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LUNCHBREAK

Federal Ministry for Economic Cooperation and Development

Implementing Due Diligence through Biodiversity-Based Value Chains

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Biodiversity-Based Value Chains: Sustainability through the Lens of BioTrade

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Background

- **Biodiversity-based products** are **goods and services** derived from genetic resources, species, or ecosystems that **depend on biodiversity for their existence**.

- „**BioTrade** is defined as the collection, production, transformation, and **commercialisation** of **biodiversity-based goods** and services that meet specific **sustainability criteria**."

  (UN Trade & Development – formerly UNCTAD)

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Biodiversity-based and agricultural supply chains: Similarities

Value Chain Logic: Both involve steps from production (or harvesting) to processing, distribution, and consumption, including quality control and traceability mechanisms.

Stakeholder Involvement: Engage a range of actors (producers, processors, traders, consumers), requiring coordination and capacity building.

Certification: Both can be integrated into certified or value-added markets (e.g., organic, fair trade, geographical indications).

Sustainability concerns: Both face growing demand for sustainability, social responsibility, and transparency, especially regarding land use, labor rights, and climate impacts.

Biodiversity-based and agricultural supply chains : Differences

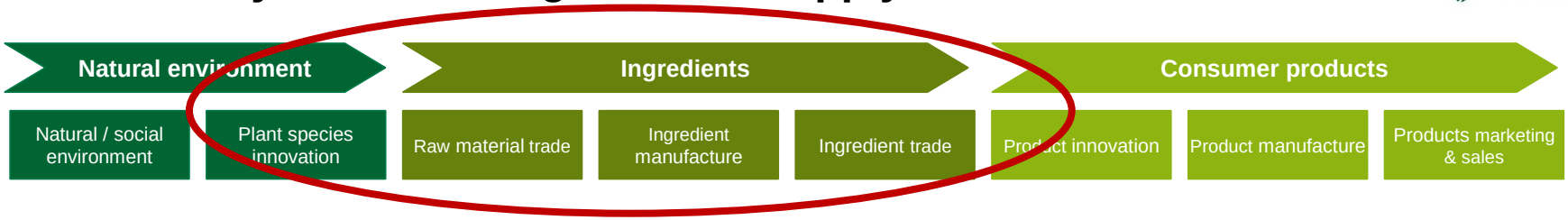
Diverse product origin: Derived from diverse, often wild or semi-domesticated species, including non-timber forest products (NTFPs).

High species diversity: Variety of different species within an ecosystem; often multiple species harvested or cultivated in one system. -> higher climate resilience

“Local” production systems: Often low-input with low mechanisation, traditional or community-based systems with ecological management practices.

Traditional knowledge: Indigenous Peoples & Local Communities (IP&LC) knowledge systems as basis for innovation and Research & Development (R&D)-> Access and Benefit-Sharing (ABS)

Biodiversity-based and agricultural supply chains : Differences



Access opportunity for smaller, specialised companies: Companies do rarely engage on all Value Chain steps (vertical integration) but are specialised in a particular step of the VC.

Scaling through diversification: A single oil press can be used to process multiple products, making operations more efficient and economically viable.

Limited access to finance: Many biodiversity-based businesses don't fit into standard financing instruments typically used in agribusiness. The sector is not well understood by financial institutions, making it harder to attract investment.

Biodiversity-based and agricultural supply chains : Differences

Small but growing market: High(er)-end market, like cosmetics or nutritional products. Often niche or underdeveloped markets but steady market growth.

R&D, Innovation & Intellectual property: High pressure to innovate to remain competitive -> short shelf-life (steady innovation); high investment costs for innovation.

Impact of BioTrade

Address the three pillars of sustainability:

- **Products with a biological origin were valued at USD 3.7 trillion**, representing around 17% of global exports in 2021. For many low-income economies, that share often exceeds **40%** (UNCTAD)
- L'Oréal, the world's largest cosmetic company, uses **approximately 1,700 raw materials from biodiversity in its products**. Most companies in the beauty sector, even if much smaller, source a similarly wide range of ingredients from biodiversity." (UEBT)
- **Recognition of indigenous communities**, geographical indications, collective marks can help **protect traditional production methods and local knowledge**, especially of indigenous communities**. Empower** indigenous and local producers with legal branding tools (UNCTAD)

Frameworks and tools

Due Diligence : What are framework and practical tools that can guide biodiversity-based VC?

- UNCTAD BioTrade Principles & Criteria (P&C)
  - promote the sustainable use of biodiversity in line with the Convention on Biological Diversity (CBD)
  - have been developed specifically for biodiversity-based supply chains
  - address all three aspects of sustainability

- UEBT did translate the BioTrade P&C into a standard and concrete indicators through the UEBT Standard
- Different tools and guidance available to assist companies in assessing and addressing risks

Thank you for your participation

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The UEBT Standard and Biodiversity Action Plan in Practice

UEBT SOURCING WITH RESPECT®

UEBT VISION

A world in which all people
and biodiversity thrive

UEBT MISSION

To regenerate nature and secure a
better future for people through
ethical sourcing of ingredients
from biodiversity

Our Focus: Botanicals

For beauty and personal care, herbal infusions, herbs and spices, functional foods & beverages, fragrances and flavours, and natural pharmaceuticals

What we do

- **Platform for companies**
  Promoting responsible sourcing policies and practices, sharing of experiences and joint action
- **Supply chain assessments**
  For continuous improvement of sourcing practices and impacts
- **Guidance, tools and support**
  Advancing sourcing with respect on the ground

The UEBT standard – Sourcing with respect

Respect for Biodiversity

- Biodiversity conservation and restoration
- Cultivation and wild collection practices for sustainable use of biodiversity

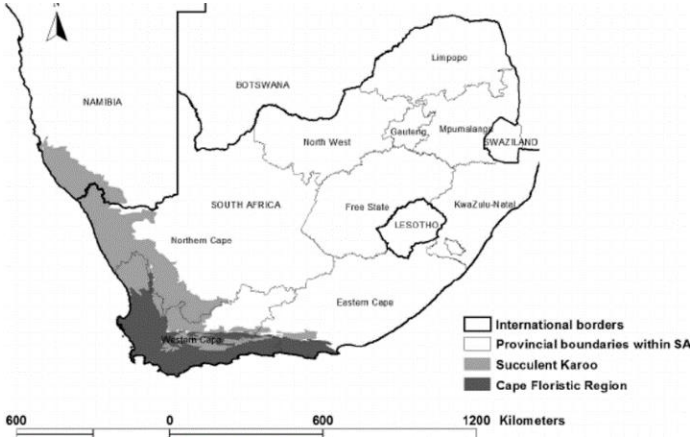
Respect for People

- Human and worker's rights
- Community wellbeing and local development

Biodiversity action plans components

Baseline Information	What is the state of biodiversity in the area now? What threat and opportunities does it have?
Goals and targets	What do we want to achieve with the BAP? What specific targets can we set for each goal?
Measures	What will we do to achieve our goals?
Workplan	How, by whom and when will we implement the measures?
M&E System	How will we measure the progress and impact of our BAP?

Buchu/Rooibos and the Fynbos Ecosystem



- Cape Floral Kingdom – smallest of the floral kingdoms and only one contained in one country
- 8700 species and 68% endemic
- 0,5% land but 20% African flora
- Biodiversity hot-spot
- Buchu/Rooibos endemic to Fynbos Biome

- Mostly grow in the Cederberg region and along the west coast. One type of Buchu grows also along the South Coast
- Important wildlife resource
- Transition to cultivation
- Biodiversity and natural resources stewardship, and climate adaptation are key issues

Buchu and Rooibos key environmental aspects

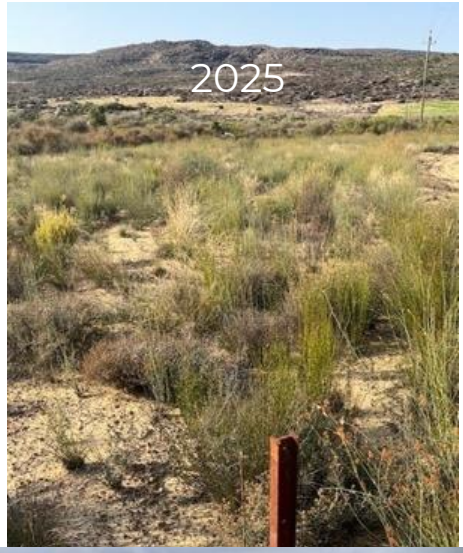
- Conversion of fynbos land for Rooibos farming
- Limited diversity in rotation for Rooibos farming, soil degradation
- Warming climate, changing rain patterns, increase drought, Rooibos is showing lower germination levels and more pests and disease
- Buchu farming relatively new, best practices are still to be validated
- Spread of invasive and competing species

Addressing the problem

- Mapping of issues, risks and root causes
- Development of strategy to address risks
- Partnership to support strategy
  - South African Rooibos Council, Buchu association, UEBT, GIZ BioInnovation Project
- Engagement of local team to facilitate the process
- Two prong strategy:
  - Sector wide measures
  - Farmer level measures (i.e. BAPs)

BAPs Rooibos cultivation

- 13 farms
- 15000 ha cultivation
- Actions
  - Conservation and restoration of fynbos vegetation in set aside area on farm
  - Clearing of invasive species
  - Natural soil management through crop rotation and experimentation of regenerative management with the integration of other crops and compost
  - Build up natural structures to reduce erosion
  - Follow IPM and risk mitigation measures if using agrochemicals
  - Set up monitoring system for changing climatic conditions and addressing consequences



BAPs Buchu cultivation

- 1 farmer/wild collector
- 2000 ha
- Actions
  - Conservation and restoration of fynbos vegetation in set aside area on farm or contribute to protected fynbos areas management
  - Clearing of invasive species
  - Monitor and adjust
    - → Natural soil management through crop rotation, light soil work, and experimentation of regenerative management with the integration of organic and biological preparations
    - → Follow IPWM such as manual control, selection of good planting material, plant at the right density, follow crop rotation and soil regeneration
    - → Set up structure for collection of rainwater, test soil humidity and monitor weather conditions to decide on irrigation, use efficient irrigation techniques.

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Thank you for joining !

See you at our next Lunchbreak in October.

The topic will be shared soon.