



## UNCTAD's contribution for UN Permanent Forum on Indigenous Issues

### UNCTAD's BioTrade activities with indigenous peoples

#### *Executive Summary*

UNCTAD has undertaken important work in areas relevant to indigenous peoples' issues, particularly in the areas of BioTrade. UNCTAD BioTrade activities aim to promote trade and investment in biological resources to further sustainable development in line with the three objectives of the Convention on Biological Diversity (CBD). To achieve this, UNCTAD and its partners have developed Principles and Criteria that guide the implementation of its activities. These Principles include, *inter alia*, the recognition and respect for the rights and practices of local and indigenous communities in relation to territory, culture and knowledge. In addition, benefits arising from BioTrade activities area aimed to be shared in such a way as to reward the community, as well as to protect and conserve biodiversity, based on prior informed consent and mutually agreed terms with the parties involved.

Concretely, BioTrade activities with indigenous communities have been focused in (1) capacity building and institutional strengthening, (2) research and information, (3) sustainable use of native biodiversity. UNCTAD's Biotrade programme sponsored a case study in Ecuador, which is referred to in this document, and UNCTAD and its partners' support is also illustrated by a case study from a communitarian SME named Jambi Kiwa (Ecuador).

#### **I. The BioTrade Initiative**

Since 1996, UNCTAD, through its BioTrade Initiative, has been working to promote trade and investment in biological resources to further sustainable development in line with the three objectives of the Convention on Biological Diversity (CBD). The three objectives being: (a) conservation of biological resources; (b) sustainable use of its components; and (c) fair and equitable sharing of the benefits arising from the utilization of genetic resources.

#### **Box 1. BioTrade Principles and Criteria**

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

*Source:* UNCTAD, 2007

BioTrade refers to activities related to the collection, production, transformation, and commercialization of goods and services derived from native biodiversity (species and ecosystems) under the criteria of environmental, social and economic sustainability. In order to guarantee the sustainability of its activities, UNCTAD and its programmes at the national and regional level, have established the BioTrade Principles and Criteria (BT P&C). The Principles and Criteria can be applied in different contexts, driving BioTrade processes to promote the conservation of biodiversity through sustainable commercial use.

Within these Principles, the rights and practices of local and indigenous communities in relation to territory, culture and knowledge are recognized and respected. In addition, benefits arising from BioTrade activities area aimed to be shared in such a way as to reward the community, as

well as to protect and conserve biodiversity, based on prior informed consent and mutually agreed terms with the parties involved (including indigenous communities).

BioTrade works with partners in Asia, Africa and Latin America in order to implement programmes that focused in developing or strengthening value chains of BioTrade value added products and services (Table 1). Through these actions, value chain actors (e.g. companies, producers, collectors, hunters) are able to capture the growing market demand for biodiversity-based products and services that are environmentally and socially responsible.

**Table 1. Geographical scope and sectors supported by BioTrade Programmes**

BioTrade countries	Biodiversity-based products and services supported
Plurinational State of Bolivia Colombia Ecuador Ghana (through the Union for Ethical BioTrade, UEBT) Indonesia (UNDP/UNCTAD pilot initiative) Peru Uganda Vietnam	<i>Natural ingredients and products for cosmetics:</i> essential oils, natural dyes, soaps, cream and butters, moisturizers, etc.  <i>Natural ingredients and products for pharmaceuticals:</i> extracts and infusions from medicinal plants, natural medicine capsules, etc.  <i>Natural ingredients and products for food:</i> fruits, cereals, grains, tuberos, nuts, cocoa, fish products, jams, sweets and snacks, jellies, pulps and juices, spices and sauces, teas and infusions, food supplements, crocodile meat, etc.  Leather and garments: skin from <i>Caiman yacare</i> and <i>Nile crocodile</i> , etc.  Wildlife for pets: butterflies, chameleons, snakes, tortoise, etc.
Amazon basin countries (though the Amazon BioTrade Programme)	Flowers and foliage: heliconias and other tropical flowers.  Fish products: paiche ( <i>Arapaima gigas</i> ).  Handicrafts: furniture, decoration objects, jewelry and garments.
Southern Africa: Botswana, Malawi, Namibia, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe (through PhytoTrade Africa)	Sustainable tourism: ecotourism, nature-based tourism, bird watching, etc.

## **II. Activities developed to enhance the capacity of indigenous peoples**

Due to the work in order to promote the development of sectors, BioTrade works in every stage of the value chain under its principles and criteria. In this sense, work with indigenous communities is essential not only to enhance or document their practices in managing biodiversity, but also in respecting their rights and cultural practices. BioTrade also contributes to food security as it provides a better management of biodiversity, rescue native species and therefore support the diversification of food products.

Particularly, activities that have been implemented by BioTrade partners at the national and regional level include (1) capacity building and institutional strengthening, (2) research and information, (3) sustainable use of native biodiversity. For example, it included training programmes and technical guidelines to support stakeholders, including indigenous communities, to enhance their management skills, as well as increase their knowledge on quality and documentation schemes, good agriculture, collection and manufacturing practices (GACP and GMP), generation of value addition, empowerment and leadership, and strengthening or creation of producers associations and cooperatives, models for benefit sharing, facilitation of market access and among others.

The following section illustrates BioTrade's work through one case study developed in Ecuador with a community-based Small and Medium Enterprise (SME) named Jambi Kiwa.

### III. *BioTrade case study: "Jambi Kiwa" Producers Association of Medicinal Plants from Ecuador*<sup>1</sup>

In the Ecuadorian province of Chimborazo in the Andean region, one of the poorest in the country, a pilot project of 20 women started in 1998. It aimed to improve their quality of life, foster gender equality, guarantee the sustainable use of their surrounding natural resources, and capture the market potential of medicinal plants. This was achieved through the transformation and commercialization of medicinal and aromatic plants sold at the local and national market.

The initiative evolved to a communitarian business (SME) named Jambi Kiwa in 2001. This was the result of the leadership and commitment of the beneficiaries, the market potential of the products produced and the access to credit by a Canadian organization.

It involves more than 600 families (80 per cent are women with high levels of illiteracy and 75 per cent are indigenous Puruhá). Jambi Kiwa has been implementing the BioTrade concept since 2003. With the support of UNCTAD's Sustainable BioTrade Programme in Ecuador, PNBSE, a three year project (2004-2008) was implemented with the support of Organization of American States (OAS). The project promoted the economic development of minority groups by strengthening the institutional, business and productive capacities of Jambi Kiwa, and by consolidating its participation in national and international markets.

#### (a) Organization strengthening

Jambi Kiwa, as a small company, faces challenges in: strengthening its structure (both producer's association and company), improving their production process, developing quality and value added products, accessing to markets, among others. These challenges need to be addressed to allow Jambi Kiwa be more competitive at the local, national and international markets.

The SME has dedicated resources and efforts in enhancing the technical and management skills and knowledge of its manager, leaders, factory employees, producers and members. Hence, the PNBSE supported Jambi Kiwa with capacity-building activities. Coaching and mentoring programmes were implemented, for instance, on business administration for Jambi Kiwa's Manager and on Good Agricultural and Collection Practices (GACP) for the Agronomist and producers. Technical trainings were also organized for its producers on sustainable use and management plans, organic agriculture, and Good Manufacturing Practices, among others. To replicate the experience and knowledge to other community-based projects in Ecuador, an internship programme was established.

Organizational trainings and workshops were also organized, so that the producer's association - the basis of the SME - is also strengthened. Currently, Jambi Kiwa is implementing planning and quality control systems which enhanced its productivity, generate high quality value-added products and use natural resources sustainably.

#### **Box 2: Fact figures of Jambi Kiwa**

*Total sales 2008:* US\$43.724

*Members:* 632 (480 active), 80% women; 75% indigenous Puruhá.

*Products:* ingredients for food industries and personal care products

*Markets:*

- Local and national markets (7% of the total medicinal herbs market).
- International: France, Canada, Latin America

#### **Additional information:**

- Quality certification ISO/TEC 17025, - Organic and fair trade certification
- Trademark recognized and registered at the national market

Source: CORPEI (2008), OAS (2008) in UNCTAD, 2012

#### **Box 3. Summary of the support provided by the PNBSE**

##### ***To strengthen the structure of Jambi Kiwa***

- Trainings were organized on the following topics: organizational strengthening and association; sustainable use and management of medicinal plants; GACP and GMP; among others.
- Technical assistance was provided to Jambi Kiwa's producers for implementing GACP and management plans for wild-collected species. This assistance also supported the development of Jambi Kiwa's internal control system in line with ISO/TEC 17025.

<sup>1</sup> Taken from UNCTAD, 2012.

- Coaching to Jambi Kiwa's indigenous manager on business administration, and the agronomist and extensionists on harvesting practices.
- One-week internships for over 93 producers from other Ecuadorian projects located in the coast, Andean range and Amazon regions.

#### **Market access and differentiation of Jambi Kiwa's products**

- Participated in national, regional and international trade fairs, as well as in buyer and sellers missions. This generated exports to the EU, Latin and North American markets.
- Accessed to major Ecuadorian supermarket chains, hence having a nation-wide presence. This was done through a strategic alliance with a major Ecuadorian tea/infusions company.
- Enhanced the processing capacity of the SME to generate quality and value added products that compete in the national and international markets (e.g. purchasing of equipment and establishing a quality control laboratory).
- Improved the quality and packaging of products, while increasing the product range of Jambi Kiwa.
- Established a communication and marketing strategy that revalues the culture and traditions of Jambi Kiwa's members, in particular women, and promotes the empowerment of the company by its members.

#### (b) Quality and differentiated value added products to access niche markets

Jambi Kiwa has participated in several local and national trade fairs, as well as international ones in Europe, North and South America. This has allowed the SME to understand the market needs and trends, and guide its activities to satisfy them.

This company has prioritized the generation of value added and quality products through trainings, capacity-building activities and acquisition of equipment, to be more competitive at national and international markets. For instance, organically certified medicinal herbs' "tea-bags" are sold instead of dried herbs which increased the sales price of Jambi Kiwa's products. It has accessed niche markets by differentiating its products through certification schemes, quality certifications and BioTrade practices. Jambi Kiwa is currently recognized as a supplier of high-quality medicinal and aromatic plants in Ecuador, and its products are sold at national and international markets (Latin and North America, and Europe).

##### ○ *Sustainable use of biodiversity*

Jambi Kiwa has the capacity to develop, implement and monitor management plans for collected species, as well as good practices plans for cultivated species. Through a participatory process supported by the PNBSE, these plans identified sustainable harvest rates adequate to the species, good recollection and agricultural practices, and documentation and monitoring systems.

The importance and usefulness of these plans, and the differentiation characteristic that is achieved through their implementation, has motivated Jambi Kiwa to be engaged in BioTrade.

#### (c) Creation of a microcredit fund

Small producers need to access to funds in order to improve their yields (quantity and quality products and raw material), as well as their harvesting and post-harvesting practices. The establishment of a microcredit fund was the mechanism used by Jambi Kiwa to address this need.

The structure and operation of this fund is unique to Jambi Kiwa, and was designed according to its needs, structure and operation. Its members (through Committees) decide on its operation, and granting of microcredits and guarantees; the SME manages this fund. Trainings have been given to the members and staff in Jambi Kiwa so that they are able to manage the fund adequately.

Credits are allocated after a thorough assessment by the Committee of the technical, economical and financial viability of each application. Currently, 56.2 per cent of the resources of the fund have been placed, and 37.8 per cent has already been recovered. The fund is considered as a revolving fund as members apply for a credit in-kind (seeds, plants, equipment) to enhance their yields, and pay back in order to enable other community members to access it. Administrative

costs and other expenditures related to the operation of the fund are covered through an increase in the interest rate or through an additional fee.

(d) Lessons learned

*“Finally, the most significant social impact of the experience [BioTrade project], is the achievement of an economic development model for indigenous and farmers’ communities, that allows them to compete on the international market, while strengthening their local culture and consolidating production methods that sustainably use biodiversity and the ecosystems in the region” [Translated from Spanish] (OAS, 2008).*

- The leadership, engagement and active participation of Jambi Kiwa members in the business, as well as in sustainable practices - such as BioTrade, are key drivers to their success.
- The market-driven strategy implemented by Jambi Kiwa has resulted in the development of value added products that comply with market requirements and have differentiated characteristics: certifications, sanitary permits, sustainably produced products and recognized the Puruhá culture and traditions.
- Traditional knowledge has been recovered and used to reinforce their collective identity.
- Jambi Kiwa mobilized (cash and in-kind) resources from its members and the organization itself to co-finance activities. The creation of the revolving microcredit fund was an important activity for the company and to further engage its members.
- The planning and monitoring tools developed with the support of the PNBSE since 2004, have allowed Jambi Kiwa to obtain GACP, GMP, organic certification, fulfill quality standards (ISO/TEC 17025) as well as implement plans for the sustainable use of their biodiversity.
- Their gradual access to different markets was also an important lesson learned. Firstly, the SME satisfied the high demand of medicinal and aromatic plants at the local market; once the activities were more consolidated it expanded to national and later to international markets.

**References**

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