

Fairtrade Kyrgyz walnuts from the largest natural forest in the world

Context

The collection of walnuts from the largest natural forest in the world located in Southern Kyrgyzstan generates additional income for families living in rural areas. Traders and middlemen supply these walnuts to household crackers before being sorted and packed by exporters and toll processors. This traditional supply chain is archaic and inefficient as it involves many actors and compromises transparency and therefore traceability. Actors, in fact, cannot see beyond the next participant in the chain, causing lack of trust and reducing product quality and putting food safety at risk. As the trade of walnuts is often a one off deal, without long term commitments, and no incentive is paid for practices, forest users do not invest in sustainable forestry practices.

Our objectives

Support all actors of the walnut value chain to create income-generating opportunities for the local population. This shall lead to a higher living standard.

Our measures

In 2013 our programme began supporting the strengthening of the walnut value chain in Jalal- Abad oblast. The Kyrgyz actors of the value chain the cooperative “Wealth of the Kyrgyz Forest” and the processing company “Vega Plus” have been certified as FAIRTRADE. The FAIRTRADE Mark is in high demand in the European Union so market access is facilitated and higher prices can be achieved.

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers.

Project name	Promotion of Sustainable Economic Development
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Lead executing agency	Ministry of Economy
Country	Kyrgyzstan
Overall term	2008 to 2017

When farmers can sell on Fairtrade terms, it provides them with a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future. When a product carries the FAIRTRADE Mark it means the producers and traders have met Fairtrade Standards. The Fairtrade Standards are designed to address the imbalance of power in trading relationships, unstable markets and the injustices of conventional trade.

Jointly with Fair Match Support a Dutch consulting company, and «Agrolead», a Kyrgyz consulting company, we supported the setting up of this value chain. The first step was the creation of a walnut collectors’ cooperative. It is the first cooperative of walnut collectors that was registered in Kyrgyzstan. The cooperative aims to promote the collective trade of wild walnuts and the improvement of sustainable forestry practices in the natural forests of the Jalal Abad oblast. In the first year more than 200 walnut collectors got involved in the project. By 2016 the number of collectors is expected to be increased to 600 people.

The second step was linking the cooperative to the local company “Vega Plus”, as responsible actor for the processing and exporting within the value chain. The company is one of the largest exporters of walnuts in Kyrgyzstan. In 2012 the



Walnut in Jalal-Abad Region
Walnut forest in Jalal-Abad Region,
Forestry Kaba



Women sorting walnuts
Bag of the walnut collectors' cooperative
"Wealth of the Kyrgyz Forest"

company exported 1.500 megatons of kernels, which accounted for 34% of the country's export. "Vega Plus" rents warehouses for the processing (cleaning, sorting and packaging) of walnut kernels during the processing season. UNDP supported the company with the purchase of hardware for further improvement of their processing practices for the sum of USD 45.000.

As third step In 2014, we supported the conclusion of a contract between "Vega Plus" and "Internack" on the delivery of up to 60 tons of walnuts to Europe. Internack is a leading German Snack Company with an annual turnover of approx. 2 billion EUR. A range of nuts, crisps and other savoury snacks is supplied to all major retail across Europe, both private labels as well as branded. Core focus of Internack sourcing policy is the development of long term direct trade relationships with suppliers in production countries.

For the realization of these measures we are closely cooperating with the Dutch development organization ICCO. We are also joining forces with the GIZ Programme "Biodiversity Conservation and Poverty Reduction through Community-based Management of Walnut Forests". The contribution of this programme is raising awareness and training of walnut collectors on sustainable forestry practices.

Our results up to date

The project has been successful for all actors involved in the walnut value chain. As a result, the cooperative "Wealth of the Kyrgyz Forest" has been established, certified FAIRTRADE, and is currently in the process of implementing and getting certification of HACCP standard.

The Kyrgyz company "Vega Plus" was certified FAIRTRADE and has cracked several tons of raw walnuts in its new processing facility in preparation of the upcoming exports.

For the first time, 40 tons of the Kyrgyz walnuts with the FAIRTRADE Mark are sold in the most popular supermarkets in Europe.

The 200 members of the cooperative received higher prices for the collected walnuts. Besides the price of walnuts, as agreed before within the contract between Internack, Vega Plus, and Cooperative, Internack paid a Fair Trade Premium of 10.000 EUR to members of the cooperative for financing activities in the social sphere.

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