



UNION FOR  
ETHICAL  
BIOTRADE

**SOURCING**<sup>®</sup>  
WITH RESPECT

## **Monitoring & Evaluation Report**

**15-03-2017**

**Union for Ethical BioTrade (UEBT)**

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## 1. Introduction

As part of its 2014-2017 strategic plan, the Union for Ethical BioTrade (UEBT) monitors and evaluates its activities and those of its members as a way of measuring and improving results and ensuring progress towards desired impacts. Findings of UEBT monitoring and evaluation (M&E) will serve as inputs for the 2018-20 strategic plan, as well as the revision of the Ethical BioTrade standard. New M&E objectives will be set when the new strategic plan and revised standard are adopted in 2017.

UEBT M&E activities undertaken as part of the 2014-2017 strategic plan aim to collect and improve the quality of M&E information, gain insight in impacts in priority areas of the UEBT Theory of Change (TOC), and improve or develop new ways to measure impact. To advance these objectives, UEBT has undertaken various M&E activities, including:

- Collection and analysis of data on UEBT Trading Members and their activities,
- Evaluation of technical support on access and benefit sharing (ABS),
- Two baseline studies for the UEBT/UTZ herbal tea program, and
- Joint work with ISEAL to develop new methodologies to better evaluate outcomes and impacts at the management system level of UEBT members.

This report summarizes the results of these activities. Data used in this report corresponds to 2015 and 2016, which is due to the reporting cycles of UEBT Trading Members.

## 2. Background

### 2.1. About UEBT

UEBT promotes private sector engagement in the sourcing of natural ingredients with respect for people and biodiversity. It brings together companies and non-private sector organisations committed to Ethical BioTrade, working primarily in the cosmetics, food and pharmaceutical sectors. UEBT member companies collect or grow plant material (for example, through wild collection, agroforestry or agriculture); produce plant-based ingredients such as extracts, vegetable and essential oils, tinctures, and active ingredients; or conduct research and development on new ingredients and products. For all these activities, the Ethical BioTrade standard, managed by UEBT, guides company practices and drives sustainable business growth, local development and biodiversity conservation.

#### ***UEBT Vision***

To be the leading association of companies that are involved in biodiversity based innovation and sourcing, driving sustainable business growth, local development and biodiversity conservation.

#### ***UEBT Mission***

To promote Ethical BioTrade practices by offering UEBT members independent verification, technical support and networking opportunities for biodiversity-based innovation and sourcing.

### 2.2. UEBT Theory of change (TOC)

UEBT aims to contribute to a process of market transformation in the cosmetics, food and natural pharmaceutical sectors. Through Ethical BioTrade concepts and tools, it provides a

model and platform for businesses to contribute to local development and biodiversity conservation, in support of the implementation of the SDGs and CBD objectives.

To achieve its mission, UEBT adopted distinct strategies that can be grouped in three clusters:

- UEBT as an agent of change, carrying out awareness-raising activities on Ethical BioTrade and providing advisory services to UEBT members, non-member companies, international organisations, governments, and other actors.
- UEBT as a leading association of companies involved in biodiversity-based innovation and sourcing, which provides members with guidance and tools to lead by example and promotes experience-exchange.
- UEBT as a credible and effective standard system, providing a credible back-up of the Ethical BioTrade commitments and practices of UEBT member companies towards their clients and stakeholders.

In order to identify expected changes UEBT adopted a TOC in 2014. Following the adoption of UEBT certification services, the TOC was revised in 2015, including through consultation with the UEBT Board of Directors. This new version is publicly available on the [UEBT website](#).

### 3. Information on UEBT Trading Members and their activities

This section looks at the characteristics and activities of UEBT Trading Members, including their progress to implement their membership obligations, prepared on the basis of information gathered through the 2016 annual reports.

#### 3.1. Overview and main characteristics of UEBT Trading Members

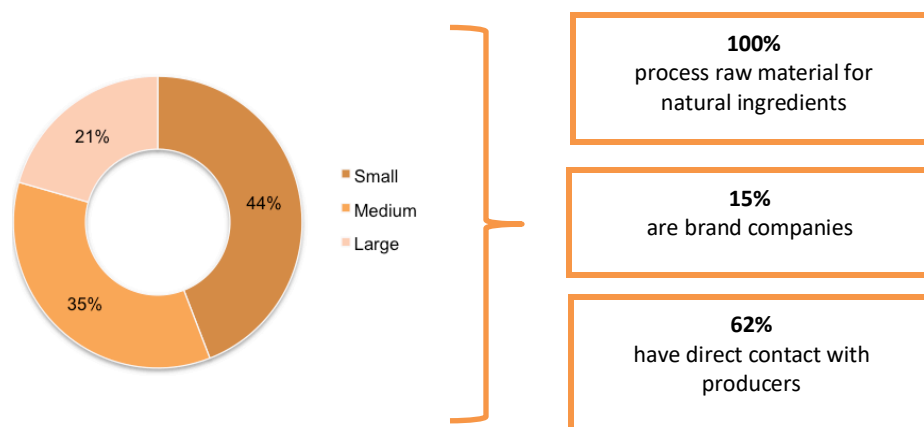
UEBT achieves most of its impact through the commitment and work on Ethical BioTrade of its Trading Members – members that are directly involved in the supply chain of Ethical BioTrade goods and services. In 2016, UEBT had 34 Trading Member. These Trading Members are located in 16 countries, with over two thirds in Latin America and Europe (see figure 1).

Figure 1. Geographic distribution of UEBT Trading Members



Trading members also differ with regard to their supply chain position; they include companies working directly with producers, intermediary processors and brands (see figure 2). Whether or not a company has direct contact with local producers or collectors is significant for the manner in which it will implement its UEBT membership obligations. Companies that have direct contact with producers directly support and exercise a level of control over the implementation of Ethical BioTrade practices at a local level. Companies that do not have such contact with the local producers promote such practices more indirectly, i.e. through the terms under which they buy their natural ingredients.

Figure 2. UEBT Trading Members: Size and position along the supply chain



Trading Members differ in the number of ingredients and supply chains that they handle. There are small companies with a single natural ingredient and supply chain, while other companies might have up to 650 natural ingredients and 1'200 supply chains. In total, the number of natural ingredients and supply chains covered by UEBT Trading Members have increased in relation to previous years. In 2015, Trading Members worked with 3'161 *natural ingredients* associated to 4'721 *supply chains*. This compares to 1'413 natural ingredients associated to 718 supply chains in 2013. It should be noted that these numbers do not concern unique natural ingredients or supply chains, as many companies work with similar ingredients. Data collected by UEBT does not allow for the identification of how many unique ingredients and suppliers it concerns.

Other data relevant to the reach of UEBT Trading Members and their activities are shown in Figure 3 below.

Figure 3. Other data on the reach of UEBT Trading members

<b>2.930 MM EUR</b>	<i>total estimated annual turnover</i>
<b>80%</b>	<i>are principally active in the cosmetic sector</i>
<b>17'026</b>	<i>employees</i>
<b>45%</b>	<i>of employees are female</i>

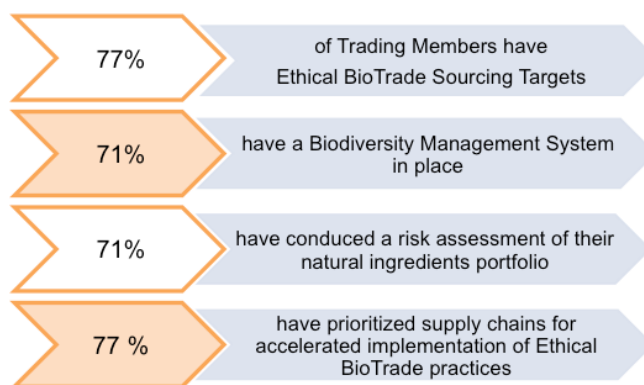
### 3.2. Progress on implementing Ethical BioTrade commitments

UEBT Trading Members integrate the Ethical BioTrade standard within their management systems related to sourcing and research and development, mainstreaming its principles in the relevant operations and their supply chains. That is, companies thus implement Ethical BioTrade principles at two levels: within the company itself and along its supply chains.

#### 3.2.1. Ethical BioTrade within Trading Members' operations

Within UEBT member companies, Ethical BioTrade practices are systematically incorporated in relevant policies and procedures relevant to natural ingredients. To this end, companies develop a Biodiversity Management System, which ensures that the Ethical BioTrade standard is gradually implemented throughout the companies' operations, including research, innovation, product development and sourcing strategies, through tools such as standard operating procedures, risk assessments, and supplier questionnaires. UEBT has a gradual improvement approach. Progress to date is summarized in Figure 5.

Figure 5: Progress on Ethical BioTrade policies and practices - UEBT Trading Members<sup>1</sup>



<sup>1</sup> Based on 31 Trading Members that joined UEBT prior to 2016.

### 3.2.2. Ethical BioTrade in prioritised supply chains

At the level of supply chains, UEBT Trading Members decide where to focus their efforts. Companies prioritise supply chains; that is, they select supply chains in which the Ethical BioTrade standard is implemented in an accelerated way. Such selection takes place in view of strategic priorities and/or sourcing risks.

In 2015, UEBT Trading Members had prioritised 512 *supply chains*, involving 583 (not necessarily unique) natural ingredients. The total volume of raw material purchased for natural ingredients amounted to 1'924'875 metric tons. Through the years, the number of prioritised natural ingredients and supply chains are increasing (see figure 6). Prioritised supply chains involve 64 countries, with a particular focus on Latin America (see Figure 7).

Figure 6. Growth of number of prioritised ingredients and supply chains

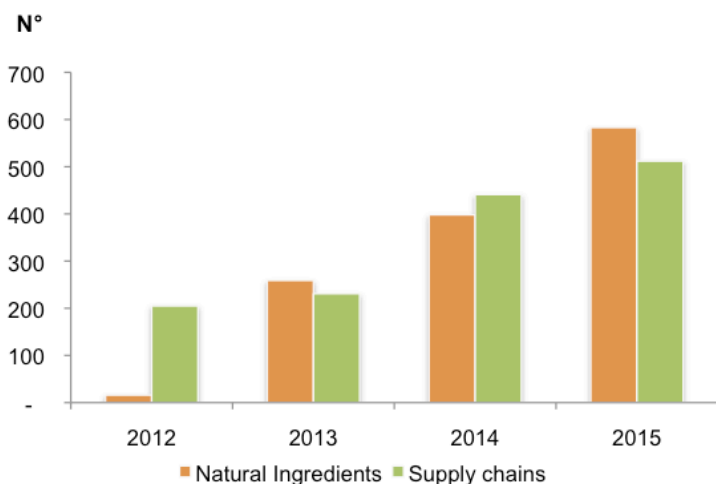
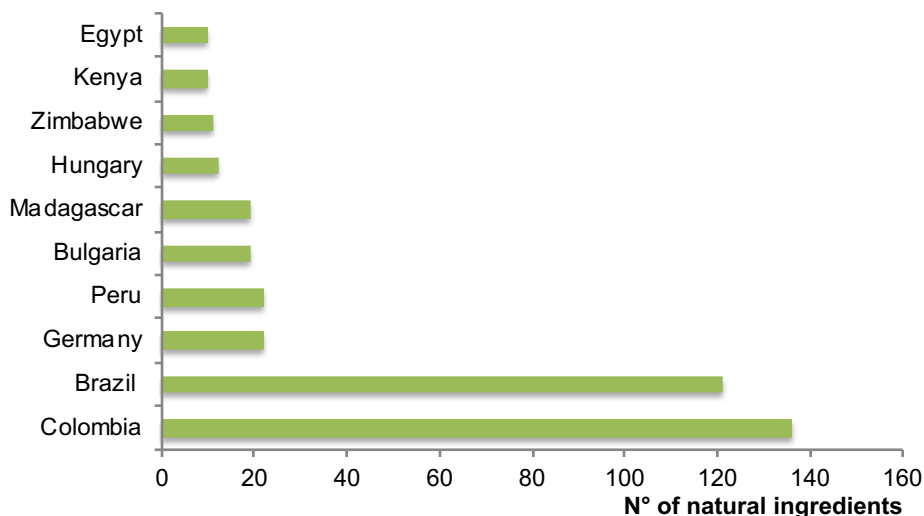


Figure 7. Main sourcing countries for UEBT Trading Members' prioritised ingredients



Other important information on prioritised supply chains and ingredients includes:

- 66% of the prioritised ingredients are associated to wild collection system;
- 57% of the prioritised ingredients are subject to other standards or certification (primarily organic);
- Cultivation of prioritized ingredients takes place in approximately 2.1 million hectares, including approximately 1,6 thousand hectares of agroforestry;
- Wild collection in prioritized supply chains covers approximately 8,7 million hectares (though it must be noted that estimating wild collection areas is particularly difficult); and
- Prioritised supply chains involve an estimate of over 150'000 producers – 54% of which are involved in cultivation.

#### 4. UEBT technical support on ABS

As part of M&E, UEBT regularly assesses its strategies and activities. In 2016, UEBT looked at perceptions related to the effectiveness of its technical support on Ethical BioTrade practices, particularly on ABS. Ten interviews were conducted with companies, governments and other partners involved or receiving UEBT technical support on ABS. Responses were analyzed to identify which, according to stakeholders, are the positive and negative effects of such support.

Findings of these interviews include:

- UEBT awareness-raising activities on ABS convey the topic in a simple, practical way to a wide range of actors within cosmetics sector. It is important to reach out to new sectors and companies. UEBT offers a platform for open, constructive exchange between different stakeholders.
- UEBT technical support to governments is appreciated for communicating not only the technical aspects of ABS but also its strategic aims. UEBT training workshops reduce gaps in understanding and exchange between different actors linked to ABS at the national level (e.g. government, companies, communities).
- UEBT technical support to companies offer information and tools that are pragmatic and easily incorporated into internal procedures and strategies on ABS. Companies take findings and recommendations on board.
- Trading Members trust UEBT as a source of updates and advice on ABS. Understanding of ABS allows UEBT Trading Members to position themselves in the market. It also gives companies confidence to move forward with new projects and activities.

#### What is ABS?

Access and benefit sharing or ABS refers to a set of principles that apply when plants or other components of biodiversity are used for research into new properties or the development of new products. These principles are recognized in the Convention on Biological Diversity (CBD) and the Nagoya Protocol. A number of countries have implemented these principles through laws and regulations that establish requirements for how components of biodiversity are acquired and used, and how resulting benefits are shared.



## 5. Baseline studies for the UEBT/UTZ herbal tea program

UEBT certification assures that natural ingredients are sourced with respect for people and biodiversity. It attests compliance with the Ethical BioTrade Standard. In this context, certified supply chains provide an opportunity to measure the results of interventions made by UEBT Trading Members.

In particular, in the context of the UEBT/UTZ herbal tea certification, UTZ and UEBT are implementing two impact evaluations studies over a period of three years. In 2016, two studies were conducted guided by the following research question: what is the initial situation for collectors of herbs and fruits – working in two different contexts and supply chains - with regards to the 3 UEBT/UTZ Certified impact categories “people”, “planet” and “profit”?

The baseline will be instrumental to monitor and evaluate impact in 2019. Key areas of impact considered include conservation and sustainable use of biodiversity, rights of actors and the role of UEBT Trading Members.

A ‘tailor-made’ evaluation approach was developed for the baseline studies, given that the herbal tea supply chain is complex and different from tea and other supply chains. Additionally, the methodology has been adapted for each of the studies. This is to reflect the context in each of the two countries, as well as differences in the production systems (collection and cultivation), the number of producers/collectors and type and influence of local purchasers.

Both studies considered the entire supply chain, looking at collectors/producers and local companies. The methodology considered both qualitative and quantitative methods: surveys applied both with program participants and control groups on issues linked to people (e.g. labour rights, gender issues), profit (e.g. productivity, quality, supply and demand), and planet (e.g. conservation and sustainable use of biodiversity). Interviews and focus groups assessed the perception of the certification program and its implications on these issues.

### Herbal tea program UEBT/UTZ

UEBT and UTZ Certified offer a joint certification program for herbal and fruit tea. This program covers all plants and parts of plants (leaves, fruits, flowers, seeds, roots) that are used to make herbal and fruit teas, both from cultivation and wild collection.

The UEBT Ethical BioTrade standard fits the large number of different herbs at low volumes used in the herbal tea sector. UTZ brings its traceability system and the UTZ label. The collaboration provides a good solution to address sustainability issues in the global herbal tea sector.

It is important to note some methodological limitations. For example, in one of the case studies, it was not possible to find comparable control groups due to safety concerns in the area and the difficulty of securing some of the information. Additionally, the small number of producers in one of the areas limits the possibility of applying a strong quantitative analysis of the survey responses.

Studies not only seek to set a baseline, but also indicated some early results, especially in one of the cases where the sourcing company had already implemented several interventions. At the local company level, for instance, studies showed a monitoring and traceability system in place, interventions such as training and construction of infrastructure already conducted, and the development of positive perceptions on potential benefits. At the collector/producer level,

findings included positive perception on potential benefits, securing demand, increase in prices, identification of challenges for sustainable use of biodiversity, infrastructure investment (e.g. warehouse in one case study) and contracts signed with seasonal workers. The baseline studies provided some insights that can be used for further strengthening of the program, for instance on the empowerment of women, and on possible strategies to enhance biodiversity.

The final impact evaluation will take place in two to three years to measure changes at both producer/collector and the company levels that can be attributed to the UTZ/UEBT certification program.

## **6. New methodologies to measure impacts at company level**

In collaboration with the ISEAL Alliance, UEBT is working to develop methodologies that are practical, in line with ISEAL Impacts Code requirements and cost-effective to evaluate outcomes and impacts of standards focused on the management system level.

UEBT is currently planning case studies to test proposed methodologies. The findings of this project will be integrated into the UEBT M&E system and help other ISEAL members gain insights into available methodologies and the value of sustainability standards for companies.

## **7. Comments and feedback on UEBT M&E activities**

As a member of the ISEAL Alliance, UEBT is committed to the ISEAL Code of Good Practice for Assessing the Impacts of Social and Environmental Standard Systems, particularly in terms of engaging its stakeholders.

Opportunities for stakeholder engagement, as well as all relevant UEBT documents on M&E, are available on the [UEBT website](#). If you have any comments on this document, please do not hesitate to contact the UEBT Secretariat at the following email address: [comments@ethicalbiotrade.org](mailto:comments@ethicalbiotrade.org)