



An exploration of the potential of niche markets for Botswana

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Note:

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Abbreviations

BAOA	Botswana Accounting Oversight Authority
BMC	Botswana Meat Commission
BMP	Best Management Practices
BRC	British Retail Consortium
BSE	Botswana Stock Exchange
CAR	Centre for Applied Research
CBNRM	Community Based Natural Resource Management
CBOs	Community Based Organisations
CoC	Chain of Custody
DVS	Department of Veterinary Services
ESG	Environmental, Social and Governance
EU	European Union
FRRs	Forest and Range Resources
FSC	Forest Stewardship Council
FT	FreeTrade International
GMO	Genetically Modified Organisms
GPP	Green Procurement Policy
GSTCS	Global Sustainable Criteria Sections
HCV	High Value Conservation
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements
ILO	International Labour Organisation
IPM	Integrated Pest Management
IR	Integrated Reporting
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NGO	Non-Governmental Organisation
NSSD	National Strategy on Sustainable Development
RA	Rainforest Alliance
SADC	Southern African Development Community
SD	Sustainable Development
SDG	Sustainable Development Goals
SF	Sustainable Finance
TP	Technical Paper
UK	United Kingdom
UNEP	United Nations Environment Programme
WHO	World Health Organisation
WWF	World Wildlife Fund

1. Introduction

There is increasing interest for environmentally and socially sustainable produced goods in the global market. Sectors such as agriculture, tourism and forestry often face deforestation, land degradation and social issues such as low salaries or producer incomes associated with high poverty. Sustainability concerns are articulated by Non-Governmental organisations (NGOs), consumers and governments. They are also well documented in the United Nations 2030 Agenda for sustainable development (The Co-operate group, 2012). In Botswana, government is therefore developing a National Strategy on Sustainable Development (NSSD)¹, which includes achieving sustainable production and consumption patterns. Usually three or four pillars of sustainable development are distinguished: economic, social, and environmental (see e.g. Vision 2036) and governance.

The purpose of this paper is to review global niche markets for tourism, agriculture, sustainable forests and finance that can contribute to sustainable production and consumption patterns. Niche markets aim to promote environmental, social and governance sustainability (ESG) especially for agriculture, tourism, financing and forestry. Niche markets² are created by aligning specific attributes of a product or a production process to a particular demand or market need (Pine, 1993). According to a study by Deloitte (2013), there is a growing demand for **organics, fair-traded products, eco-friendly products and local or regional products**. Moreover, globally, there is also a growing demand for **sustainable finance** (SF; Swiss Sustainable Finance, 2018).

Chapter 2 reviews existing global niche markets and summarises the certification procedures for different markets (also refer to appendix 1 for a summary and overview of common international certifications). The paper also describes niche markets (trends and access for producers) available in agriculture, tourism, finance and forestry in chapter 3. This is then followed by identification of niche markets for products that Botswana can produce and what the country needs to do in order to access the identified markets for sustainable productions and consumptions (chapter 4).

2 Available niche markets and products

2.1 Emerging niche markets opportunities

Internationally, several niche markets opportunities exist for different products in the market, for agriculture, tourism, sustainable forest and sustainable finance. There is a growing demand for **organics, fair trade, regional/local products, ecolabelling/branding and sustainable financing**. Definitions for these concepts are given in Figure 1.

¹ For example, see Centre For Applied Research (CAR) 2017, Technical Papers no. 1,3,6 and 8 for Botswana's NSSD strategy.

Figure 1: Definition of key concepts

<p>Niche market: A niche market can be defined as an identifiable target market within a subset of a larger market that has unique preferences or similar market priorities (Acorn, 2008).</p> <p>Organics: Include products that are produced with methods that conform to issues of ecological sustainability, sustainable resource use and biodiversity conservation.</p> <p>Fair trade: Fair trade's aim is to help producers/collectors in developing nations get higher income for their products by advocating higher payments to exporters.</p> <p>Regional/local products: Locally/regionally produced products.</p> <p>Ecolabelling: A voluntary method of environmental performance or ecolabeling done around the world.</p> <p>Sustainable Finance: Any form of finance service integrating environmental, social and governance (ESG) criteria into investment decisions.</p>

Sources: Borimnejad, 2008; Ali-Knight, 2011 and Rainforest Alliance, 2017.

International niche markets are growing. For example, due to the emergence of the 'conscious consumer', nutrition and diseases concerns associated with food, there is a need for organically produced food especially in developing markets like the European Union (EU) and United Kingdom (UK). Organic products cover a wide range of goods especially in the agricultural sector. Examples of organic products include fruits, vegetables and crops, natural products. Organic food production requires:

- a. Avoidance of synthetic chemical inputs (e.g. fertilizer, pesticides, antibiotics, food additives);
- b. Avoidance of genetically modified seed;
- c. Use of land that has been free from prohibited inputs for several years; and
- d. Livestock adhering to specific requirements for feed, housing, and breeding.

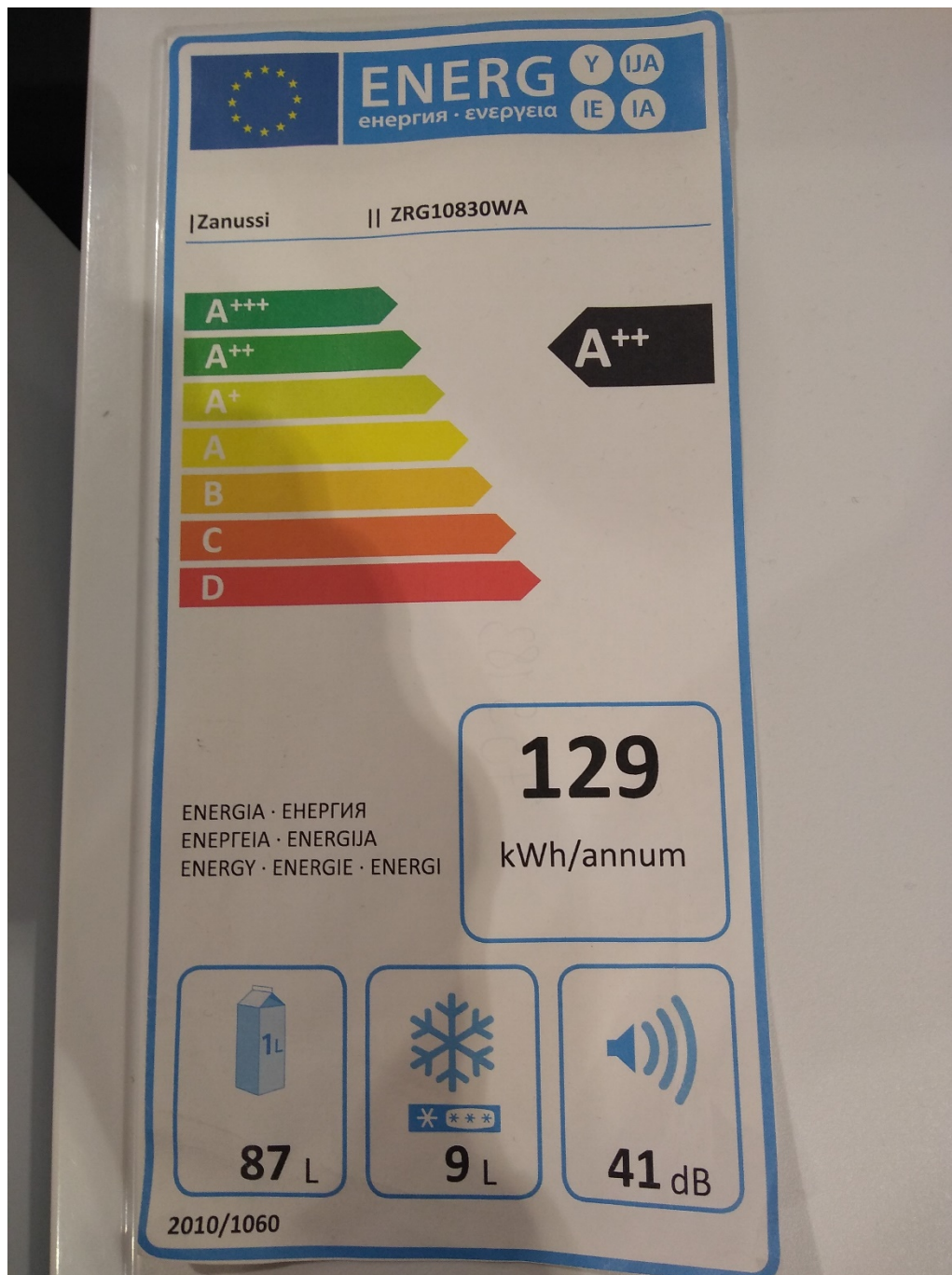
Niche markets for Fair Trade are also growing. There are different certification schemes involved in fair trade such as Ecocert IMO, Make Trade Fair and Eco-Social. FreeTrade International (FT) is the most common free trade certification. According to FT (2011), there were about 1,000 Fairtrade labelled products in 17 countries in 2000; the value of FT products was estimated to be around Euro 200 million per annum; western Europe account for more than 70% of the market, mostly food products and beverages; handicrafts was also important.

Niche markets for regional and local products are most prominent in developed countries or regions like EU but also practiced in South Africa.

Ecolabelling has become common in developed countries and regions like the EU. Products are differentiated according to resource-use intensity and pollution impacts. Ecolabels exist for consumer good markets, agriculture, forestry and/or tourism. It includes products such as low impact tourism, recyclable material, eco-friendly products, energy and water efficient products and recycled products (CAR, 2017). An example of energy efficiency labelling in Switzerland is shown in Figure 2.

Lastly there is a growing demand for sustainable financing, especially in developed countries. Several methods can be used to promote sustainable finance: norm-based screening, ESG integration, engagement and voting, exclusion, best-in-class, sustainable thematic investments and impact investing. Switzerland seeks to promote an SF market the International Finance Corporation (IFC) is particularly engaged in thematic investments (e.g. climate change mitigation and renewable energy).

Figure 2: Energy (and noise) efficiency label of a fridge



Source: own picture.

Most niche markets require compliance with standards through certification and labelling. Some international certification organisations for niche markets include FT certifications, FairWild, UTZ, Forest Stewardship Council (FSC), Fair for life certifications, Rainforest Alliance Sustainable Agriculture Standard, Control Union Fair Choice certification, Control and others. Producers need to comply with, e.g.:

1. Environmental requirements;
2. Economic transparency and fair pricing systems along the value chains;

3. Social requirements, e.g. compliance with International Labour Organisation (ILO) conventions and national legislations. For example, Fair and positive relation between workers and their employees, producers and cooperatives, seller and buyers. The 'fair for life' is one of standard that gives certification for this social responsibility by acknowledging baseline standards;
4. A requirement to conform to international agreements such as International Federation of Organic Agriculture Movements (IFOAM), which is responsible for maintaining an organic farming principle;
5. Health, safety and environmental protection (through i.e. certifications such as Control Union Fair Choice);
6. Positive social responsibility especially to communities and their environments; and
7. Protection of cultural heritage.

Most of the certifications are third party audited systems that require on-site visits by authorized certification bodies. Most schemes have transparent criteria or requirements for certification, whose compliance is verified during the visits. The visits differ according to the certification bodies (see appendix 1). Generally, certification processes entail application, audit preparation, audit, certification and continuation. The process is done at the cost of producers or producer organisations (for example see, <http://www.fairwild.org/certification-overview> and <http://www.thecoffeeguide.org/coffee-guide/niche-markets-environment-and-social-aspects/sustainability-certification-verification-corporate-guidelines>). Thus, access to niche markets implies extra costs³, which must be offset by higher revenues or premiums⁴. The fees can be significant for organisations. However, Depperler *et. al.*, (2014) state that, certification leads to improved economic opportunities for farmers through access to niche markets. Even though that may the case, circumstances are different between products, regions, countries and specific labels/certification schemes. For example, the study states that higher benefits for cocoa certified farms are often influenced by the general increases in demand for cocoa and cocoa products. Bethge (2012) observed better financial results due to improved yields among farms certified by RA and FT (see also Lalitha *et. al.*, 2013).

A summary of common certifications and their requirements is given in Tables 1, 2 and 3. The tables highlight some of the requirements necessary for certification. However there are a lot of standards and certification schemes which business and producers can adopt for access to niche markets. Most certifications for tourism use the Global Sustainable Tourism Council (GSTC) standard and only differ according to the business type they certify i.e. hotels, conferences, accommodation for example see Pluss *et. al.*, (2016) and appendix 1.

³ Producers have to pay fees for applications, initial certification and certificate renewal.

⁴ Statistics show that nearly one third of the premiums is used to pay for certification (Segura and Zuniga-Arias 2009; FLO-CERT, 2011).

Table 1: A summary of requirements and standards for certification schemes -Tourism

Green Key Certificate

DESCRIPTION

Green Key certifies Hotels & hostels, campsites and holiday parks, small accommodations, conference centres, attractions and restaurants. It requires eco-friendly and fair facilities through efficient use of resources, procurement of fair, organic, locally produced and eco-friendly products and also fair and decent treatment of workers. Most of the tourism certifications are approved by the Global Sustainable Tourism Council and only differ according to the service provided, see <https://www.gstcouncil.org/> and appendix 1.

ENVIRONMENTAL COMPONENTS

Environmental manager and staff must receive training on environmental sustainability (on, water, energy, waste, cleaning, food and beverage, etc.) issues in order to comply

- Indicators are provided for efficient resource use i.e. toilets must not exceed 6 litres per flush, flow of showers not 9 litres per minute, urinals not flushing more than 3 litres or water free, there are also caps for dishwashers etc.
- Reuse and recycling of water is encouraged by the standard i.e. use of collected rainwater, use of treated water.
- Sources of the resources are checked if they are sustainable.
- The standards encourage use of products, chemicals or detergents with an eco-label to reduce foot prints.
- Proper waste management is encourage. This includes for example, treatment of wastewater before discharging.
- Measures are implemented to reduce carbon foot print i.e. reuse of towels, use a shared taxis, cycling, etc. are encouraged by the business.

SOCIO-ECONOMIC COMPONENTS

The establishment should work in accordance with international conventions and regulations including: The Universal Declaration of Human Rights, the ILO's declaration on fundamental principles and rights at work, the Code of conduct for the protection of children from sexual exploitation and travel and tourism.

Table 2: A summary of requirements and standards for certification schemes –Forestry and Wild Collected Resources

Fair Wild certification

DESCRIPTION

Fairwild administers a standard for the collection and management of wild resources. It also ensures a fair price and better living and working conditions to those involved in collection of the resources

ENVIRONMENTAL COMPONENTS

- Wild resources should be maintained during periods of collection.
- Information on the resource should be available during certification, i.e global and international status of the target species, baseline information on the target species, information on reproductive system and biological age of the species should be known.
- Information about rare and threatened species should be availed.
- Management activities supporting collection does not adversely affect ecosystem diversity.

SOCIAL-ECONOMIC COMPONENTS

- The standard requires knowledge sharing in contractual relationships. Information should be shared on, (1) quantities sold (2) relevant aspects of FairWild including pricing (3). Labour laws regarding collection should conform to international conventions such as the ILO standards (see, <http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12030:0::NO::>).

FSC certification

DESCRIPTION

FSC certifies forest products and projects. FSC is a non-governmental organisation that sets standards for responsibly managed forests (both environmentally and socially). FSC members include World Wildlife Fund (WWF) and Greenpeace.

ENVIRONMENTAL COMPONENT

- Information on maintenance costs, yield information, inventory data, volume and areas reductions caused by mortality, fire, insects, disease etc. is key for certification.
- Management plan should be conceived and executed (commitment to long term viability, risk avoidance).
- Areas converted from wetlands, peatlands or natural grassland not certified, unless the applying body was not responsible for conversion.
- Measures should be implemented to maintain and restore recreation and tourism areas and enhance or restore permanent and temporary water bodies and respect of universal access to water.
- Identify and implement effective actions to avoid, repair or mitigate negative environmental impacts.

SOCIAL-ECONOMIC COMPONENT

- FSC supports maintenance and enhancement of economic wellbeing of workers.
- Upholding of principles and worker rights as defined in the ILO Declaration on Fundamental Principles and Rights at Work (1998).
- The forests should promote reasonable opportunities for employment, training and other services to local communities, contractors and suppliers.
- These opportunities should be identified through proper engagement with communities.

Table 3: A summary of requirements and standards for certification schemes – Agriculture

Rainforest alliance
<p>DESCRIPTION</p> <p>Rainforest Alliance is a network of farmers, foresters, communities, scientists, governments, environmentalists, and businesses dedicated to conservation of biodiversity and ensuring sustainable livelihoods. RA certifies forests, agricultural products and tourism products (see RA, 2013 and 2017).</p> <p>ENVIRONMENTAL COMPONENT</p> <ul style="list-style-type: none"> ▪ Farms should protect neighbouring natural ecosystems through i.e. restoration of trees and other native vegetation and should not contribute to deforestation. ▪ Critical ecosystems such as pollination, pest control and water purification should be conserved. ▪ Farms should protect endangered species and other native flora and fauna by prohibiting hunting of endangered animals, spread of invasive species and should take steps to minimize human-wildlife conflict. ▪ High Conservation Value (HCV) areas should not be destroyed. ▪ Applying farms should have conserved natural resources and not destroyed forests in the five year period prior to application. ▪ Farm waste is reduced, reused and recycled. ▪ There are no GMOs or chemical substances to induce growth. ▪ Integrated Pest Management Plan (IPM; these may include group administrator records on, pest type, infestation dates, area and location, degree of damage by pests and weather type during infestation). ▪ Reduce resource use intensity i.e water and electricity <p>SOCIO-ECONOMIC COMPONENT</p> <ul style="list-style-type: none"> ▪ Farm operations should respect workers' freedom to associate, pay the country's minimum wage, improve in-kind benefits, respect of the rights of indigenous people and implement international standards such as for ILO. ▪ Farm managers should work with the community to minimize any negative impacts of agriculture. ▪ Decent housing for farm workers is required by standard.
Fair Trade International
<p>DESCRIPTION</p> <p>FT ensures organic production and a fair price to producers especially producers in the developing and less developed countries.</p> <p>ENVIRONMENTAL COMPONENT</p> <ul style="list-style-type: none"> ▪ Use of forbidden pesticides on the certified crops is not allowed. ▪ Monitoring of pests including diagrams and sketches showing the distribution of pests and diseases for targeted controls is required (i.e IPM) ▪ Farms should develop plans for phasing out of chemical inputs and implement other weed control strategies other than chemical. ▪ Safe storage and disposal of wastes is encouraged. ▪ GMOs not allowed by the standard. ▪ Training must be provided for efficient use of energy and water (i.e. estimating water needed for irrigation, measuring extraction rate, providing maintenance to the water distribution system, adopting methods to recirculate, reuse and/or recycle water). ▪ Employ methods for carbon sequestration. <p>SOCIO-ECONOMIC COMPONENT</p> <p>FT regards the core ILO convention as the main reference for good working conditions</p>

3 International niche market trends and access to niche markets

This section reviews international niche markets for agricultural, tourism, sustainable forests products and trends in sustainable finance. This allows us to review international opportunities in promoting sustainable consumption and production and identify market opportunities for Botswana (chapter 4).

3.1 Agricultural niche markets

RA and FT are two important niche markets for agriculture. RA and FT provide opportunities for sustainable production and consumption under their certification schemes (see table 1). Under these schemes, niche markets are available for:

- a. Organic products or wild collected products;
- b. Fair traded agricultural products; and
- c. Eco-friendly products such as water efficient crops in agriculture.

Examples of how RA and FT international contribute to environmental and social sustainable consumption and production are given in Figure 3 and 4. Both markets are growing. Coffee, tea, bananas are some of the products to be first certified during the inception of the certification schemes. The schemes now also certify Forest and Range Products (FRRs).

Figure 3: Rainforest Alliance certification

There are several agricultural products under the Rainforest Alliance certified products produced and traded globally, including coffee, cocoa, tea, banana, flowers, spices, vegetables, fruits, sustainable beef (Heitz, 2018). Cattle can be certified if it involves sustainable grazing system and reduced carbon emissions. Around 1.3 million farmers in 57 countries are certified, covering some 3.5 million hectares. Africa has a higher number of certified farms, especially in Ivory Coast and Kenya.

Few southern African countries produce RA certified products. South Africa produces certified tea and vegetables, while Mozambique and Zimbabwe produce certified tea; Malawi produces certified bananas. These products are traded globally including in Southern Africa and Botswana. Several companies including McDonalds, Coca-Cola, Nestle and Woolworths have partnered with RA and use RA certified products, widening the market for fair traded and organic products (Kenny, 2018 and RA, 2018). This is expected to increase producer prices (RA, 2018). Empirical results suggest that Ghanaian and Ugandan farmers that have joined have increased household incomes and reduced poverty. Higher incomes are attributed to increased productivity of certified farms and premiums paid for certification. The alliance has expanded its work with smallholder farmers who account for about 75% of the certified famers. The alliance assists farmers with capacity building, financing, and other administrative help. Sustainability topics such as agrochemical management and worker housing still remain persistent challenges among RA certified farmers. There are still difficulties in coming up and executing waste management plans, instituting water conservation programs, maintaining best practice wastewater treatment infrastructure and monitoring irrigation use (Oseni and Adams 2013; Waarts 2012).

Source: RA, 2017.

Figure 4: Fairtrade International certification

FT International provides a minimum price that is intended to meet a broadly determined living wage in the sector, and to cover the average costs of sustainable production. The five commonly traded agricultural products under Fairtrade International include coffee, tea, cocoa, seed cotton, flowers and plants. Other produce which are also mentioned in table 1 and appendix 1 include, marula, melons, vegetables, textiles & leather, glass, peanuts, vegetables, (organic and conventional), handicrafts (woven baskets).

Fairtrade international is continually raising awareness and growing the market for its products in Africa. South Africa is the largest market in Africa, followed by Kenya. Fairtrade International also helps in small-holder producer challenges such as in management, required storage facilities, capacity building in processing of raw agricultural products. For example, 45% of premiums from cocoa were spent on warehousing, transport, cocoa drying, tree nurseries, while 43% of the premiums were spent on agricultural tools, inputs, training, credit services and direct and payments to farmers. These increases the competitiveness of farmers in the global international market and increases chances for poverty reduction and local economic empowerment. The certification offers help to a lot of producers as there are currently 129 Fairtrade certified producer organisations in 20 countries around the world with sales of around 306.2 million pounds to UK alone. These suggest a high demand for Fairtrade products.

Sources: Fairtrade, 2011, Fairtrade foundation, 2016 and www.fairtradeafrica.net

Figure 5: Fair trade certificates for coffee and bananas



Source: own pictures, shops in Switzerland

Other available certifications include the FairWild standard. In southern Africa, the standard has been applied in Lesotho and South Africa in a project that targets sustainable harvesting of *Pelargonium sidoides* (African geranium), which is a globally valued medicinal plant for fighting flu and other winter infections (<http://www.fairwild.org/activities/>).

3.2 Sustainable forests niche markets

Sustainable forest management is the 'sustainable use and conservation of forests with the aim of maintaining and enhancing multiple forest values through human interventions' (source: FAO Sustainable Forest Management toolbox). Niche markets for sustainable forestry include, markets for eco-labelled products and sustainable ecosystem services such as logging, collection of wild resources and other services. The SFM market can be accessed through several certification schemes. RA (see also 3.1) is one of the founders of FSC standard. Market trends and certifications for forest products are discussed in the section.

Certifications are sought for sustainable forests markets which follow or require adoption of certain voluntary standards (see table 1). Many of these standards address a wide range of economic, social, environmental and technical aspects of forest management. Global SFM market are growing. For example, there is an increasing demand for FSC certified forest. FSC is supported by environmental NGOs such as Greenpeace and WWF. FSC develops and maintains the global standard for managing forests and preservation of ecosystem services. RA awards certification for projects meeting the FSC standard (see table 1); RA also award FSC Chain of Custody (CoC) certificates, which verify that certified wood and other forest raw material is identified or kept separate from non-certified or non-controlled material through the entire production process and chain. This is a globally recognised brand and has over 27,000 FSC holders and almost 18 billion ha of certified forest land. There is an increasing demand of FSC certified products (FSC, 2013) and there is growth in emerging green markets like Africa, parts of Asia pacific region, Latin America and the Middle East, these products may include products such as hand-woven basketry and solar power products.

In Hong Kong, the share of sustainable forest products increased from 11% in 2008 to around 29% in 2011, indicating growth in the Asia markets. The markets are characterised by a growing middle class and young people are becoming more aware of the effects of unsustainable forest practices (Deloitte, 2013). Table 2 shows awareness of FSC certified products in selected developed countries. There is a larger market in the EU followed by growth in emerging markets such as Hong Kong. The Netherlands and Switzerland have the highest awareness for sustainable forest products. The market for green consumer products was estimated at around 114 billion euros in 2015 among EU countries (The Co-operate group, 2012). There is evidence of increasing awareness and expansion of sustainable forest markets globally.

Table 4: Consumer awareness of the FSC logo for sustainable forest products.

Country	% of consumers	Year
The Netherlands	71	2009
Hong Kong	29	2011
Switzerland	68	2011
UK	43	2011
Denmark	35	2012
USA	19	2011

Source: Forest Stewardship Council, 2013.

According to Kilcourse *et.al.* (2009) and The Co-operative Group (2012), increase in the demand for green products/sustainable forest products is driven by pressure from retail stakeholders such as employees, government, competitors and customers. Of the retailers:

- ✓ 48% view incorporating green strategies in retail businesses a "strategic initiative";
- ✓ 22% view as a "tactical initiative";

- ✓ 10% are investigating green markets; and
- ✓ 62% believe that customers want them to focus on green markets.

Retailers are actively involved in promoting markets for sustainable forests products. These creates niche markets for a variety of ecosystem services such as forest and range resources.

RA uses a range of strategies for forest conservation around the world. The rainforest conservation partners include indigenous communities, governments, civil society organisations, and companies committed to responsible use of forests. RA equips and trains farmers on sustainable environment and helps them with the required skills to access niche markets. The alliance has worked with several community managed forests to attain forest sustainability and sustainable forest businesses. These includes selling non-timber forest products, selling carbon credits and extracting timber for export. The alliance has so far worked with around 100 forest communities. The alliance also trains community members on value addition activities of non-timber forest resources, boosting income for communities. For example, in Guatemala the alliance has trained women in the village of Ramon in processing of nuts into different by-products, earning incomes four times that of raw nuts. The alliance offers programs such as business planning, enterprise administration, productive efficiency, diversification, valued added processing, markets (identifying target markets, linking producers to buyers), finance and policy (RA, 2016).

RA and FSC standard are not mutually exclusive and can be used to market the same product. A product can contain an RA seal implying ESG integration and be certified for FSC standards or any other standard relating to sustainable production and consumptions of forests.

3.3 Tourism niche markets

Different niche markets exist for the tourism sector. These include niches for heritage and cultural tourism, sports tourism, international meetings/conferences, cultural entertainment tourism, ecotourism (WEF, 2017). Consumers now increasingly value sustainability as a criterion for making travel decisions. There are different niche markets associated with tourism entrepreneurship or activities. The market considers sustainability (e.g. water/energy saving tourism activities, carbon emissions, recycling, fair trade food etc.). To create niche markets for the tourism industry, the consumers require (Belgian Development Agency-Trade for Development Centre, 2017):

- a. Tourism enterprises involved in 'bird watching' to focus on biodiversity conservation and protection of bird habitat;
- b. Trekking businesses to adopt a sustainability approach i.e. fair working conditions and no littering;
- c. Spa businesses to specialise in natural or local sourced products;
- d. Travel market to minimise carbon footprints; and
- e. Visiting destinations to offer fair-trade and support local environment and other sustainable activities.

Under different certification systems, tourism entrepreneurs access markets as individuals or as groups (e.g. cooperatives). For example, the rainforest alliance is working with 12 tourism businesses in the Cuyabeno Wildlife Reserve in Ecuador to improve their facilities for sustainable tourism. Another (Caiman) lodge in Ecuador developed a program for solid waste management using the Rainforest's sustainable tourism operations manual (see Belgian Development Agency Trade for Development Centre (2017) and Rainforest Alliance, 2016). Certification provides support for voluntary provision of sustainability standards that go beyond legislation and increase access to specific markets. Certifications help provide transparency in the market and reduce effects of market

externalities like imperfect information. Other key certifications such as Green Key and Earth Check certify leisure infrastructure in tourism such as hotels, conference centres, restaurants, holiday parks and attractions. Earth check also helps in advertising sustainable events and trains suppliers, staff and key stakeholders involved in the event. Green key is a voluntary ecolabel standard awarded to more than 2 900 hotels in 57 countries including Kenya and South Africa. Ecolabelling of low-impact tourism destinations helps in access to better niche markets.

3.4 Financial opportunities for sustainable investments

SF is growing internationally. SF is a form of integrating ESG criteria into the business or investment decisions to benefit both clients and society at large. SF is promoted by country commitments to both the United Nations SDGs and Paris agreement to incorporate climate risk into their policies or principles. Kenya, Nigeria and South Africa have so far begun to implement policies and principles on SF. SF is growing in countries like China, Brazil and Switzerland. Brazil's lending to green sectors of the economy has grown from 11 percent in 2013 to 14 percent in 2015. The Switzerland market for SF is growing rapidly at 15 % per annum and 38 % of the asset managers have SDG related products (i.e. investments in climate change solutions, forestry, agriculture, energy efficiency, renewable energy).

SF⁵ is doing well in terms of non-performance loan ratio. For example, the non-performance loan ratio for banks giving green credit in China was at 0.4 % which was 1.4 % lower than the industry average. SF can also boost investment in SD thematic areas such as water and energy conservation, renewable energy and climate change adaptations. There are no barriers to SF as even poorer countries can also adopt SF policies (e.g. Bangladesh). The growth in SF is largely driven by institutional investors such as pensions funds, insurance companies, asset funds but the private sector remains key in developing an industry-led approach to sustainable finance. Countries like South Africa⁶ are at an advanced stage in Africa because its private sector is a signatory to international initiatives such as Equator Principles. Capacity building remains critical to enable participation. Kenya has established e-learning platforms to train banks (SBN, 2018).

SF may limit the potential for coal-and coal related projects, nuclear power and of large dam projects. Smallholder farmers are also still faced with constraints in accessing SF markets. This can impact efforts towards attaining the 2030 agenda (Asian Banks Association, 2018). SF could become a vehicle towards accessing better niche markets in agriculture, tourism, forestry by smallholder producers and entrepreneurs to sustain consumption, production and reduce poverty. Development of the local banking sector is key and it is also important for the country to attract the international banks offering SF to businesses and even small businesses and farmers.

4 Potential of niche markets for Botswana products

4.1 Agriculture

Niche markets exist for conventional and non-conventional agricultural products in Botswana. There are opportunities for:

- a. Organic agricultural produce, both beef, RA certified leather products and crops;
- b. Wild collected products and wild products ingredients (i.e. phane, grapple, marula etc.); and
- c. Fair traded products.

⁵ Relevant material (SFF, 2017 and 2018).

⁶ A voluntary set of social and environmental standards.

Botswana can access these markets (regionally or internationally) through different certifications schemes⁷. The most relevant certification schemes for Botswana are **Rainforest Alliance RA** (for beef, FRRs, sustainable forests and conventional agricultural products), **Free Trade International FT** (for FRRs and conventional beef products) and **FairWild standard** (for FRR) products.

Beef and leather products: The Botswana Meat Commission (BMC) is currently (still) Botswana's sole exporter of beef products. The BMC currently enjoys preferential access to the lucrative EU beef market (but does not meet its annual quota). The BMC has acquired the **AA grading scheme on the British Retail Consortium (BRC)**, allowing it access to niche markets for beef, leather and other cattle products. BRC has accorded Botswana beef top assessments from the McDonald's food group. Opportunities for the Botswana beef sector in the McDonald's food group is elaborated further in figure 6. Additional certifications of its beef can be sought from RA to sell it as 'organic beef'.

Figure 6: Beef niche market opportunities in the McDonald's food group.

McDonald's Asia, Pacific, Middle East and Africa (APMEA) standard for **Beef Audit Report Master**, which includes Hazard Analysis Critical Control Point, Bovine Spongiform Encephalopathy (BSE)⁸ and Animal Welfare has given the Botswana beef top assessments in 2017. This accords The BMC to be among the McDonald's suppliers in the region especially in South Africa where the retail store is present (see <http://apanews.net/en/news/botswanas-beef-exporter-scores-high-performance-marks>). McDonald's supports beef production that is environmentally sound, protects animal health and welfare, preserve forests and improves farmer and community livelihoods. McDonald's is committed to collaborate within the industry and help find solutions to produce more with less impact. This does not only create opportunities for monetary awards but can help in attaining the NSSD and SDGs (see for example CAR 2017 TP 3). McDonald's has worked to establish a number of sustainable practices programs in countries such as, Canada, US, Ireland, Brazil etc. (see for example, <http://corporate.mcdonalds.com/content/dam/gwscorp/scale-for-good/McDonald%27s-Beef-Sustainability-Report.pdf>).

The BMC has the capacity to meet the certification costs, however challenges remains between BMC and cattle farmers. Cattle producers must meet organic beef production requirements. Private livestock farms have the capacity and infrastructure to supply sustainably through BMC, but the challenge lies with communal farmers as they are currently faced with issues such as traceability of cattle and rangeland degradation. The government and BMC should raise awareness on the importance of certification schemes, the production requirements and benefits to farmers. Contract farming along the beef value chain system may help with embedded services such as credit for inputs and technical capacity to increase productivity.

FRR products: Most natural /wild products in Botswana are not processed and/or sold in markets. Fair trade and organic niche markets exist for such products. Farmers and farmer groups can seek certifications through RA, **FairWild standard certifications**, **FSC** and **FT**. Such schemes normally involve certification costs associated. FairWild costs include costs of audit, days needed for travel and inspection and certification costs. Auditing and certification require enough administration capacity. The processes require information such as on sustainability of harvest, internal sources of contamination, feasibility and correctness of resource assessment methodology. Administrative capacity remains one of the important attributes that are considered when awarding certificates. Therefore, support from the private sector, government, academia and different stakeholders for Botswana is required for FRR products to attain certifications. FSC certification costs for forest products is significantly lower with a fee of \$20 plus an additional fee related to the annual turnover. For example, a single processing unit having an annual turnover of \$1 – 5 million will pay \$580 and \$4,

⁷ Possible Botswana products for each certification scheme are listed in appendix 1.

⁸ Neurological disorder of cattle that results from infection by an unusual transmissible agent called a prion.

372 for processing units having a turnover of \$100 – 500 million. Producer organisations partnering with the private sector have the ability to access both fair trade and organic products' markets. The CBOs and the CBNRM programme can be strengthened and used as niche markets for sustainable wild collected products as they integrate social and cultural heritage issues in resource conservation. High value (processed) wild products such as phane, grapple, marula, morama should be considered first when developing niche markets to maximise benefits from such markets (CAR, 2017).

Vegetables and crops: Botswana can develop some of the available products in agriculture like vegetables, crops and herbal tea to access the available markets. Niche markets can also be sought from local establishments like hotels (combined with ecolabels). Promotion of conservation agriculture and certifying through RA and FT is important. RA offers certification and technical assistance in conservation agriculture for adoption of Better Management Practices (BMP) in agriculture. Conservation agriculture has the potential to raise productivity especially for semi-arid areas like Botswana, as well as ensuring better access to niche markets and premiums through RA (RA, 2013).

3.2 Tourism

Botswana has accessed the ecotourism market through its low volume, high value tourism policy (Girling et al, 2015). The country has environmentally sustainable tourism sites such as the Okavango delta and National Parks and Game Reserves. Some wildlife management areas are managed by community organisations under the CBNRM policy ensuring that more tourism benefits accrue to local communities. The tourism industry in Botswana is certified by the **Botswana Ecotourism Certification System**, which is based on four principles:

- a. Minimizing negative social, cultural and environmental impacts;
- b. Maximizing involvement in, and the equitable distribution of economic communities;
- c. Educating both visitors and the local people as to the importance of conserving resources; and
- d. Delivering high quality experience for tourists.

Botswana can open other niche market opportunities in, for example agricultural, cultural and heritage, adventure and medical tourism. These forms of tourism can be connected to FT and RA certified products as well as eco-friendly accommodation facilities. These niche markets require certifications from different schemes such as, **EarthCheck**, **Green Globe**, **Green Key**, and **EU Ecolabel**. Costs for certification are normally higher for businesses. For example, EarthCheck annual fee costs for certification are about \$ 3 552, with \$1 790 a day and \$ 1221 per additional day for the auditing processes. The costs can be significantly higher depending on the size and operator risk profile. Certification should be coupled with increases in marketing and raising of awareness for the certified products. SADC should also develop a certification scheme for CBNRM projects. The ecotourism sector may gain from the international SF markets and a developed SF market especially in the private sector.

The following reasons may prompt sustainable investment and financing in Botswana's tourism industry:

- a. Botswana's low impact, low volume tourism policy;
- b. Botswana's governance system and protection of natural habitats;
- c. Sustainable financing and investments in tourism may increase the demand for organic products, fair traded and other ethically produced commodities.

Community Based Organisations engaged in CBNRM projects may also benefit from SF through funding and investments.

3.3 Forests

The forests in Botswana are directly linked to use of ecosystem services for agriculture and tourism. Certification and support can be sought from certification schemes such as **Forest Stewardship Council certification**, **Forest Alliance** and **RA** for sustainable forests. Implementation of the international agreements like the Kyoto Protocol is also key to developing and sustaining access to niche markets for sustainable forests. Moreover, investments in community forest management can contribute to sustainable forests (e.g. allocating space for FSC and RA certified forests and integration of forest management practices in conventional farming. Methods for payments for such ecosystem services can be critically explored.

Certification schemes are available to supply various sustainable forest projects and link them to the market for access. **RA** helps in training in business skills, bookkeeping, finance and other organizational tasks. Audit costs for certification vary according to size of the operation and the number of days taken during the process, however communities involved in sustainable finance may be grouped together for certification by either government to share costs of certification, where possible subsidies may be provided as incentives by government. **FSC** certifies communal forestry for conservation purposes at US\$0.0001 per hectare rate and US\$10 fixed rate which is reasonably affordable for local communities.

3.4 Sustainable financing

Botswana seeks to become an international financial centre, which opens opportunities to engage and benefit from this emerging niche market. Banks, the Botswana Stock Exchange (BSE), pension funds, insurance companies and asset managers could increase their investments in sustainable financing, driven by the needs of their clients and societal pressure. It also makes economic sense, as often returns are not lower than for conventional investments, and sustainable financing generates other benefits for investors (e.g. lower risks and a better social profile). Botswana's large producers can seek Environmental, social and governance (ESG) ratings to become attractive for SF. This would also be a step towards meeting the planned requirement for Integrated Reporting (IR) by the Botswana Accounting Oversight Authority (BAOA). This reporting requirement will apply to parastatals, all financial institutions regulated by the Bank of Botswana and/or NBFIRA, all companies listed on the BSE and finally all large public interest entities (see CAR, 2017 TP6).

5 Conclusions

Certification costs are generally high for businesses and small producers. However, some literature suggest that the benefits usually outweigh the costs due to improvements in productivity and higher prices that can be obtained in niche markets (e.g. in Ecuador and Guatemala). Factors like efficient use of inputs such as water, energy, fertilizers, increasing soil fertilities increases incomes of most certified farms and businesses. However, there is still need for more data for cost-benefit analysis of certification and accessing niche markets across sectors and products. To offset costs associated with certification, there is a need for group administration of single farms either by the government cooperatives, farmer unions or private sector to deal with costs of certification and other administrative and technical demands. Developing a SADC supported certification scheme for i.e. CBNRM projects should be considered as it may be less costly and allow small businesses and small producers to access better markets.

Government support may also include provision of technical support and proper implementation of available legislation and laws such as guidance on safe disposal of waste and management of

hazardous chemicals to provide for easy access to the niche markets. This note shows that meeting the standards for most certifications require adequate administration and technical capacity. In the beef sector, the Department of Veterinary Services (DVS) provides technical assistance such as 'farm-fork' traceability requirements, vaccination campaigns and land use zoning to facilitate market access (e.g. EU) and minimise the risks of livestock diseases such as foot and mouth disease. Assistance should be given to other sectors, forest and range resources and associated products to comply with market requirements. Factors like infrastructure are becoming a bottleneck to access to markets.

Producers should also review opportunities for available local niche markets. Appendix 2 has some examples of national certification schemes that can be linked up with international schemes. For example, Green Key certification requires sourcing of organic, locally produced, eco-friendly and fairtrade labelled products for hotels & hostels, conference centres, restaurants, etc. Contractual agreements between producers and such facilities/events will promote sustainable sourcing and developments and increases in income. Certification may also lead to a competitive urge in procurement by government and regional authorities. However, to promote SD, the government may integrate ESGs on its procurement policy through the development of a Green Procurement Policy (GPP). The policy may as well enhance local producers for export to the international niche markets.

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Appendix 1: Overview of main international certification schemes

INTERNATIONAL CERTIFICATIONS							
	EarthCheck	FairWild standard	Green Globe	Rainforest Alliance	Green Key	EU Ecolabel	Fair Trade Certificate Mark
Products	EarthCheck certifies hotels, activities, attractions, restaurants, transport & mobility services and destinations. EarthCheck certified standards deliver a holistic approach to sustainability.	Wild-collected natural ingredients and products	Green Globe certifies businesses, conference centers, hotels, resorts and attractions.	Covers products in agriculture, forests and tourism	Green Key is an eco-label available worldwide, awarded to leisure infrastructure such as hotels, hostels, campsites, holiday parks, small accommodations, conference centres, restaurants and attractions.	In the field of tourism, the official European Union label is awarded to accommodation establishments and campsites. The verification process and assignment of the certificate is performed by the national partner organisations, e. g. environmental ministries.	Covers a wide range of products including banana, coffee, cocoa, cotton, cane sugar, flowers and plants, honey, dried fruit juices, herbs, spices, tea, nuts, vegetables, marula, melons, vegetables, textiles & leather, glass, peanuts, vegetables, (organic and conventional), handicrafts (woven baskets)
Niche market opportunities for Botswana	Eco-tourism, sustainable investments in tourism, promotion of CBNRM, cultural tourism (i.e. expansion and international marketing of traditional music and dance), international	Wild collected plants (i.e. mopane, grapple, marula etc.)	Eco-tourism, sustainable investments in tourism, promotion of CBNRM, cultural tourism (i.e. expansion, cattle and rural stay tourism	Wild collected plants (i.e. mopane, grapple, marula etc.), organic beef and beef fed with natural grass. Organic vegetables (i.e. tomatoes, potatoes, cabbage, etc.), sustainable forest products (ecolabelling,	Eco-tourism, sustainable investments in tourism, promotion of CBNRM, cultural tourism (i.e. expansion	Lodges, hotels, tour operators. For energy/water efficient business, safe and bio-friendly waste disposal systems.	Forest and range resources (value addition, processing, marketing),

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	events tourism, cattle and rural stay tourism			recycled products, low impact tourism, renewable energy), green products.			
Partner	A range of international partners in research, development, training and marketing	Medicinal Plant Specialist Group, Species Survival Commission, IUCN, the International Union for Conservation of Nature, TRAFFIC, Profound, WWF	EVVC, GCB, UNWTO, Skal	A range of partners including in the retail business	UNEP, UNESCO, UNWTO	EU Member States	
Scope	International	International	International	International	International, 53 countries	International	International
Transparency	Standard accessible upon payment	Standard published	Standard published	Standard published	Standard published	Standard published	Standard published
Verification Procedure	On-site third party verification every 1–2 years	On-site third party verification every 15 months	On-site third-party verification every 2 years	On-site third party verification every 3 years	On-site third-party verification every year	On-site third-party verification every 3–5 years	On-site third-party verification
Sustainability	Environment, social issues, economy, cultural heritage	Economy, environment, social issues	Economy, environment, cultural heritage, social issues	Economy, environment, cultural heritage, social issues	Environment	Environment	Environment, social issues

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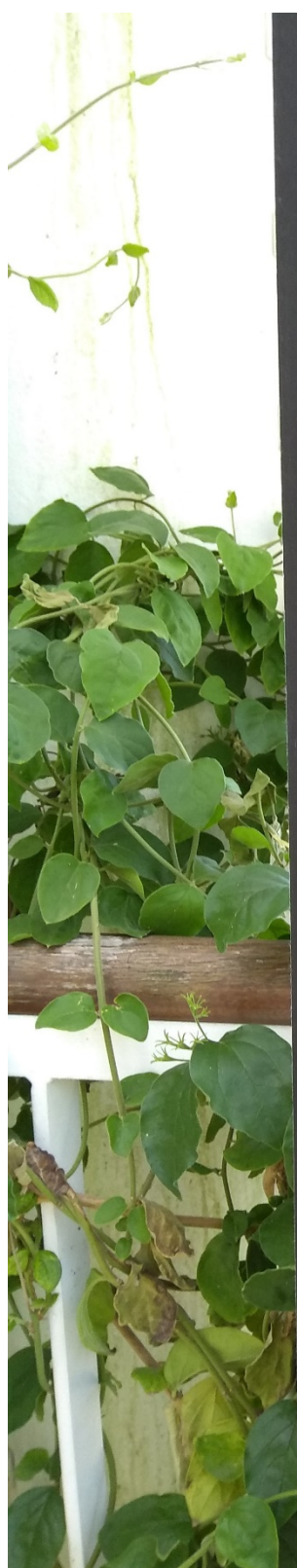
Certified Businesses	More than 1,200		540	95, 837,000 sustainable acres	2400	782	1000 companies certified
Global Recognition	GSTC recognised standards and system for businesses and destinations		GSTC recognised standard		GSTC recognised standard for hotels and hostels	-	

Appendix 2: Examples of national certification schemes.

Forest in Switzerland



Organic and sustainable forest products in Brazil



Organics Brasil

Organic and sustainable production in the defence of the forests


Organics Brasil is a programme run by Organix – Brazilian Council for Organic and Sustainable Production, created in 2005 to promote organic and sustainable companies and products in both the domestic and foreign markets.

It arose from the institutional efforts of a number of public and private entities working to ensure domestic organic products are acknowledged for their quality and compliance with values associated with human health, social responsibility and the preservation of the environment.

Organix, which has over 50 employees in the food, textile, beverages, cleaning products and cosmetics sectors, runs the Organics Brasil programme and several other activities geared to improving Brazilian production of organic and sustainable products.

This work has a major impact on the preservation of the forests existing in the different biomes in Brazil: the **Amazon**, **Savannah**, **Caatinga**, the **Atlantic forest**, the **Pantanal** and the **Pampas**.

organicsbrasil.org



Mangrove, Atlantic fo
Mangrove, forêt atlant

Organics durable œuv

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humaine, de respo
l'environnement.

Organix, qui compte
des secteurs de l'alim
produits ménagers e
Organics Brasil et plu
production brésilien

Ce travail a des retom
des forêts existant
Amazonie, **Cen**
Pantanal et **Pa**

