Ford Foundation

TRANSFORMING LIVES AND LANDSCAPES

From Open Access to Common Pool Resource: Effect of Organic Certification of NTFP in

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Project Rationale

The uplands in China are currently undergoing fundamental socioeconomic and environmental transformations. Market-oriented rural reforms have resulted in a more than five-fold increase in real incomes since 1980. The implementation of "Sloped Land Conversion Program" has planted millions of hectares of trees on-farm since 1999. The benefits, however, are uneven among upland communities, the poorest of the poor remain below the World Bank's threshold for extreme poverty due to limited natural assets and alternative livelihood opportunities, and they also benefit less from SLCP and compensation scheme for their loss in grain production after conversion. Lots of upland households depend heavily on income from intensive collection of NTFPs in natural and planted forests. It has lead to a severe decline of some products and, thus, poses an increasing threat to biodiversity and livelihoods. Yet, most upland farmers particularly the poor and marginalized social groups only earn a small income from NTFPs because they lack basic market knowledge, lack of access to niche market and good practices which meet international standard. Low returns to the harvest collected and limited alternative income opportunities often result in destructive collection practices which damage both the environment and subsequent income generation potential.

Sustainable management practice could be introduced by compulsory market regulations, and improved marketing can be achieved through improved market access, quality control, and the development of cooperative approaches to pricing. Organic certification has been demonstrated to be an effective approach for achieving these transformations in the context of current NTFP value chains in the region.

Project Outline

With support from the Ford Foundation, ICRAF China has been implementing a pilot project on sustainable management of NTFPs since 2006. This on-going project is facilitating small farmers to set-up institutional platforms for NTFP management, providing technical and financial support to obtain organic certification. Until now farmer cooperatives have obtained organic certifications issued by ECOCERT, a worldwide certifier, according to European Union Organic Standards (EU), Japanese Agricultural Standard (JAS), the National Organic Program (NOP) of the United States and China National Organic Standard (CNOS). Totally 91 households with 922 mu (62 ha) participate in the organic certification pilot activities. Specific contracts have been signed with local businessmen for cooperation and farmers have got 30% higher than the market price in 2010.

Research Component

Since sustainable certification scheme is still in its infancy, research questions mainly focus on:

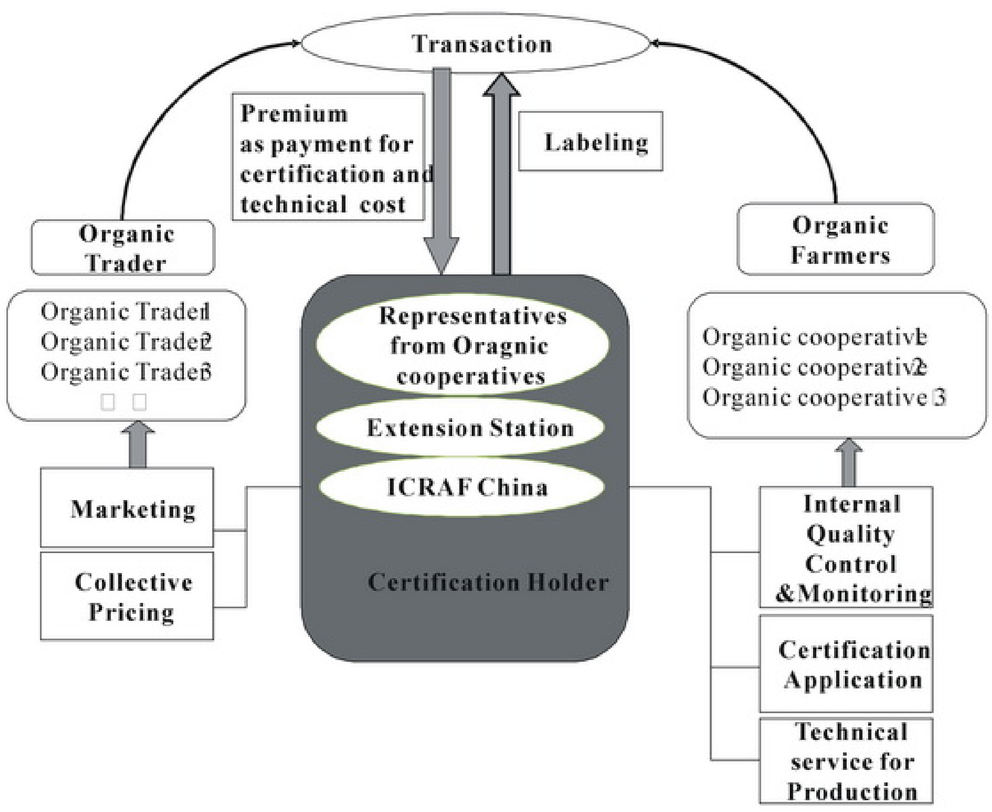
- Impacts at resource management in terms of institutional development for effective management, environmental sustainability for resource utilization, economic viability for livelihood improvement, social equity among stakeholders and application and integration of indigenous knowledge with certification requirement.
- Impacts at existing NTFP value chains in term of access barriers, competitive pressure, negotiation capacity, participation of value chain governance and benefit sharing of small farmers, and in what way the value chain development would favour pro-poor growth.

Experience to Date

Institutional Change from individual operation to cooperative approach

Conventional Collection		Organic Collection	
Procedures	Practices & Issues	Procedures	Requirements & Advantages
Collection	●Individual collection without collection plan; ●Early harvest before maturity due to price pressure during harvesting season; ●Over collection for more profit which damages walnut trees;	Collection	● Farmer cooperative decides collection time based on extension workers' suggestion and organic traders' requirement for maturity; ● Collective collection based on annual collection plan considering resource conservation;
Household Storage	●Small-farmers individually has no facilities for peeling and roasting ●Long time improper storage with green shell s would stain the appearance of hard-shell which then greatly influences the collection price ●Washing balck stains on hard-shell of walnut with chemical solution would damage customers' health.	Peeling	●Farmer cooperative outsources processor to peel walnut within 8 hours after harvesting with no use of prohibit additives;
Marketing	●Low collection price due to bad quality of premature walnut and unprocessed one with green shell; ●Individual farmers could not bargai because of great pressure on price during harvesting season, and on competition with other farmers they to attract middlemen with lower pric	Roasting	●Farmer cooperative outsources processor to roast walnut with no use of prohibit additives;
		Labeling	● Farmer cooperative labels the roasted walnut as organic product for sale.
		Transportation	● Transport organic walnut with designated vehicle, away from conventional walnut and pollutants.
		Storage	● Store organic walnut in designated storage, away from conventional walnut and polutants.
		Marketing	● Organic trader signs collection contract with farmer cooperative based on organic certification for walnut; ● Farmer cooperative collectively bargins for higher price;

Develop from vertical value chain linkage to pro-poor Public-Private Partnerships



This project has demonstrated the potential for linking small holders with organic traders and establishing participatory certification mechanism. It involves private sector to help achieve development policy goals by introducing technological innovations, improving production processes and linking community-level producers to effective and efficient market chains.

Such public-private partnerships (PPP) combine the respective strengths of public and private partners for supporting local communities in sustainable development. This approach steers value chain into the direction of pro-poor growth by helping farmer lower access barriers, reducing competitive pressure and empowering them with negotiation capacity. It enhances value chain governance in legislative, judicial and executive aspects by encouraging farmers meet operating standards, adopt eco-friendly practices in NTFPs management and ensure quality, hygiene and safety requirement of downstream buyers.

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