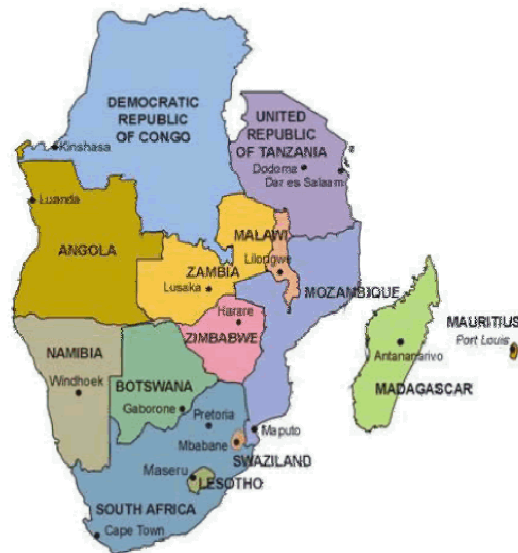

BioTrade Southern Africa

A concept note on developing a
biotrade initiative for southern Africa
in support of sustainable land management

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1. Introduction

This purpose of this note is to provide some insights and guidance for the development of a regional biotrade initiative for southern Africa in support of sustainable land management. From this note, one or more funding proposals may be developed by the UNCTAD BioTrade Initiative, its BioTrade Facilitation Programme, its global partners including the Global Mechanism and its partners in the region.

The ideas presented in the note have benefited particularly from a review of the work of IUCN South Africa and PhytoTrade Africa to develop a broader programme on plant-based natural products. The ideas presented have also benefited from the work of the IUCN Sustainable Use Specialist Group, particular the work of the southern Africa sub-group. Finally, the ideas presented are, in part, influenced by the work of Market Development Services of the International Trade Centre (ITC).

2. What is biotrade?

According to the UNCTAD BioTrade Initiative:

“Biotrade refers to those activities of collection, production, transformation, and commercialisation of goods and services derived from native biodiversity under the criteria of environmental, social and economic sustainability.”

Biotrade goods can include live plant and animal species as well as products derived from these species, such as fruits and meats. Biotrade services can include ecosystem services such as watershed protection, climate mitigation or ecotourism and species services such as sport hunting and integrated pest management.

Importantly, biotrade focuses on “native” biodiversity including both wild and domesticated indigenous species. Examples of domesticated indigenous species in southern Africa are rooibos and ostrich. The natural ecosystems, landscapes, seascapes and habitats of southern Africa are, of course, also part of its native biodiversity.

3. What is sustainable land management?

Sustainable land management (SLM) is the new focus of the Global Mechanism which is a subsidiary body of the UN Convention to Combat

Desertification (UNCCD). The Global Mechanism describes SLM as follows:

“SLM is an approach that promotes the management of land through protection of ecological services such as soil fertility, hydrological cycles, vegetative cover and biological diversity, while pursuing social and economic goals.”

The Global Mechanism is expected to play a central role in the development of a regional biotrade initiative in southern Africa.

4. The southern Africa region

For the purposes of this note, the southern Africa region is defined by the 14 member states of the Southern African Development Community (SADC). These are:

- Angola,
- Botswana,
- the Democratic Republic of Congo,
- Lesotho,
- Madagascar,
- Malawi,
- Mauritius,
- Mozambique,
- Namibia,
- South Africa,
- Swaziland,
- United Republic of Tanzania,
- Zambia, and
- Zimbabwe.

The World Bank provides the following economic overview of the region:

“In 2003, the SADC region had a population of about 209 million and a regional GDP amounting to US\$245 billion. SADC features a dominant economy, South Africa, which constitutes about 20% of the population but 70% of the regional aggregate GDP. The South African economy is more sophisticated and diversified, e.g. the share of manufacturing in its GDP and total exports is larger, and

its financial depth is greater. In addition, South Africa exports five times as much to other SADC countries as it imports from them, and has bilateral surpluses with each of them.

“The structures of the SADC countries are diverse and at varying stages of development. However, common features among several of the SADC countries include: small domestic markets, landlocked locations, linked infrastructure networks, and reliance on a few primary commodity exports. The reliance on internationally traded commodities leaves all SADC countries, and to a lesser extent South Africa, vulnerable to external shocks of international market price fluctuations. Intra-regional trade as a share of total trade remains at a low average 10%-level, reflecting the lack of complementarities between the economies. South Africa alone represents more than 65% of intra-SADC trade. Total SADC exports were \$73.2 billion in 2003. The region's major export commodities were energy products (oil and coal) and various minerals including diamonds, gold and copper.”

Interesting there is little web-based aggregate environmental information on the SADC region and virtually none on biotrade. This gap is addressed later on in this concept note.

5. Biodiversity in southern Africa

The Food, Agriculture and Natural Resources Directorate (FANR) is SADC's largest programme of activities. Its mandate includes promoting “efficient development, utilization and conservation of natural resources.” FANR is likely to be a key regional partner in the development and implementation of a biotrade initiative for southern Africa. FANR also provides a good overview of the state of biodiversity in the region and its importance to the region's economic development:

“The importance of biodiversity in the region cannot be over emphasised. Over 50 percent of GDP in SADC Member States comes from primary sectors of production such as agriculture, mining, fisheries, forestry and wildlife. However, though the region is endowed with natural resources, it is characterised by poverty that comes from its inability to effectively transform this biological capital into goods and services for social and economic development. Furthermore, the region is facing unprecedented environmental challenges resulting from increasing population pressure.

“The priorities in environment and natural resources include

- Creating legal and regulatory frameworks to promote regional cooperation in environment;
- Integrating environmental and sustainable development issues into sectoral, national and sub-national socio-economic planning;
- Facilitating regular assessments, monitoring and reporting on environmental conditions and trends in the SADC region; and
- Harmonising regional positions in the negotiations and implementation of MEAs and other agreements.”

Regarding ocean and freshwater biodiversity, FANR states:

“Fisheries in the SADC region are diverse and produce about 2.6 million tonnes of fish annually from oceans, lakes, reservoirs and rivers.

“The region is also learning slowly how to benefit from farmed fish, or aquaculture.

“The regional significance of fisheries and the concern over dwindling fish stocks calls for sound policies and concerted action if succeeding generations are to continue to benefit from fisheries.”

Regarding forest biodiversity, FANR writes:

“Forests offer an abundance of products and services that are important to the well-being of the region’s communities. Forest cover in the region is estimated at 357 million hectares or about 33 percent of total land area. However, the region’s forestry resources are being threatened by increasing deforestation and have not fully benefited SADC communities due to low value-addition and trade.”

Importantly, regarding wild species of plants and animals, FANR writes:

“Wildlife is a valuable natural resource. Almost 40 percent of the total land area of the SADC Member States is taken up by protected areas which support large populations of wildlife. Southern Africa is estimated to be home to 39 percent of all the

continent's elephants. If the meaning of wildlife is extended to cover wild plants, the region has a diversity of valuable commercial products - fruit, mushrooms, honey, fish and building materials, for instance - that help to raise living standards in rural communities.

“The region's biggest challenge is to develop policies, laws and institutions that recognise wildlife as a viable land-use option, and allow rural communities to manage their wildlife resources to their own benefit. SADC has adopted a Protocol on Wildlife Conservation and Law Enforcement as its platform for regional cooperation in wildlife management. The Protocol offers two principles to guide regional policy:

- The need for a common approach to the conservation and sustainable use of wildlife resources; and
- The need to enforce laws governing the use of resources effectively.

“The Wildlife Programme of Action focuses on:

- Human resources development and management;
- Managing wildlife in semi-arid areas;
- Controls against illegal hunting;
- Land practices and managing conflicts over boundaries;
- Effective coordination among stakeholders; and
- Developing Transfrontier Conservation Areas (TCAs) to facilitate dialogue among countries about the natural resources they share.

“Projects have been concluded in regional wildlife training and community-based management and utilisation of wildlife and a number of others are in progress.”

Development of a biotrade initiative for southern Africa clearly will support the interests and objectives of FANR and SADC with respect to developing common approaches to the sustainable use of biological resources.

6. Insights from the UNCTAD BioTrade Initiative

At the national level, the BioTrade Initiative assists developing countries in the formulation and implementation of National BioTrade

Programmes. It focuses on countries which are rich in biodiversity and whose governments have a clear interest in developing a national capacity to promote biotrade.

National Biotrade Programmes promote trade and investment in products and services derived from native biodiversity. These programmes seek to strengthen institutional capacity in order to:

- develop supportive policy frameworks for biotrade; and
- provide concrete technical assistance to biotrade initiatives and other economic actors.

Since its launch in 1996, the UNCTAD BioTrade Initiative has assisted several developing countries in the creation of their own BioTrade National Programmes. BioTrade National Programmes have been established or under development as follows:

- Colombia (December 1999)
- Ecuador (November 2001)
- Bolivia (June 2003)
- Peru (July 2003)
- Uganda (June 2005)
- Brazil (developing since 2004)
- Venezuela (developing since 2004)
- Costa Rica (April 2005)

In southern African, the UNCTAD BioTrade Initiative has established a regional partnership with PhytoTrade Africa – the Southern African Natural Products Trade Association. This partnership was signed in Johannesburg during the World Summit on Sustainable Development in September 2002. PhytoTrade Africa's overall objective is:

"to enable poor rural communities in the region to generate supplementary incomes through the sustainable exploitation of natural products."

Its mission statement is:

"to develop a viable and enduring natural products industry in the region, engaged in both domestic and export trade, and based on resources accessible to poor rural communities."

UNCTAD's BioTrade Facilitation Programme supports PhytoTrade Africa in developing a viable and enduring natural products industry within the Southern African region, based on natural resources that are accessible to poor rural producers. This unique partnership is a key element of the regional biotrade initiative proposed in this concept note.

The UNCTAD BioTrade Initiative is also working closely with the recently established Union for Ethical BioTrade (UEBT). UEBT offers a means to bring together businesses from different industries around the globe that are sourcing materials from biodiversity and are committed to the BioTrade Principles and Criteria. These Principles and Criteria, verified via the UEBT, offer enterprises a way to positively contribute to meeting the requirements of the Convention on Biological Diversity.

Furthermore, UEBT seeks to motivate companies to comply with the BioTrade Principles and Criteria by allowing for gradual compliance with them and by creating a community of like-minded companies that have similar business interest. It seeks to guide companies through the provision of guidelines and access to best practices. It seeks to recognise companies' efforts through a verification mechanism that allows for business-to-business claims.

Regarding the challenges of the international trade regime, the UNCTAD BioTrade Initiative has been addressing several areas of particular interest to southern Africa, including European trade regulations on so-called novel foods and on chemicals as well as regulatory, logistical and marketing challenges to export promotion.

Regarding the EU Novel Foods Regulation, for example, which was enacted during a period of heated concern over the introduction of genetically modified (GM) foods into Europe, unfortunately, biotrade products include natural foods and ingredients from southern Africa which can be deemed "exotic" and thus "new" under this legislation. The barrier of exporting these exotic traditional foods to Europe undermines the development objectives of both the exporting countries in southern Africa and the EU member states. UNCTAD is assisting biotrade in southern Africa and other regions by suggesting revision of this regulation at the EU in Brussels, at the World Trade Organisation in Geneva and elsewhere.

The experiences of the National BioTrade Programmes – particularly those in the Andean region of South America, the partnership with PhytoTrade Africa, the development of a biotrade verification programme

with UEBT and the international trade policy work together provide a solid basis for the development of a substantive and effective regional approach to biotrade in southern Africa.

7. Insights from the IUCN Natural Futures programme

Within the southern African region, IUCN-The World Conservation Union has worked in partnership with PhytoTrade Africa and others to develop a new biotrade-related programme which they call Natural Futures:

“The goal of Natural Futures is to address issues of environmental sustainability and poverty through the development of a pro-poor natural products sector. It intends to address market failures that have hindered the emergence of the sector thus far, creating economic incentives for improved natural resource management practices, ecosystem restoration, and enhanced delivery of global environmental goods and services. Natural Futures will focus on increasing market access through certification, addressing trade issues at national, regional and international levels to promote this sector, increasing awareness among decision-makers and consumers, and strengthening key natural product SME markets

“Natural Futures takes a comprehensive approach to sector development that supports producers at the grassroots level, matching supply with demand, for example, and meeting the import requirements of overseas buyers, as well as through policy research and advocacy.”

As evidenced by the following definition, even though the Natural Futures programme focuses on products derived specifically from wild flora, its understanding of these products is consistent with UNCTAD’s approach to biotrade and with the Global Mechanism’s approach to sustainable land management. “The Natural Futures definition of natural products includes those that:

- “are plant-derived, as there is a growing market for non-animal products;
- occur naturally - i.e. are indigenous - as this has biodiversity value
- are harvested from the wild, or are organically cultivated in their natural environment in Southern Africa; cultivated products are included as this may be the best way for the poor to benefit, and

because it is a strategy to address biodiversity loss and environmental sustainability;

- are sustainably harvested; [and]
- benefit the poor, with a rural focus (though it is acknowledged that there may be urban environments where products fit the above definition).”

The extensive background research and work that has gone into conceptualising, designing and developing the Natural Futures programme provides rich insights for the development of a regional biotrade programme in southern Africa in support of sustainable land management. While recognising that Natural Futures focuses on products from wild flora, the logic of its proposed interventions is highly relevant to all aspects of biotrade, including trade in products derived wild fauna and trade in biodiversity-based services such as ecotourism and watershed protection. Its proposed intervention logic is as follows:

“Goal: Livelihoods of poor people and environmental sustainability enhanced through the development of a vibrant pro-poor natural products sector in Southern Africa.

“Purpose: Market failures that hinder the emergence of a pro-poor natural products sector in Southern Africa are addressed in such a way as to diversify livelihood options and improve natural resource management practices.

“Results:

1. Market access for Southern African natural products sector increased through certification.
 - 1.1. Market access of primary producer groups of natural products in Southern Africa increased through certification.
 - 1.2. System for certification of natural products from Southern Africa improved.
2. Programme contributes to a trade regime, at national, regional (SADC), and international levels, that is conducive to the promotion of Southern African natural products sector.
3. Demand and opportunities for Southern African natural products in South Africa and Europe stimulated through increased awareness of consumers and decision-makers awareness.

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4. Programme contributes to an organised, efficient and sustainable fibre handicraft sector in KwaZulu-Natal.
 - 4.1. A fibre craft Trade Association established to co-ordinate sector development needs
 - 4.2. Sustainable production, harvesting, processing and marketing of raw material enhanced
 - 4.3. Fibre weavers organised to enhance efficient processing
 - 4.4. A network of craft enterprises organised and linked to market intermediaries

 5. Programme contributes to the development of a lipid oils natural products sector in Southern Africa.
 - 5.1. Lipid oil primary producers organised and supply chain configured to deliver required supply to meet demand.
 - 5.2. Appropriate funding mechanisms for new product R&D investments and linkages to existing mechanisms for capitalising emerging natural product enterprises in Southern Africa are designed and piloted.

 6. The programme is effectively and efficiently managed.”

The elements of pilot regional biotrade initiative proposed in the following section builds directly on the insights developed by the IUCN Natural Futures programme. In particular, the proposed pilot initiative will compliment and strengthen the efforts of this programme in such areas as developing national and regional trade regimes which are conducive to biotrade within in southern Africa, to exports from the region to markets in Europe, and to adding value to these exports through certification schemes such as UEBT.

8. Elements of a pilot regional biotrade initiative

This section of the concept paper provides some suggestions on how a pilot regional biotrade initiative might be structured. Consultations within the region, of course, will be necessary to develop a well-structured, effective pilot phase.

8.1. Pilot initiative countries

During an initial pilot phase of a regional biotrade initiative, it would be practical to focus first on a few SADC countries for which there is relatively more capacity and awareness of biotrade. The countries in the southern part of the continent, notably those already active in the work

of PhytoTrade Africa and the IUCN Natural Futures programme, could be selected for the pilot phase. These might include some or all of the following 8 countries:

- Botswana
- Malawi
- Mozambique
- Namibia
- South Africa
- Swaziland
- Zambia
- Zimbabwe

As the programme develops and interest is raised both within the other countries of SADC and within the donor community, the regional biotrade initiative could be expanded to take in other countries. During the pilot phase, however, all SADC countries could be kept regularly informed of developments and, as appropriate, participate in UNCTAD, SADC and IUCN-related regional events.

8.2. Pilot initiative components

As previously highlighted in this concept note, a key gap in the southern African region is information. This is particular true for the biotrade sector, including the sustainable commercialisation of native plant and animal products and the use of the region's ecosystems and habitats for the provision of ecotourism, watershed protection, carbon sequestration and other services.

There is also a gap in knowledge and understanding within the region of approaches to the sustainable use of native biological resources and the laws and regulations governing these approaches. Furthermore, there is a gap in the knowledge and understanding of the approaches, laws and regulations with respect to biotrade both within the region and from the region to other parts of the world, such as Europe and Asia.

In addition to filling these knowledge gaps with respect to the sustainable use of native biological resources and biotrade, there is also a critical need for awareness raising, capacity building and technical assistance to influence, encourage and assist stakeholders within southern Africa – including governmental authorities, private companies,

and NGOs – to develop biotrade as a sustainable, indigenous approach to poverty alleviation and economic development across southern Africa.

From this perspective, core elements of a pilot regional biotrade initiative for the region could include the following:

- **Technical assistance on biotrade laws and regulations**

As noted above, SADC is committed to a common approach to the sustainable utilisation of native biological resources. In this context, there is a good deal of legal guidance and regulatory harmonisation needed across the biotrade sector in the region. This requires support at the national, regional and international levels.

Particular areas where support is needed include: (a) integrating and implementing the objectives of the biodiversity-related multilateral agreements; (b) integration of biotrade principles and criteria into sustainable land management plans and practices; (c) development of biotrade value chains including regional and international exports; (d) development of verification and certification schemes for ethical biotrade; and (e) development of appropriate responses to international challenges and barriers to biotrade, such as the EU's novel foods regulation.

- **Public/private biotrade dialogues**

On a regular basis, conferences could be organised at the regional and national levels to bring together biotrade stakeholders from the public and private sectors for the purposes of awareness raising, capacity building, information exchange and networking. The outputs of these meetings would feed into the biotrade information clearinghouse discussed below.

By bringing officials from the public sector together with private companies engaged in or interested in engaging in biotrade activities, these stakeholders can jointly identify the challenges and the opportunities to engaging in biotrade as an instrument for sustainable land management, poverty alleviation and sustainable development.

- **Regional biotrade information clearinghouse**

Building from the experiences of the UNCTAD biotrade website, the product websites of ITC's Market Development Services and others, the

pilot initiative could also develop and maintain an internet-based clearinghouse of information on biotrade, including guidance on relevant approaches and regulations, key organisations and networks and key documents and developments. It could also facilitate offers to buy and sell biotrade goods and services both within the region and internationally.

8.3. Pilot initiative timeline

In order to build the foundation for a sustained and positive impact on facilitating biotrade in southern Africa, the pilot phase of a biotrade initiative for the region should probably be funded for a period of five years. Within a five year framework, key activities could be implemented as follows:

Year 1

- First round of national biotrade meetings to identify priority biotrade sectors for sustainable land management
- Identification of trade and policy challenges and technical assistance priorities
- Development of the internet-based information clearinghouse

Year 2

- Provision of policy support and technical assistance in priority areas to promote sustainable land management through biotrade
- Development of national and regional biotrade networks
- Launch of fully operational information clearinghouse

Year 3

- First regional biotrade meeting (ideally linked with a relevant SADC event)
- Continued provision of policy support and technical assistance
- Expansion of the information base of the clearinghouse
- Mid-term review

Year 4

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- Second round of national biotrade meetings to review developments in the priority biotrade sectors and to identify new priorities
 - Refinement of policy support and technical assistance priorities
 - Continued provision of policy support and technical assistance
 - Continued expansion of the information clearinghouse

Year 5

- Second regional biotrade meeting (ideally linked with a relevant SADC event)
- Continued provision of policy support and technical assistance
- Expansion of the information clearinghouse
- Pilot phase review and planning for the next phase (including exploration of opportunities to widen and deepen the coverage of the regional biotrade initiative)

9. Key regional & international biotrade partners

There are many potential public, private and non-government partners for a biotrade initiative for southern Africa. This section highlights a number of key partners at the regional level which may of particular interest to the UNCTAD BioTrade Initiative and the Global Mechanism for formulating a full-scale pilot phase project proposal and its subsequent implementation. These include:

- African Gamebird Research, Education and Development Trust
 - Africa Resources Trust (ART)
 - African Wildlife Foundation (AWF)
 - Center for International Forestry Research (CIFOR) Regional Office for Southern Africa
 - Environment Africa
 - Environment Liaison Centre International (ELCI)
 - Game Rangers Association of Africa
 - In-Service Training Trust (ISTT)
 - IUCN Regional Office for Southern Africa (ROSA)
 - IUCN Southern Africa Sustainable Use Specialist Group (SASUSG)
 - Participatory Ecological Land Use Management Association for East and Southern Africa (PELUM)
 - Southern Africa Development Community – Food, Agriculture and Natural Resources Directorate (SADC FANR)
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- Southern Alliance for Indigenous Resources (SAFIRE)
 - Southern African Natural Products Trade Association (PhytoTrade)
 - Veld Products Research & Development
 - World Agroforestry Centre (ICRAF) Regional Office for Southern Africa
 - WWF Southern Africa Programme Office (SAPRO)
 - ZERO Regional Environment Organisation

There are, of course, also many potential partners for a southern Africa biotrade initiative at national and local levels. Identification and inclusion of these organisations into biotrade networks could take place during the pilot phase.

Finally, regarding potential partners at the international level, the UNCTAD BioTrade Initiative has already identified the following:

- Convention on Biological Diversity (CBD);
- Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES);
- The Global Mechanism;
- International Centre for Trade and Sustainable Development (ICTSD);
- International Institute for Sustainable Development (IISD);
- The Union for Ethical BioTrade (UEBT); and the
- United Nations Convention to Combat Desertification (UNCC).

10. What is to be done?

The UNCTAD BioTrade Initiative is keen to work with the Global Mechanism and others to develop this concept note into a full-scale project proposal for a pilot regional biotrade initiative in southern Africa. Important elements of a programme of work to develop the proposal include the following steps:

- 1) Meeting of key potential project sponsors – including UNCTAD, the Global Mechanism and possible donors – to set the overall boundaries for the proposal, including geographic scope, the biotrade sector focus and linkages to sustainable landscape management;
- 2) Consultation within the region with key stakeholders and potential partners including SADC, IUCN, PhytoTrade Africa and some of the other institutions listed in this concept note;

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- 3) Establishment of a steering committee for development of the proposal including project sponsors, potential donors, project managers; and core stakeholders from the region;
 - 4) Drafting of a detailed full-scale project proposal;
 - 5) Review of this proposal by the steering committee and revision as needed; and
 - 6) Submission of the final proposal to UNCTAD, the Global Mechanism and interested donors for their consideration and support.

Funding in the range of \$50,000 to \$100,000 should be sufficient to cover the meetings, consultations, travel and consultancies needed to develop a pilot regional biotrade initiative proposal for southern Africa in support of sustainable land management.