questions to Marcos Vaz, Natura Director of Sustainability.

1. Natura is founding member of the Union for Ethical BioTrade (UEBT). Why did Natura support the creation of the UEBT?

Natura was always interested in supporting initiatives related to biodiversity. In 2006, during a trip to Rondonia to visit a community that supplies raw materials to Natura, we met UNCTAD's (United Nations Conference on Trade and Development) team that was working for the BioTrade Initiative. At the time, we established a mutual interest to work on issues related to the supply chain and of integrating biotrade into our practices. Being the first Brazilian company to support the initiative, integrating UEBT as a member was a natural next step.

2. What role does Natura foresee in UEBT? Natura is involved in various initiatives and ethical sourcing of biodiversity is deeply rooted in the company. What is the added value of UEBT membership for Natura?

We have a very active role - as Vice-President of the Board and part of the Membership Committee - in supporting UEBT management through the building-up of the organization. Our belief is that by providing better insight into how we integrate biodiversity aspects into our supply chain management, Natura helps UEBT to align its approaches to business practices. It also improves UEBT's knowledge and understanding of how the market and industry work. Furthermore, being a UEBT member required that we undergo independent audits using UEBT's internationally recognized standard. Therefore, it increased the credibility of our approach with respect to the ethical sourcing of biodiversity.

3. As you mentioned, as part of UEBT membership conditions Natura was subjected to an independent verification against the UEBT standard. It then prepared a work-plan to achieve compliance over time. How would you describe this experience?

It has been a great learning curve. Although we already have 10 years of experience in the sustainable use of biodiversity, by checking our internal processes against the UEBT framework, we identified several opportunities for improvement that allowed us to produce a long-term plan incorporating them. We are really happy to share this experience with other companies.

4. Where would you like the UEBT to be in five years?

In order to have real impact on the way business is done, and thus on the biodiversity sourcing practices of the cosmetics and food sector, UEBT needs to seriously expand its activities. While

in the first three years of its existence the UEBT approaches were tested and improved, the next five years should be about increasing its activities and output. This means increased membership from all parts of the world, and all parts of the supply chain. Natura particularly encourages membership of other consumer brands to help bring biodiversity considerations closer to the consumers, which would further create a broader membership base for UEBT. Furthermore, we believe that the UEBT framework reflects CDB principles in their integrity, as well as those of fairer trade practices. We therefore encourage other initiatives and organizations that share similar objectives, to join forces and create synergies. This would maximize the results for biodiversity and for sustainable development at large.

5. What would you say to your peers from the private sector who are considering joining UEBT?

We would like to encourage other companies that are seriously interested in the ethical sourcing of biodiversity to make the step and join UEBT. I realize that the prospect of submitting all supply chains of natural products to an audit against UEBT's standard may be daunting for CEOs or sustainability managers. But the fact that UEBT's standard allows for a gradual process of compliance makes it possible for all. We are proof that it is possible; let's not forget that Natura is currently the fourteenth biggest cosmetics company in the world.

Commitment to Sustainability

The most eloquent example of Natura's commitment to sustainable development is the Ekos line, which focuses on the sustainable use of ingredients from Brazilian biodiversity, including the Brazil nut, the breu branco and the murumuru. The Ekos line represents a pioneering initiative to recognize the value of biodiversity, use it sustainably and share the benefits deriving from its use. It draws on the knowledge gathered by traditional populations over centuries of living close to the forest, and transforms it into pleasure-giving products, with scientifically proven benefits.

The discovery of new ingredients from biodiversity or new uses for them is the result of extensive research supported by knowledge, from scientific literature to street markets. In our laboratories, we transform the ingredients into new formulas and products that are innovative and rigorously tested. To obtain raw materials in an environmentally correct and socially equitable manner, we encourage sustainable forest cultivation and stewardship in the extraction areas. In this way, we include the traditional communities in the production chain and share with them the resulting benefits.

Relationships with the various communities were developed with the utmost consideration for issues such as benefit sharing, the use of images and knowledge, certification and local sustainable development plans. At present, a multidisciplinary team ensures that ties with the communities meet all the necessary criteria on the basis of a specially developed quality-control system. To date, Natura has 56 natural resource supply agreements that have been negotiated with companies, farms and communities in Brazil and in Latin America.

Rural Swazi Women Building a Global Brand

by John Pearce ● Executive Director, Swazi Indigenous Products

Tucked away between South Africa and Mozambique is Swaziland, a country not well known in the developed world. Caught in many ways in a time warp between ancient cultural tradition and modern-day material attractions, it presents a classic case of biodiversity under threat.

One of world's few remaining absolute monarchies, Swaziland is a middle income country, yet two thirds of its population lives in poverty. With its largest city having just 80,000 people, 69% remain rural dwellers.

This is the setting for an interesting social enterprise seeking to combine reducing rural poverty with improving biodiversity and women's social and cultural standing. Registered as a not-for-profit company and owned by its rural harvesters, Swazi Indigenous Products (SIP) buys oil seed kernels and converts them to natural skin care products available in health and fair trade outlets across four continents.

Marula, the species on which most of its products are based encapsulates many of the tensions inherent in conserving biodiversity amidst ever increasing population growth and consumer demand. Indigenous to southern and eastern Africa, marula is a genuine 'people's tree'. Growing almost exclusively in arid, marginal lands, archaeological evidence confirms its importance to ancient civilisations as a source of nutrition, medicine, folklore and a host of other applications.

Taking a product all the way from the seed to a professional cosmetics range sitting proudly on the shelves of European health stores presents enormous challenges.

Marula has become best known in more recent times for its alcoholic properties and the popular myth that elephants get drunk on it. While its effect on elephantine sobriety may be closer to marketing myth than scientific reality, it has long been established as a source of home brewed beverages—in many rural African settings, marula beer is a source of cultural traditions, but also an important source of rural women's income that has paid the school fees of many thousands of African children.

The last decade has seen the 'discovery' of another quality of the marula, long known by the indigenous population. The oil pressed from its seeds contains a host of exceptional skin care properties, resulting in its justified description as Africa's

miracle oil. While African women have traditionally known of its ability to alleviate stretch marks, modern science can also tell us that it is one of the top moisturising oils, it is the most stable known vegetable oil, and is extremely rich in natural anti-oxidants, giving rise to its anti aging properties.

In short, it is one of the wonders of nature ripe for 21st century commercial development. How the commercial development is taking place provides a fascinating case study in the conservation of biodiversity and in who reaps the benefits of commercialisation.

Swazi Indigenous Products is one of a handful of rural women's ventures established across Southern Africa over the past decade, seeking to utilise the oil's earning potential for rural women. Careful not to conflict with cultural tradition (or the Swazi love for their marula beer), SIP asks the rural women to save, dry and crack the extremely hard nuts left over when the brewing has finished. It then buys the resulting seed kernels, providing the harvesters with a further income source.

It is after manually cold pressing the oil that SIP's ambitious venture begins with its attempts to alter the structure of the value chain to the benefit of the rural harvesters. While most of the other African ventures are content to press the oil and sell it as a commodity product for the global market, SIP set its focus on establishing a global brand of pure, simple, natural cosmetics under its own Swazi Secrets brand.

The extent of the challenge has been potentially daunting. Taking a product all the way from the seed to a professional cosmetics range sitting proudly on the shelves of European health stores without contracting out any parts of the process presents enormous challenges—from establishing a reliable rural supply chain, through pressing and processing to the required quality standards, laboratory testing, product development, manufacture, packaging to meet rigorous and varied international labelling requirements, marketing and distribution. Such extreme vertical integration of the business may result partly from a strong streak of independence to be found in its Board of Directors and management team but it also makes commercial sense in a rural setting where the nearest options for contracting out processes lie in Johannesburg, 450 km and a border crossing away.

PROTECTING RURAL INCOMES

As the popularity of marula oil has grown, its relatively high price coupled with its market potential has inevitably attracted the attention of private entrepreneurs, seeing opportunities to streamline processes. There is no doubt on where the greatest cost cutting opportunity lies – SIP pays R112 (over 11 EUR) direct to rural harvesters for the seeds to produce one litre of marula oil. Factory-based technology for cracking the nuts

potentially gives the entrepreneur a significant opportunity to cut production costs, reduce the price of the oil and rapidly take a lion's share of increasing market demand.

The result: developed world consumers get cheaper cosmetics and the entrepreneurs reap a healthy return on investment, while rural communities lose a valuable source of income and social development and begin to concede their role as guardians of a part of their indigenous heritage. While some may simply regard these processes as part of the inevitable price of progress, SIP and its 2,600 rural Swazi suppliers take a different view.

They have already taken steps to improve productivity and safety with a mechanical cracker that can be used in the rural homestead and to prove that community based processes do not necessarily mean inferior quality and hygiene of the finished product. Meanwhile, they have also gained external recognition of their efforts.

To add to existing Ecocert Organic certification and membership of the World Fair Trade Organisation, SIP is now on the verge of membership of the Union of Ethical Biotrade following a successful audit and workplan submission.

Having taken on the challenge of protecting their role in the value chain, and audaciously taken their stand alongside major cosmetics companies at Biofach Organic Trade Fair in Germany in 2009, SIP view the future with cautious optimism. Local value adding and rural women's ownership has become an integral part of their marketing strategy, combining product quality and efficacy with a strong appeal to the buyer's social conscience.

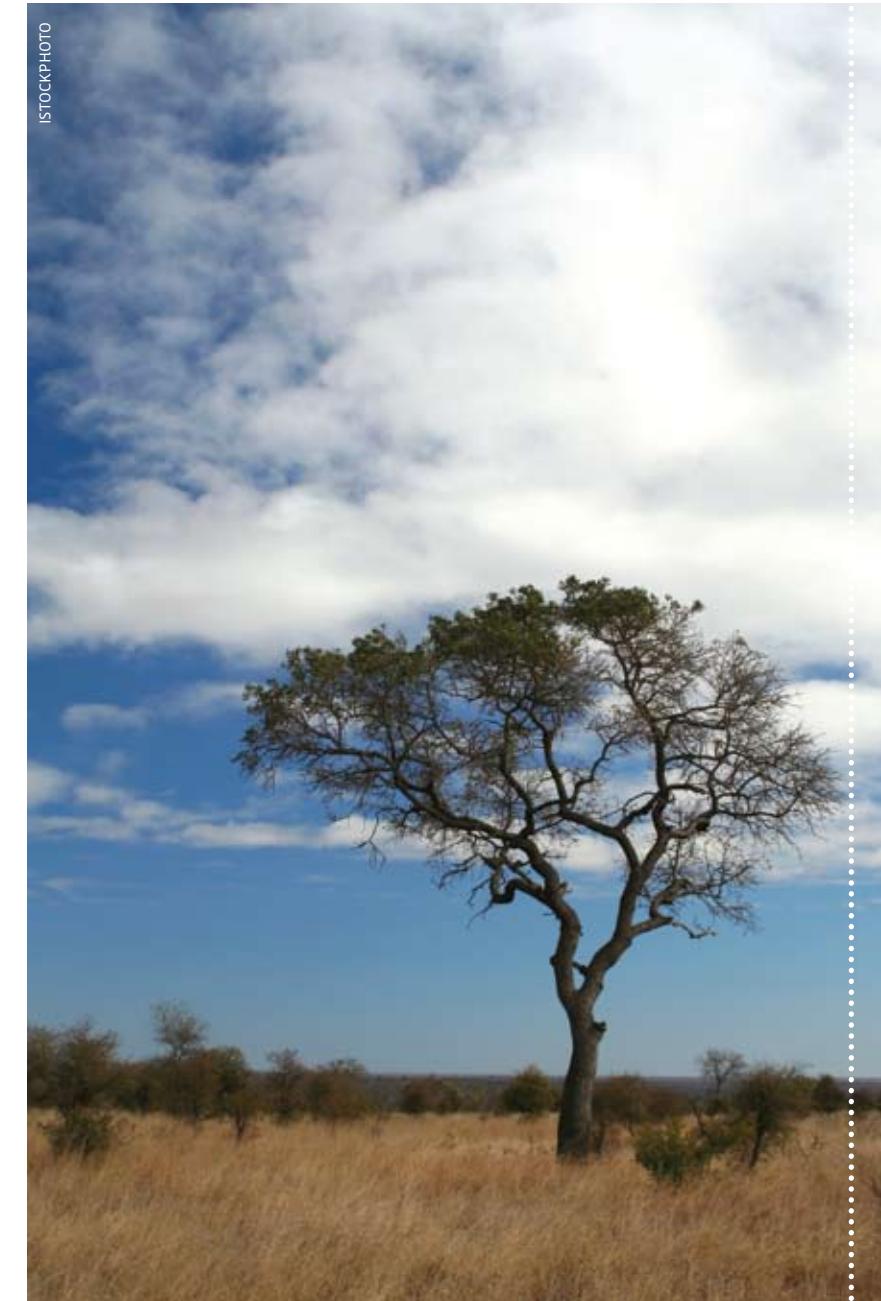
ENCOURAGING GUARDIANS OF BIODIVERSITY

Examples are legion of ways in which local African populations have been economically forced into abusing the future of their diverse natural heritage. Faced with the choice of finding and selling endangered species on the informal market in exchange for paltry sums or letting her children go hungry for another night, it is hard to criticise the African woman for abetting the continuing loss of that heritage. It is all too often a choice taken precisely because she has no choice. How many of us, faced with the same circumstances, can honestly say that we would do differently.

Swazi Indigenous Products seeks to give its members that choice and thus gain a legitimate income from their natural resources at the same time as protecting them for generations to come. The wider issues behind the Swazi Secrets experience might possibly be:

- In whose hands is the future guardianship of marula as a natural resource best placed?

ISTOCKPHOTO



- Who should be the beneficiaries as yet another part of Africa's traditional heritage establishes itself in the global marketplace?

Some 2,600 rural Swazi women would have no difficulty in giving the answers.

For further information, visit www.swazisecrets.com or for continued updates, visit the Swazi Secrets blog at www.swazisecrets.wordpress.com or become a Facebook fan at www.facebook.com/pages/Swazi-Secrets/121300230089.

African Magic Mixed with Cutting Edge Green Technology

by **Pierre Charlier de Chily** ● Chief Executive Officer, Aldivia

Elizabeth Dlamini, herbalist and skincare adviser to a whole generation of local women, has skin that glows. She beams as she explains why. "Here in the Royal Kingdom of Swaziland we are proud of our plants that we use in our traditional beauty regimes. Our grandmothers taught us how to prepare cosmetics from the oil of the Marula nut". Now, Ubuntu Natural is bringing Swaziland's best-kept beauty secret to the international cosmetics market.

The Ubuntu Natural range, launched by Aldivia®, a French company specializing in plant cosmetic ingredients, introduces the exceptional natural properties of Baobab, Marula, Ximenia, Mongongo, Kalahari Melon, and Mafura to the cosmetic industry. More importantly, because respect for local producers and the environment is at the core of the project, Ubuntu Natural is also an important step towards protecting these plants and their ecosystems, as well as improving the livelihoods of local communities.



The natural African oils such as those coming from Elizabeth Dlamini's community in Swaziland are exclusively sourced through ethical supply chains. In addition, through the Ubuntu Charter, Aldivia® guarantees that Ubuntu Natural lipids have been produced using indigenous plant materials that have been sustainably wild-harvested by the primary producers, thus actively protecting biodiversity.

MARKET REQUIREMENTS

"Much research and development was necessary to meet Northern market requirements," explains Pierre Charlier de Chily, CEO of Aldivia®. "The Ubuntu Natural range, thanks to green technology developments, offers virgin oils of excellent quality, perfectly safe on the microbiological and toxicological sides."

Additional research also focused on developing brand new water dispersible derivatives, 100% of natural origin, that bring forth the useful properties of co-surfactants and preserve the natural actives of the Ubuntu oils. These developments allow the introduction of African oils in a range of products, from shampoos, shower gels, lotions, bath oils to anti-ageing and emollient milks and creams.

New technical developments have allowed Aldivia® to launch a new generation of organic certified chemically processed agro-ingredients. These innovations will be at the core of tomorrow's cosmetics: ingredients based on organic raw materials, processed applying green chemistry principles to offer healthy and efficient alternatives to synthetic ingredients.

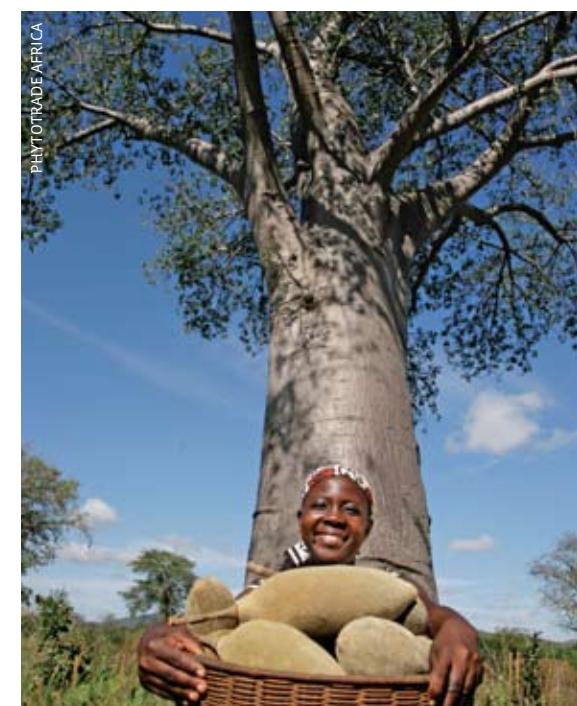
Thanks to the organic certification of the supply chains, Aldivia® can now apply such cutting edge technologies to organic raw materials stemming from biodiversity. In addition, as a member of the Union for Ethical Bio Trade (UEBT), Aldivia® is committed to the Sourcing with Respect of native natural ingredients, advancing the conservation of biodiversity while ensuring that all contributors along the supply chain are paid fair prices and receiving an equitable share of the benefits. Indeed, after several years of work on issues from sourcing to technical developments, Aldivia® now associates these breakthroughs to the needs of tomorrow's natural cosmetics.

"Our clients in the cosmetics industry can be confident about the quality and efficiency of these products and about the contribution they are making to local livelihoods through purchasing products that contain our oils" states Mr. Charlier de Chily. "By creating new markets for African raw materials, Aldivia® and our customers add value at the local level, preserve traditional culture, and are safe in the knowledge that indigenous trees will be conserved for generations to come."

African Legend 'Tree of Life' Fruit Helps People and the Planet

by **Lucy Welford** ● Marketing and Communications, PhytoTrade Africa

munities in Southern Africa by developing ethical and sustainable trade in natural products. It represents baobab producers across eight Southern African countries. As a founding member of the UEBT, PhytoTrade Africa has its own internal Ethical BioTrade Charter to which all of its 50+ members, including baobab producers, are committed.



Baobab, the exotic fruit from Southern Africa with three times the vitamin C of an orange, twice as much calcium as milk and twice as many antioxidants as goji berries, is now available in Europe. It is set to be the health food of 2010 as it packs a powerful nutritional punch that outweighs other foods on almost every level.

Following European Union Novel Foods approval facilitated by PhytoTrade Africa, baobab has the green light to supply the fruit powder into Europe. It is now directly available to the public and food manufacturers who are starting to produce products containing the super fruit.

The growing trade in baobab (a "keystone" species in the savannah eco-regions of Southern Africa) has been heralded as a win-win for both improving people's lives in Africa and biodiversity by PhytoTrade Africa, the organisation that facilitated the decision and represents producers. "According to a report by UK's Natural Resources Institute, more than 2.5 million of the poorest families in southern Africa could earn a life-changing income by sustainably harvesting wild Baobab," said Gus Le Breton, CEO of PhytoTrade Africa.

PhytoTrade Africa is the Southern African Natural Products Trade Association dedicated to helping low-income, rural com-

The white, powdery baobab fruit pulp looks like sherbet and can be blended with anything, and it is better suited as an ingredient rather than eaten on its own. The fruit powder has a unique tangy taste described a 'caramel pear with subtle tones of grapefruit'. It is an easy and adaptable fruit to cook with and instantly boosts the nutritional value of any dish. In addition to its extraordinarily high levels of key nutrients, it acts as a flavour enhancement and yet another benefit of the baobab fruit for the health conscious, is that less sugar can be used in cooking.

"The availability of baobab is timely with attention on South Africa with the World Cup taking place" Le Breton continues. "Consumers can now get hold of it directly for the first time and we expect food manufacturers to roll out their own baobab lines from smoothies to cereal bars and confectionery as they take advantage of the booming market in healthy, ethically traded, biodiversity friendly foods."

A number of products containing baobab are already starting to hit shop shelves across Europe. Early products include, Yozuna Fairtrade African Baobab Fruit Jam, Baobab and chocolate spread, Baobab and banana spread and Baobab lemonade. In addition, baobab fruit powder can be purchased for use in cooking at home.

For more information: www.yozuna.com.

KEY NUTRIENTS IN BAOBAB INCLUDE...

- **Vitamin C:** three times as much vitamin C as an orange. Vitamin C aids the bodily uptake of iron and calcium
- **Calcium:** it is rare for calcium to be found in large quantities in fruit and vegetables which is why in some regions it is used as a milk substitute for babies. It has twice as much calcium as milk and 50 per cent more calcium than spinach
- **Iron:** it is a rich source of iron containing more than red meat, spinach, sardines or lentils.
- **Antioxidants:** twice as many antioxidants as goji berries and more than six times that of blueberries, cranberries and blackberries and over ten times more than oranges.
- **Potassium:** six times higher levels than bananas, dried apricots, spinach and avocados.
- **Magnesium:** it has more magnesium than spinach

Use It or Lose It

SUSTAINABLE USE OF STROPHANTUS KOMBE IN MALAWI: A PARTNERSHIP BETWEEN TREECROPS LTD AND WELEDA AG

by **Chris Dohse** ● General Manager, Tree Crops Ltd

Long before Dr. Livingstone planned his first journey to Africa, two African hunters sat along the banks of the Shire River in Malawi and used the seed of a plant they called "kombe" in their pursuit of game. Sitting near the evening fire on the shores of the river Shire, they prepared their weapons for the next day's hunt. One sharpened arrow tips, which were expensive and made of rare iron; the other had already ground the "kombe" seed into a paste and mixed it with a tree exudate to make the paste stick to the arrow point. They knew if they could pierce the antelope with only one arrow, it would run no more than 100 yards and die instantly—it was an absolutely lethal weapon!

In 2007, centuries after their successful hunt, Tree Crops Ltd in Malawi received an email from Weleda AG in Germany. Weleda wanted to build up a sustainable supply of Kombe seed from Malawi. The two companies formed a partnership to use this rare African plant material and traditional African knowledge to set up a sustainable business. Weleda uses the active ingredient of the Strophanthus kombe Oliv. seed in a very potent heart drug, which has, according to Weleda, a growing market potential.

ETHICAL SOURCING OF BIODIVERSITY

Is such an initiative a bad thing? Not if the trading partners know and comply with the rules and principles of the Convention on Biological Diversity. When such commercial partnerships consider the conservation and sustainable use of biodiversity, they can provide valuable incentives for the protection of species, ecosystems and related traditional practices. When these activities are conducted with prior informed consent and equitable sharing of benefits, they can contribute to local livelihoods and sustainable development strategies. Building such trade relationships requires commitment and expertise.

KOMBE, FORESTS AND BIODIVERSITY

Malawi has one of the highest deforestation rates in Africa. The loss of biodiversity is immense. Forests where Strophanthus kombe is found have become rare and face extreme pressure from farming, fuelwood collection and charcoal production. There is no control over access to forests. Cleared land is regarded as good land. It is sad to note that once the forest disappears, the vegetation changes into grasslands and frequent fires throw the natural succession of forest development back

yearly. The last remnants of forest types in which Strophanthus kombe can be found are therefore of the highest importance, for its intrinsic value as much as for its potential benefits for companies and local communities in the context of the TreeCrops and Weleda partnership.

SEEING THE BIG PICTURE

TreeCrops doesn't just look at the individual tree, but at the entire forest. Interdependent species ensure that flowers are pollinated, the natural nutrient cycle provides the best plant nutrition, and due to its diverse nature the system is in balance.

All the company's raw materials originate from wild collection, which determine its relationship with local communities. This trade relationship is based on the tree resource itself: trees don't migrate (although farm crops do). This allows TreeCrops to trade with the same collectors year after year. Hence awareness campaigns on biodiversity aspects and extension services are very cost effective, as they build on existing knowledge.

All collectors are trained on trade aspects, and receive relevant information regarding plant identification, sustainable harvesting practices, post-harvest handling, correct packing, and documentation for traceability. Information about the value of forests is made a topic in almost all meetings, and undergoing training is a condition for becoming a registered supplier. It is an exclusive and closed market.

ENSURING SUSTAINABLE DEVELOPMENT

TreeCrops does not own land in Malawi, thus it cannot control the different uses and interests in the resource. Most forest resources are found on customary land, meaning that the company has had to develop an approach to address the deforestation problem to ensure long-term business. TreeCrops has worked closely with communities to reach agreements that create incentives for long-lasting sustainable development.

It is the communities themselves that show TreeCrops the area where they think a forest can be established without interfering with other land uses. Many Malawian communities still possess large pieces of idle land. In many cases this land is not suitable for farming: marginal soils, rocky slopes or muddy grounds make farming impossible. Such sites carry forests or other forms of natural vegetation.

After the consultation, TreeCrops maps the boundary and integrates the forestland into its database. Overview maps show the areas, and plans are written as a basis for long-term management. It then enters into contractual arrangements with the community, stating that this particular piece of land shall not be cleared and turned into farmland, so as to ensure the conservation of biodiversity – an important basis for the multiplication of tree resources. The message that TreeCrops communicates

is, 'if the forest is cleared, business will vanish!' In other words, 'Use it or lose it.'

INCENTIVES FOR SUSTAINABLE USE

The incentive for sustainable use is the price. Protection can only be guaranteed if the value of the forest is higher than the value of farmland. But what about those not involved in the trade? What incentive do they have to protect the forest and its diversity? Why are only trained persons allowed to benefit from the resource? The TreeCrops access and benefit-sharing mechanism aims to address these situations.

The Strophanthus kombe case was the precedence on which TreeCrops developed this mechanism in 2008. It is based on the idea that, under the open access regime for forest use, all community members have the right to harvest from the resource, but only registered collectors have the right to deliver to the company. Nevertheless, as these collectors use a communal asset (the forest) they are theoretically obliged to pay a "levy" towards the community. In the traditional system none of the collectors actually pay such a levy. In the case of trade with TreeCrops, it is the company who pays the levy, which is deducted from the price for the product and paid into a community account.

To access these funds the community is asked to establish a Village Development Committee, as required by law. Many communities do not have one in place, and so TreeCrops helps them set it up. The Committee identifies necessary improvements and decides over the use of funds for communal projects. In the past, they often didn't have enough money.

This has changed with the natural products trade with TreeCrops. A frequent project is the repair of boreholes, as they provide clean water and benefit all. Alternatively, the community may decide to invest in the forest, to produce more products. This leads to higher yields and therefore more levies, creating a positive money cycle. The condition put in place by TreeCrops is that the funds must benefit the wider community, not only committee members or collectors.

One could imagine that the community might use the funds to repair a school roof or to employ a teacher. One village chief said, "If these trees go, we will lose this income. We should protect and multiply them!"

What about traditional knowledge? Despite not being patented, the use of the Strophanthus kombe seed as a raw material for heart drugs clearly derives from its ancient use as an arrow poison. It is therefore worthwhile to reward this knowledge. TreeCrops presented the case to Weleda and negotiated with Weleda a second levy as a reward for the use of traditional knowledge. Weleda, which has an anthroposophic background



Interdependent species ensure that flowers are pollinated, the natural nutrient cycle provides the best plant nutrition, and due to its diverse nature the system is in balance.

and strong intent to promote fair trade practices, was happy to support this approach. An agreement on access and benefit-sharing was established between TreeCrops and Weleda in 2008, which goes to show that two partners with a similar attitude can make a difference.

Maca: Energizing Ethical Sourcing in the Peruvian Andes

by **Pilar Palomino** ● President of the Association of Maca Producers and Transformers, Nación Pumpush

Maca is an Andean root that is conquering world markets as a “power ingredient” for food and drink, providing a range of nutritional and broader health benefits. Maca has a high concentration of proteins and other vital nutrients that result in a number of advantageous effects for human well-being, reportedly ranging from increasing energy to promoting fertility and inhibiting toxins. But the importance of maca extends well beyond related market opportunities.

Harvested and used by humans in the Peruvian Andes for centuries, Maca is an important traditional food and medicinal plant in its limited growing region of Junín, where it plays a significant social, cultural and economic role. Maca is grown in the most sensitive of ecosystems, at altitudes of 4,000 meters and above, where few other crops grow. Consumer interest and demand for

maca can be a strong incentive for preserving these ecosystems and livelihoods, which is where Ethical BioTrade comes in.

Pilar Palomino Blanco, president of the Association of Maca Producers and Transformers “Nación Pumpush” in Junín, Peru, which is partnering with the Peruvian company Bebidas Interandinas SAC (BISAC) in an ethical sourcing project, explained their interest, commitment and approach to Ethical BioTrade.

WHY ETHICAL BIOTRADE?

BioTrade is intrinsic in our approach to the cultivation of maca, which is organic, based on the principles of Ethical BioTrade and founded on shared social responsibility. Indeed, the concept of Ethical BioTrade, for us, is an integral part of the legacy of our ancestral knowledge associated with biodiversity, which was handed down from the Incas.

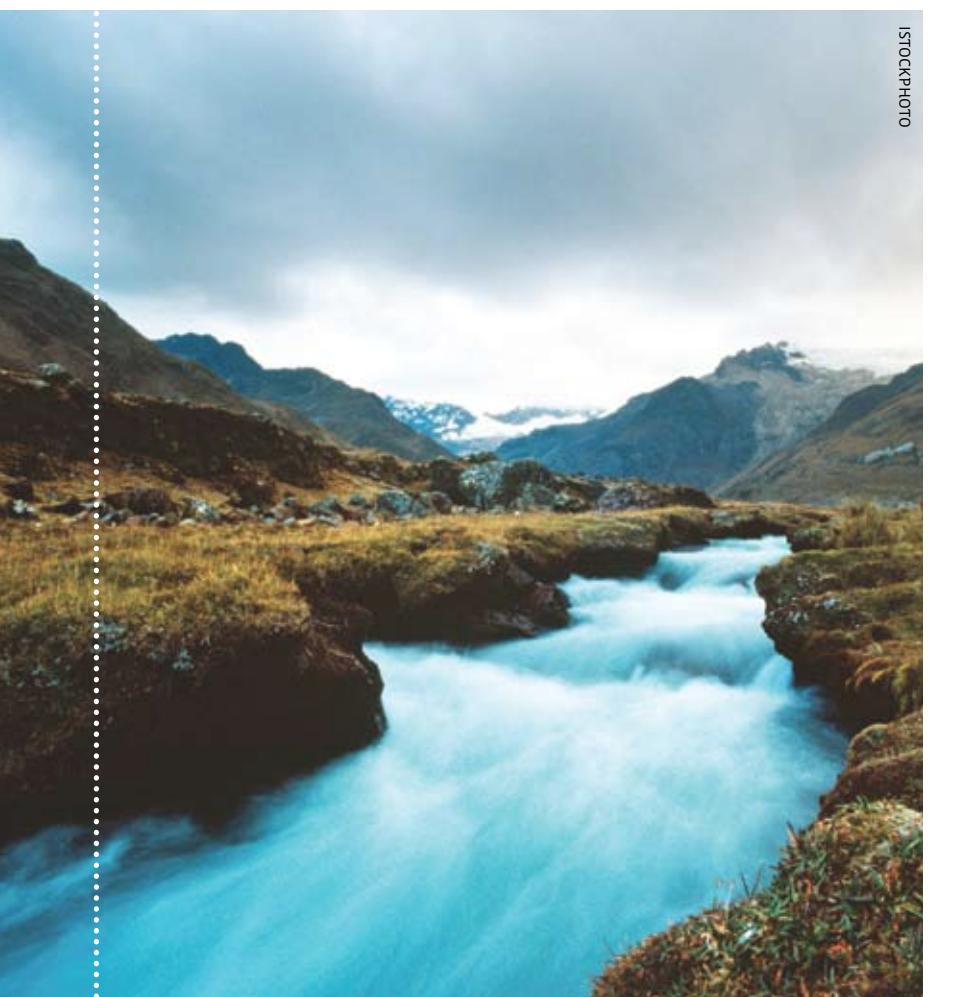
For instance, like many root vegetables, maca can exhaust soils that are not well tended, which is why traditional cultivation follows strict crop rotation rules. The notion of partnership is also intrinsic to our work, where our approach is really one for all and all for one on issues such as corporate social responsibility, workers’ rights and land rights.

WHAT ARE YOUR CURRENT ACTIVITIES AND PRIORITIES?

We are now working on strengthening our knowledge and governance to add value to the maca in national and international markets. We have already achieved significant competitiveness, which is evident in an ever-growing presence in products in a range of markets. We are working towards even greater awareness and skills on issues such as commercial development and sustainable management. The need to be able to adapt quickly to market demands and to improve our management practices is important, something we have done with a recently introduced internal control system for organic certification.

WHO ARE YOUR PARTNERS IN THESE EFFORTS?

“Nación Pumpush” works closely with a number of partners. Our collaboration with the Peruvian National BioTrade Program has been particularly useful. The technical cooperation on processing and development, provided by SECO-GTZ through the Peru Biodiverso project is also bearing fruit. In addition, the sourcing partnership with BISAC, which is a member of UEBT, not only helps to safeguard the maca plant and its associated traditional knowledge, but will also contribute to sustainable development in the region. In fact, BISAC was recently awarded an Ethical BioTrade Community Trading Grant by UEBT to assist in the implementation of Ethical BioTrade Principles and Criteria at the community level.



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SECTION III / OTHER EXAMPLES OF BIOTRADE

Complementary views

Community-based Business Enterprises for the Preservation of World Heritage

CONNECTING PEOPLE, IDEAS AND RESOURCES TO PRESERVE WORLD HERITAGE

by **Luisa F. Lema** • Sustainable Development Program
In collaboration with **Terence Hay-Edie**, Programme Specialist, UNDP/GEF Small Grants Programme

The United Nations Foundation was created in 1998 with entrepreneur and philanthropist Ted Turner's historic \$1 billion gift to support United Nations' (UN) causes and activities. In 1999, the organization decided to support the conservation of World Heritage sites while promoting them as models for protected area management. There are currently 890 World Heritage sites places recognized for their outstanding universal value—located in 148 countries around the world. A method used to protect these sites was the development and promotion of sustainable livelihoods and business practices for local community members, so that they could become better stewards of the sites. In order to achieve this objective, the UN Foundation partnered with the United Nations – and specifically with the UNESCO World Heritage Centre and UNDP/Global Environment Facility Small Grants Programme – to test its initial methodologies and assumptions about the links between sustainable livelihoods and conservation outcomes at World Heritage sites.

The awarding of small grants rapidly proved successful at helping local communities build productive projects around sustainable activities. However, oftentimes we discovered that community enterprises were not necessarily built for long-term viability. A nascent project would frequently fail when grant

subsidies and support were removed. An evaluation conducted in 2007 of many community enterprises previously supported by the UN Foundation in partnership with UN agencies noted that those failures also discouraged communities from starting new businesses.

In response to those early challenges, the UN Foundation strengthened its focus beyond supporting only the development of community-based, sustainable enterprises in 2006 and instead assumed a holistic approach to Sustainable Livelihoods. The new approach was based on a three-pillar strategy for community businesses to achieve long-term self-sustainability:

1. Support the creation of community-based enterprises that protect rather than harm biodiversity and improve livelihood opportunities
2. Link productive enterprises to regional and global markets
3. Provide enterprise development support and affordable loan financing to help community-based enterprises grow to the point of marketability.

CREATING COMMUNITY-BASED ENTERPRISES

Access to capital is a major obstacle to both enterprise development and successful habitat and ecosystem protection. Community Management of Protected Areas Conservation (COMPACT), an eight-year alliance between the UN Foundation and United Nations Development Program-Global Environment Facility Small Grants Programme (UNDP-GEF SGP), works at a local level to improve the livelihoods of communities near World Heritage sites by promoting small and medium locally-owned businesses. Local projects are entirely community developed and run; \$5,000-\$45,000 grants are approved by a Local Consultative Body with community leaders, protected area managers, and other local actors as the decision-makers over resource allocations. Also, the presence of a UNDP Local Coordinator in each site guarantees that communities are well supported through the planning and implementation phases. As a result of COMPACT's efforts, communities working in renewable energy development, sustainable tourism, organic agriculture, apiculture, and sustainable fisheries have been supported in eight countries.

LINKING PRODUCTIVE ENTERPRISES TO REGIONAL AND GLOBAL MARKETS

The progression from initial development of community businesses to market readiness can be slow and challenging for local entrepreneurs. In an effort to maximize local synergies and improve effectiveness, the UN Foundation works along with local partners that guide community businesses in the improvement of their products and production practices. Through a consulta-

tive process and with professional support, communities and local organizations can create brands that represent the World Heritage site and the culture of the communities; these brands aggregate community products that meet high conservation, social, and quality standards. Local brands are stewarded by a group of stakeholders in the social and conservation sectors, and owned by for-profit social brokers that sell and distribute the products. Private sector members in potential markets are then engaged in consultations on product design and pricing, wherein the cost structure of the products is transparent to communities, partner NGOs and first-hand buyers. This market-access model engages different stakeholders in the value chain to enable community enterprises to reach larger markets.

PROVIDING ENTERPRISE DEVELOPMENT SUPPORT AND ACCESS TO CREDIT

Many nascent community enterprises struggle for long-term sustainability due to their inability to access affordable credit with favorable payment conditions. Even existing conservation- or sustainability-oriented loan schemes are largely unable to meet the financing needs of these small enterprises due to a higher loan window or stricter payment obligations. To address this, the UN Foundation, UNDP-GEF SGP, and Conservation International's Verde Ventures program developed the World Heritage Local Ecological Entrepreneurship Program (WH-LEEP). WH-LEEP provides up to \$10,000 in grants to support development needs of community enterprises and \$20,000-\$50,000 in loans to community enterprises around certain World Heritage sites, through a risk guarantee mechanism financed by the UN Foundation. The financing mechanism is designed with all investment criteria, due diligence, and monitoring and evaluation components ap-

propriately addressed, and is expected to become self-sustaining through re-payments and enlargement of the partnership to bring in new grant and investment resources.

One of the most important lessons learned is that these initiatives cannot be implemented in sequence, but rather as a suite of tools that cater to the particular conditions and needs of each community initiative. To complement work done in Sustainable Livelihoods and ensure the success of community-based sustainable enterprises, the UN Foundation works to strengthen private industry networks involved in the areas of sustainable tourism and biotrade –two sectors often linked to areas of high biodiversity value. Consequently, members of the World Heritage Alliance of Sustainable Tourism (WHA) and the Union for Ethical BioTrade (UEBT) are often supporters of community projects and the first buyers of local products.

Building on ten years of experience, the UN Foundation's work in the area of Sustainable Development has evolved with new and innovative techniques to support community businesses. Today, our work empowers local communities to harness their traditional techniques in a way that benefits both the natural biodiversity and cultural heritage around them. For example, Lizbeth Pool Uc's return to her ancestral beekeeping tradition has not only allowed her to support her family, but also to play a role in protecting the forest vegetation around her home. By engaging local and international actors to support community enterprise, we aim to link entrepreneurs with market demand, to increase competitiveness of community-based products, and to create incentives for the long-term conservation and sustainable use of natural resources around World Heritage sites.

	Business Concept Consolidation	Market Access	Enterprise Development Support and Financing	Self-Sustainability
Objective	Create capacity and grow community ideas to start and strengthen sustainable businesses based on a strong conservation ethos	Link community capacities with market needs and improve environmental, social and quality standards	Improve business management and increase production capacity, emphasizing sustainable practices	
Benefits	Create ownership; begin to sensitize communities about benefits of sustainable use of natural resources	Increase competitiveness; strengthen marketing channels; achieve standards and requirements to compete in markets; sensitize private sector to value of working directly with communities	Improve internal standards in management, production, and other business issues	
Partners	UNDP/GEF SGP	Local NGOs	UNDP/GEF SGP, Conservation International	
Financing	Grants	In-kind support	In-kind support/Loans	

Table : UN Foundation's approach to create self-sustainable community businesses.

The UN Foundation offers three interrelated tools for communities around World Heritage sites to develop environmentally and financially sustainable businesses; the framework not only comprises direct support, but also creates partnerships in the public and private sector. UNDP-GEF SGP: United Nations Development Programme-Global Environment Facility Small Grants Programme; WHA: World Heritage Alliance for Sustainable Tourism; UEBT: Union for Ethical BioTrade.



Coffee Helps Promote Sustainable Development and Preserve Forests

ONE OF THE MOST FASCINATING COUNTRIES IN THE WORLD, ETHIOPIA IS ALSO ONE OF THE POOREST. COMPRISED OF IMPRESSIVE LANDSCAPES AND UNIQUE BIODIVERSITY, IT IS FACING ENORMOUS POPULATION GROWTH WHICH IS LEADING TO THE UNSUSTAINABLE CONSUMPTION OF NATURAL RESOURCES. MARKETING COFFEE MAY HELP PRESERVE THE COUNTRY'S FORESTS AND PROMOTE SUSTAINABLE DEVELOPMENT

by **Svane Bender-Kaphengst, Elizabeth Ball, Sisay Nune, Heiko Schindler and Mesfin Tekle** • About the authors: The authors represent a Public-Private Partnership (PPP) project including the German Foundation for World Population (DSW), GEO Rainforest Conservation, German Technical Cooperation (GTZ), Kraft Foods, The Nature and Biodiversity Conservation Union (NABU) and Original Food who have joined forces for forest conservation, sustainable development and the marketing of wild *Coffea arabica* in Kafa, Southwest Ethiopia. In collaboration with Terence Hay-Edie, Programme Specialist, UNDP/GEF Small Grants Programme

The Afromontane forests, situated in the southwest part of Ethiopia in the Kafa Zone, is one of the world's 34 biodiversity hotspots and home to the wild-growing *Coffea arabica*, believed to be the first species of coffee ever cultivated. As the Kafa Zone is considered to be the original source of arabica coffee, the Ethiopian government established the National Coffee Museum in Bonga.

With its unimaginable biodiversity, the forests, home to an abundance of plant and animal species, and registered as an Important Bird Area, represent a genetic treasure house of enormous value. Experts estimate their value to be US\$1.5 billion. Despite this, the forests' inhabitants have never earned anything for preserving their environment. A typical farmer still lives off what is grown in his fields and picks the wild-growing coffee cherries and a variety of commercially-valuable spices and honey from wild bees for his own use and sale at local markets.

While the population is rapidly expanding, its growing need for land threatens the unique afromontane coffee forest ecosystem. The situation calls for effective land management systems and strategies that address the need of immediate and long-term integrated development, incorporating the interests and requirements of the local communities.

JOINING FORCES

In 2004 an initiative was formed by private companies, NGOs and the German Technical Cooperation offering differing ex-

pertise and experience. The partners launched a model project with the aim of promoting the region's sustainable development while preserving forests. One of the main objectives of this multi-componential project is to establish a permanent international market for Ethiopian wild coffee. An appropriately high price for this speciality would make it more attractive in the long term for farmers to conserve the forest rather than to convert it into land for ploughing.

The project also addresses social aspects. Youth clubs are supported for providing information on HIV/Aids and the benefits and necessity of family planning. Nurses and midwives are now active even in remote areas, caring for the local population, and construction of schools and bridges were funded in order to ensure regional development.

With the aid of the project, some 6,500 farmers are now organised into cooperatives to sell coffee. Local harvesting and processing conditions have improved significantly. Members of the cooperatives have received training in harvesting, internal monitoring systems and aspects of fair trade. Managers and bookkeepers have been hired, and offices and storage facilities set up. Annually since 2005, between 100 and 150 tons of wild coffee from Kafa have been exported through the union of coffee cooperatives to the European market as a specialty product - at a price that benefits the farmers.

The immediate benefit of these first attempts has pushed up the value of the coffee forests to such an extent that it makes no sense for the farmers to cut them down and replace them with maize or millet fields. In contrast, the local population has incorporated the needs of sustainable resource management due to their cultural relationship with the forests dating back to ancient times. As a result, in numerous areas, the villagers themselves have taken over the responsibility to conserve the rainforest and to grant rights to use the forest. The implementation of participatory forest management and a wild coffee certification programme support this movement.

CERTIFIED COFFEE

In 2006, in close collaboration with one of the project partners and the main buyer of Kafa forest coffee, the Institute for Marketecology (IMO) started a certification system for organic and "wild+fair" certification of the wild collected coffee. This marketing scheme safeguards higher prices for farmers and protects the forests through binding management rules and regular monitoring - an international certificate, the customer is confiding in and is happy to pay a supplement.

According to the European Union's organic regulation, the organic certification of wild collected plants requires non-



contaminated collection areas and the guarantee, that wild collected species and their habitats will not be harmed or threatened by the certified wild collection activities. Eight wild coffee cooperatives were initially certified. Presently there are 17 IMO-certified cooperatives. The full potential of wild coffee collection has not been exploited, so the ecosystem of the coffee forest is not harmed. Collectors are trained in sustainable harvest rules e.g. collecting only 70 % of the ripe coffee cherries, and are aware of the value of the coffee forest, not only in monetary terms.

While the average sale of certified forest coffee contributes to one third of the collector's family's yearly income, the forest is also important for their future survival. Thus it is in the collector's own interest to preserve the coffee forest. The management is regularly controlled by an auditor, who inspects each cooperative and collection area. The proper separation between forest coffee and garden coffee is verified through spot checks and interviews with collectors and the purchase committee. The project has successfully implemented transparent production structures, including regular assemblies, transparent pricing and the establishment of a fair trade premium system. IMO's social and fair trade certification of wild collected coffee is different from other fair trade certifications of planted coffee because comparatively small harvest quantities are delivered by a high number of collectors.

With its unimaginable biodiversity, the forests, home to an abundance of plant and animal species, and registered as an Important Bird Area, represent a genetic treasure house of enormous value.

More than 2,000 active collectors are registered. Thus, considering an average family size is between 10 to 15 people, this means that about 25,000 people benefit. The demanding task of sharing the benefits fairly is ensured through the cooperatives, which registers every kilogram of wild coffee delivered so each single collector's share can be traced back. Moreover, ethnic minorities are involved in the collecting system and fair conditions for workers in the processing are guaranteed and controlled by the IMO. In the future, the plan is to involve additional cooperatives into the certification system in order to protect even larger areas of the coffee forest and also to add monetary value to community's efforts to protect the forest as an incentive.

PARTICIPATORY FOREST MANAGEMENT

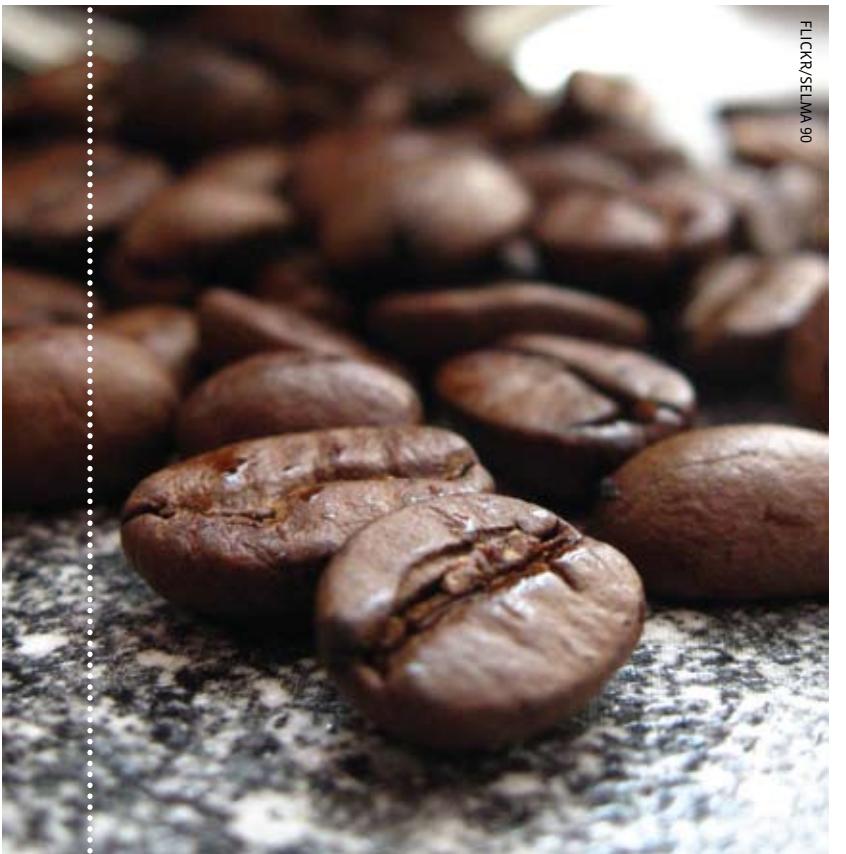
Deforestation in the Kafa Zone is considered to be a relatively recent phenomenon; however its impact is severely felt. Between 1980 and 2000 about 42% of these forests (FAO unpublished) were lost due to economic investment for highly productive

coffee plantations and the threat from new arable land and settlements. Fragmentation of large continuous forests into unstable small patches, landslides, soil erosion and microclimate change have jeopardised the population's food security and safety net.

This process directly fuelled the extension of Participatory Forest Management (PFM), a system in which communities and government services work together to define forest resource use rights, to identify and develop forest management responsibilities, and to agree on how forest benefits will be shared. The process is, of course, implemented in a participatory manner.

The official registration requires the demarcation of a community's land and secures land tenure to the respective communities. The wide acceptance of this approach has led to an overwhelming wave of new requests for PFM by local communities wishing to protect their traditional land use rights and their livelihoods. Eleven PFM areas covering more than 12,000 ha have been successfully established by the project, while the entire Zone contains at least 40 PFM sites of varying standards.

Positive experiences with successful PFM systems have brought increased awareness and a change of attitude in the communities. In particular, forest assessment for the measurement of benefits and monetary valuation cast a new light on "their" forests. For instance, one community valued the total annual income from the forest to be more than 100 000 Euro. This led



to community engagement and conservation activities where a PFM has not yet been established. Unfortunately, some communities lost their traditional user rights in the forests surrounding their villages, as the forests were handed over to investors for highly productive coffee plantations.

The development reflects the government's experience that it is better to include resource users into management schemes and coffee in situ conservation. This can be seen as a move away from the former "fence and fine" mentality towards new participatory management systems.

LONG-TERM SUSTAINABILITY

In liaison with the Ethiopian government, the partners committed themselves to the establishment of a United Nations Educational, Scientific and Cultural Organization biosphere, the Kafa Coffee Biosphere Reserve, in order to set up a strong link between development and conservation. A large-scale nature reserve of this kind, which would protect both untouched core zones of nature, a surrounding buffer zones and a large development zone, will combine conservation, research and development. Moreover it will provide additional marketing opportunities both for local products and for tourism to the "birthplace" of coffee.

CONCLUSIONS

Even though some researchers are still sceptical about the balance between biodiversity conservation and business with wild coffee, the case of Kafa clearly shows there are benefits for both, and that the long-term protection of the environment can be successfully achieved. A recent independent project evaluation stressed the importance and remarkable improvements for local people and conservation.

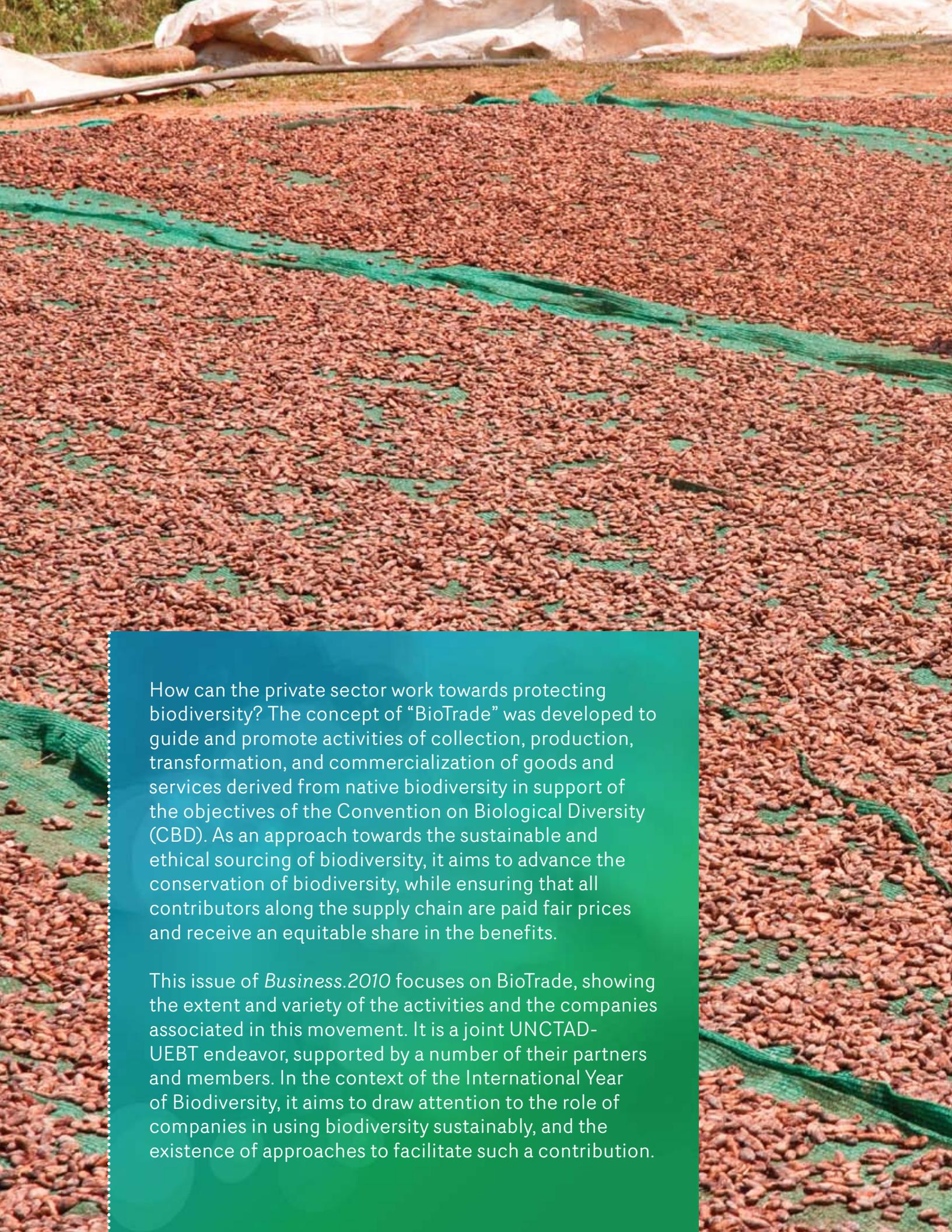
Companies' awareness of their clients' increasing demand for organic premium quality, fair processing and the companies' responsibility awareness for nature conservation, has led to new partnerships. And the Federal Government of Ethiopia developed a strong policy for decentralised governance and community participation in natural resource management.

It is an old union that works well. Wild coffee trees respond well when in their natural healthy environment, providing high yields and disease resistance, while the farmer harvesting the coffee with his rich indigenous knowledge is aware of this. The local population welcomes the project and with increasing enthusiasm supports the goals - knowing that if investors transform their forests into plantations they will lose the basis of their livelihoods.

Finally, recent forest change detection in the Kafa Zone clearly indicates that forest loss is slowing down. In fact, in some areas it is exactly the opposite - the forest is growing again, a fact that makes conservationists, users and inhabitants alike smile at a promising future.



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How can the private sector work towards protecting biodiversity? The concept of “BioTrade” was developed to guide and promote activities of collection, production, transformation, and commercialization of goods and services derived from native biodiversity in support of the objectives of the Convention on Biological Diversity (CBD). As an approach towards the sustainable and ethical sourcing of biodiversity, it aims to advance the conservation of biodiversity, while ensuring that all contributors along the supply chain are paid fair prices and receive an equitable share in the benefits.

This issue of *Business 2010* focuses on BioTrade, showing the extent and variety of the activities and the companies associated in this movement. It is a joint UNCTAD-UEBT endeavor, supported by a number of their partners and members. In the context of the International Year of Biodiversity, it aims to draw attention to the role of companies in using biodiversity sustainably, and the existence of approaches to facilitate such a contribution.