

Root Capital Supports Heirloom Rice Cultivation in the Philippines
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Eighth Wonder

Cordillera region, Northern Luzon, Philippines

Heirloom Rice

\$35,000

Working Capital

Rice-a-Roni. Uncle Ben's. Tinawon White and Kalinga Unoy? Root Capital is helping farmers in the Cordillera region of the Philippines—who grow more than 300 varieties of heirloom rice known for their exceptional texture, aroma, and taste—make these varieties the new household names. This heirloom rice is grown by "terracing" along the slopes of mountains, without the use of chemical fertilizers or pesticides. In 1995, five of the most spectacular terrace areas were designated as UNESCO World Heritage "cultural living landscapes." But even that honor hasn't helped the Cordillera region escape its extreme poverty, and young people and families are turning away from the traditional methods of cultivation, because there has been no financial incentive to keep producing these more labor-intensive heirloom varieties (new, hybrid rice can be grown at lower elevations). But thanks to the non-profit RICE, Inc. (Revitalize Indigenous Cordilleran Entrepreneurs) and Root Capital partner Eighth Wonder, a Montana-based importer committed to Fair Trade principles, that's about to change.

Root Capital is providing Eighth Wonder a short-term \$35,000 loan for 20 metric tons of heirloom rice, which will be imported to the U.S. for sale. Indian Harvest Specialty Food has already agreed to purchase the rice. Four heirloom varieties will be featured: Tinawon Fancy; Tinawon White; Kalinga Unoy; and Ulikan Red. Nearly 900 rice producers are currently involved; Eighth Wonder has committed both to helping them achieve organic status within five years, and eventually including the rice farmers as equity owners in the retailing business that markets their rice. Notes Eighth Wonder head Mary Hensley, "I knew that access to capital for buying commercial volumes of rice was going to be a major obstacle to the expansion of the Cordillera Heirloom Rice Project and getting this unique indigenous rice launched into the gourmet food market. As a small start up business, with a strong marketing plan but without collateral or the long business history needed for a conventional loan, there are few financial options...Root

Capital made possible the first ever-commercial purchase of this heirloom rice. As Eighth Wonder and the farmers of the Cordillera build a sustainable and culturally appropriate business, we look forward to working closely with Root Capital as an integral partner in our business development."

The goal of this project is to ensure farmers a good livelihood while helping preserve the natural environment and the cultural identity of the region. According to UNESCO, 25% of the terraces that remain in the Cordillera region are now abandoned and the indigenous culture of community rice production is disappearing. Unless decisive action is taken to halt the degradation in the terraces, the loss may be irreversible. Said former Governor Teddy Baguilat, "When there would be no more rice terraces, it will seem the face of our ancestors is erased." The sale of heirloom rice varieties to global markets that are willing to pay a premium for them may ultimately be the force that allows an indigenous culture to survive and thrive.