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2008 ANNUAL REPORT

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I. EXECUTIVE DIRECTOR’S UPDATE

Wishing you all the best in 2009!

I would like to share with you the events and accomplishments of RICE, Inc. and the Cordillera Heirloom Rice Project from 2008, our fourth year in existence! It has indeed been a pleasure to see the interest and commitment of farmers in Ifugao and Kalinga grow. In addition, this past year we welcomed the participation of five municipalities in Mountain Province to the project: Barlig, Bauko, Bontoc, Natonin, Sadanga, as well as observer representatives from the municipality of Tadian.

We are grateful and proud for what we has accomplished in 2008!

YES! The high elevation terrace farmers are more visible than ever on the municipal, regional and even national scene because of their continued export of high quality heirloom rice, despite an evolving global financial crisis.

YES! The terrace farmers continue to prove that it is possible to consolidate commercial volumes of rice from small-family landholdings in the Cordillera when systematic unity is attained.

YES! Farmers have encouraged their extended family members to become part of the local cooperatives in order to increase their gross sales. This becomes a means to help the entire family and build their dreams together.

YES! We continue to prove that this vision indeed possible:

We are close to realizing the acquisition of a post harvest machines for each of the provinces. This is a result of a participatory–consultative process for getting the right design for a set of machines: dehuller, micro-mill, thresher and a grain sorter. We have seen and tested the efficiency of these machines during the first mill-processing at PhilRice.

We are seeing an increased level of support and participation from all levels of government for our efforts to coordinate the revival of native rice in the Cordillera.

We are seeing that through a united effort, hard work and commitment, we can move the mountains that, in the words of one of our farmers, “used to be the hurdle that once separated us from the outside world. Our rice, our terraces and our mountains can again become the source of our pride to revive our dreams and hopes.”

YES! The Cordillera pride will continue through the revival of the traditional rice and sustainable tilling of the terraces. It is not just a landscape but also the source of hope, life and future.

RICE Inc would like to salute all stakeholders—the farmers, inspectors, agriculture technicians, municipal and provincial agriculturists, regional Department of Agriculture offices and the many line agencies for helping the farmers realize the vision of the Cordillera Heirloom Rice Project.
I believe our efforts have laid a strong foundation for the Cordillera Heirloom Rice Project; but our work has just begun. We cannot be complacent with what we have already accomplished. We must be even more vigilant of the challenges that lay ahead and of the risks awaiting us amidst the current global financial crisis. Let us commit to sustaining this project by adhering to the principle of consistency in quality, pursuit of sustainable organic farming practices and the continued spirit of cooperation, peace and unity among all of project stakeholders.

May the coming year see as many successes as 2008! Mabuhay at Maraming Salamat po!

Ma Victoria (Vicky) Garcia, Executive Director

THE ENGINE of SUPPORT BEHIND THE PROJECT

RICE, Inc. is a non-profit organization that relies on grants and charitable donations to fund its operations. In the United States, RICE, Inc. has foreign non-profit equivalency status through the Tides Foundation of San Francisco, California. Donations to our Global Support Fund at Tides help make possible the work of the Cordillera Heirloom Rice Project.

To donate to RICE through the Tides Foundation, please make checks payable to the Tides Foundation, write the name “R.I.C.E. fund #1703” in the memo line and mail to: Tides Foundation, The Presidio, PO Box 29903, San Francisco, CA 94129 USA. Donations forms are also available online at our website (www.heirloomrice.com/pdfs/2008_RICE_Appeal.pdf).

For donations in the Philippines, please contact Executive Director Vicky Garcia directly at the RICE, Inc. office. We thank you for your support!

RICE Inc-BOARD of TRUSTEES/OFFICERS

From left to right: LINA HERVAS (Board-President), VICKY GARCIA (Secretary & Executive Director), ANGELINA OPIANA (Board Treasurer), MILAGROS ORDONEZ (Board Member), DEBBIE ACHAWON (Vice president).

RICE Inc-PROVINCIAL COORDINATORS

From left to right: PAULITA YAGYAGAN (Regional CAR), JOVITA CAMSO (Mt Province), JIMMY LINGAYO (Ifugao), LAMEN GONNAY and ISABEL AGUSTIN (Kalinga).
II. RICE Inc MOVING AHEAD with PROJECT PARTNERS

RICE Inc has a vision that goes beyond a small economic development project. It sees a business enterprise that could become an economic engine for high elevation municipalities in the Cordillera. Bridging the gap between the market and the producer, the Cordillera Heirloom Rice Project is supporting the creation of a pan-Cordillera farmers’ cooperative, which could become the world’s supplier of one of the most unique varieties of rice in the gourmet food market.

Farmers have become the moving force as they develop their resources and skills. With farmers as knowledgeable participants, the opportunity exists to partner with local, regional and national government entities, and the NGO and business sectors. The farmers have an opportunity to create a farmer-owned, sustainable, economic-enterprise that will benefit the people, their culture and the environment.

Through workshops and trainings, RICE Inc has been helping the farmers learn the skills necessary to assume the leadership roles necessary to manage their own production, including the processing and marketing of their traditional rice varieties. Through intensive collaboration and the forging of partnership with different agencies and offices within the Department of Agriculture and other government units, the project has reached a new phase that will provide the farmers with an opportunity to access post harvest equipment.

This past year we began a transition from the traditional hand processing of rice to the use of custom made milling machines. This transition did not go quite as smoothly as we had hoped, but we learned that people are flexible enough to adapt to the circumstances and committed enough to put in the long hours of work to complete the processing. Despite a set back in the machines’ output, the farmers were able to process and ship 13.5 metric tons of rice ON SCHEDULE.

Another indication that the project is moving forward is that we have been able to tap resources and technical support not only from municipal and provincial agencies but also from regional government offices. We deeply appreciate the leadership role played by the Department of Agriculture, at all levels, for helping bring our farmers to the position of producer-partners in the global market.

Below, we are including are a few quotes from these agencies about the project and their partnership support of the project.

III. PROJECT PARTNERS

DEPARTMENT OF AGRICULTURE-REGIONAL FIELD OFFICE-CAR
Office of the Executive Director Cesar Rodriguez
Contact through Robert Domoguen, Regional Information Officer

“To fully establish this enterprise as a sustainable livelihood for the Cordillera’s heirloom rice farmers, the cooperatives must be empowered and become accountable to Rice Inc and Eighth Wonder, who I believe will ultimately focus on the promotion, marketing and shipping concerns of the product. This aspect of the work is tedious and requires huge logistics currently being financed by Ms. Mary Hensley. It is projected that at least 200 metric tons of heirloom rice from the Cordillera should be exported annually for the whole enterprise to make a profit and fully finance the operation.” RLD-
By giving economic value to native rice varieties, an avenue opens for LGUs and other government agencies to support high-elevation terrace farmers. This project has been able to coordinate the technical expertise and resources of LGUs, provincial agriculture agencies, and government line agencies in support of the farmers’ efforts to increase the production of traditional rice varieties, process them to international standards and market them to the global specialty food market.

The Regional Field Unit of DA-CAR began its support of the project after RICE Inc’s director shared the vision and program components of the project. The DA-RFU CAR support was first stipulated in the MOA with Kalinga and Ifugao in 2006 and with Mountain Province in 2008. The Office recognizes that we have many goals in common; and, as a result, has included support for native rice farmers through their Agriculture Training Institute in their 2008 budget. Please see graph that shows the partnership with other offices.

<table>
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"We are very grateful for your dedication in serving our rice terraces farmers for the production enhancement and preservation of our quality and nutritious native rice and at the same time to reclaim our rice terraces that are polluted by introduced chemical farming system." PA, Bahatan, Ifugao

The project works with the provincial agriculture office to coordinate activities carried out in the different municipalities. RICE Inc has successfully worked with the PAENRO of Ifugao and OPAG in both Kalinga and Mt Province. All three offices have shown consistent support in conducting the Inspector Training Seminars, as well as in the yearly evaluation and planning. It has indeed been a pleasure to work with these committed Provincial Agriculturists, especially Raymund Bahatan of Ifugao.
The core of the project is based in the villages of a municipality. RICE Inc has always started working with the farmers in their villages. Over time, if there continues to be support among the farmers, a partnership with the municipality agriculture office is sought for the support of the farmers’ initiative to join the project. Although the level of support from individual municipalities may vary, since the original organization was at the village level, farmers will continue to participate no matter the official municipal level of support. RICE Inc respects the choice of each LGU office and will continue to keep each office informed of developments within its municipality and seek opportunities to increase the level of participation from the office. Every LGU in the 18 participating municipalities has given some level of support to their farmers’ participation in the project. The level of involvement and support can differ because of the following scenarios:

- Farmers are interested, but there may be a very low production yield of the traditional rice in the area;
- Traditional rice varieties that have been identified with excellent quality are no longer widely grown and the varieties must first be grown for seed in order to increase the amount of available planting seeds;
- There is an infrastructure problem, especially “farm-to-market” roads;
- Certain localities cannot comply with the market requirement of “no chemical pesticide,” and therefore must wait until they have done the conversion period.

Whatever the case, RICE Inc tries to work within the availability and readiness of the farmers, the terraces (environment), the culture (side of the production) and the resources of the farmers and the LGU to partner with us.

**BUREAU OF POST HARVEST RESEARCH AND EXTENSION (BPRE)**

Office of the Executive Director Ricardo Cachuela
Contact through Dr Rod Estigoy

The Bureau of Postharvest Research and Extension (BPRE) has shown its support to the project since 2006. Technicians from BPRE were involved in the consultation visit at PhilRice to identify post harvest machines that were best suited for the heirloom rice. In 2007, BPRE highlighted RICE, Inc. during their RICE AWARENESS MONTH as an example of an outstanding organization working with the Cordillera farmers. In 2008, BPRE again featured their association with the project as they celebrate their 30th Founding Anniversary and the 9th Postharvest Loss Prevention Week. BPRE’s support to the cause of the farmers has given it visibility on the national level.

People are beginning to understand the potential of this project and the power of its vision-- a vision that sees a Cordillera region flourishing economically, culturally and in harmony with the natural environment of its revitalized rice terraces. In order to make this vision a reality, we must understand the complexity of the project and how, if we work together with a shared vision, we CAN make it happen.
The PhilRice Engineering and Research Department, through the leadership and support of Dr Bautista, has been able to fabricate the set of three machines that were able to process the traditional varieties of rice to the high quality export specifications. In addition, PhilRice provided an on-site training for the farmer-operators (farmer representative from each municipality) as they were prepared for the eventual transition of the processing equipment to their municipal associations.

RICE Inc has been able to provide the initial funding used to design the prototype machines. These machines were tested at PhilRice in order to confirm their efficiency, as well as to provide a training opportunity for farmers to learn how to mill their rice to export quality standards. From these experiences, farmers are more prepared to handle these responsibilities in their own cooperatives and associations. Funds are still being raised through LGUs counter-part sharing in order to obtain and complete this endeavor with the farmers.

Department of Agriculture- AGRICULTURE TRAINING INSTITUTE (CAR)
Office of the Training Center Director-Arlene Flores
BSU Compound, La Trinidad, Benguet

“The DA-ATI-CAR has provided funds in support of a heirloom rice development program for the heirloom rice producing provinces of Cordillera Administrative Region this Wet Season amounting to P360,000.00 for the training of farmers in order to keep up with the requirements needed to keep the heirloom rice production available for global market”.

ATI's support for trainings to high-elevation rice terrace farmers is a major break through in the recognition that the rice has potential as a high value crop. We are especially grateful to ATI for their consideration of the project’s seminars on organic and sustainable agriculture to be part of their training program.

NATIONAL IRRIGATION ADMINISTRATION
Office of Director Abraham Akilit
Regional Office, La Trinidad, Benguet

Since 2006, Director Abraham Akilit has given his commitment to the project by supporting RICE Inc’s training initiatives and with logistical support and introductions to other regional offices in Benguet and municipality offices in Mountain Province. He appointed Engr Paulita Yagyagan be the DA-NIA (CAR) point person to coordinate DA-NIA support to the project as it affect farmers, irrigators and the terrace watershed areas. His office has spearheaded the expansion of the project into Mountain Province and is helping to identify the heirloom rice varieties of that province.
Securing documents for export sales is a complicated and time-consuming process. To name just a few: there are Transport Permits and Laboratory Moisture Level Content certificates issued by NFA; a Phytosanitary Certificate issued by the BPI upon actual or on site inspection of the product to be shipped out of the country. Both the BPI and NFA offices have been incredibly supportive of our efforts to meet the documentation requirements. The staff of these offices has always been professional, courteous and has gone out of their way to help us.

As RICE Inc continues it efforts to build the capacity of the Cordillera Terraces Farmers Cooperative, there is a compelling need to promote the product not only in the global market, but also locally. Toward that effort, a partnership with the Department of Trade and Industry (DTI) has been forged. Both Ifugao and Kalinga DTI Provincial Directors Valentin Baguiduldul and Grace Baluyan have participated in our annual Quality Control Inspectors seminars and their staff has assisted the farmers with their local packaging. In 2008, DTI Kalinga was very active in supporting the Unoy producers and invited them to participate in two trade fairs.

The help and support that the UNESCO National Commission of the Philippines has given to the Cordillera Heirloom Rice Project has been invaluable. Ambassador Preciosa Soliven first welcomed us to her office in 2006 during a visit by Eighth Wonder president Mary Hensley. It was through Ambassador Soliven that students at OB Montessori High School donated the seed money to make possible the design and fabrication of custom-made milling equipment for the native rice varieties.

Commissioner Carmen Padilla, chair of the Culture Committee, arranged our first meeting with Department of Agriculture Secretary Domingo Panganiban. That introduction to Secretary Panganiban paved our way to work with the many agriculture departments on the regional and provincial levels. UNESCO continues to be an advocate for the project. In 2007, RICE Inc was invited to participate in a UNESCO media session. Through Ambassador Soliven, our packages of heirloom rice were among the Filipino souvenirs given at a UNESCO conference in Paris, France. We give our sincere thanks to the Commission, Ambassador Soliven, the OB Montessori School, and its staff and students.
IV. PROJECT ACCOMPLISHMENTS

1. YEAR-END STAKEHOLDERS’ EVALUATION AND PLANNING WORKSHOP

In the farmers’ agricultural cycle, the transplanting of rice seedlings is usually completed by January. It was after this time that RICE Inc invited all stakeholders who took part of the 2007 export production sale to attend a year-end evaluation and 2008 program planning session.

There was a one-day evaluation-planning meeting in each province:

- The Ifugao session was held at the old CECAP Building in Banaue on January 28, 2008 with 28 farmers with their Municipal Agriculture Officers (MAOs) and local government unit (LGUs) representatives from Hungduan, Banaue, Hingyon, Kiangan, Mayoyao and Aguinaldo in attendance.
- In Kalinga, the session was held at the TAMPCO Inn in Bulanao, Tabuk on February 1, 2008. Thirty-one farmers and their LGU counterparts from Tabuk, Tinglayan, Tanudan, Pasil and Lubuagan, along with DTI-DOST partners, attended the session.

Despite the bad weather and required hand pounding of the rice, the farmers were able to produce and process 90% of their targeted export goal. With this major shipment facilitated by RICE, Inc., the farmers are gaining a broader understanding of the other factors that must be considered in an export business. In addition, more farmers are embracing the vision that the commercial production of traditional rice can be central to the preservation of the terraces and the continued viability of their native rice varieties.

The farmers are realizing the need to learn new skills for the quality processing of their rice and to support the development and capitalization of their cooperatives. During the evaluation sessions, the farmers met first by municipality and then by their respective roles: inspectors, LGUs and farmer-member. By meeting this way, the participants were better able to assess the strengths and weakness of the project by municipality and then by participant role. They then gathered to share the results and plan a strategy for addressing the threats and preparing for the opportunities. Please see summary of the evaluation per municipality grid.

2. RICE INVITED TO THE REGIONAL GMA-RICE PLANNING WORKSHOP

The Department of Agriculture’s Regional Office in Baguio City invited RICE Inc to participate in its 1st GMA-Rice Planning workshop, which was held at Asin, Tuba, Benguet on February 23-24, 2008. Several years ago, DA-RFU Director Cesar Rodriguez took an interest in the potential of the project and directed his department to support the farmer trainings facilitated by RICE, Inc. At the workshop, Vicky had the opportunity to share information on the project’s activities to Municipal and Provincial Agriculture Officers and rice technicians from the entire Cordillera region. Many had already heard about the project and were hoping that they might be included with the next project expansion.
The meeting was indeed very helpful because it enabled RICE Inc to submit seven proposals to the DA-CAR for potential funding.

3. RICE INC-LAUNCHED IN THE THIRD CORDILLERA PROVINCE: MT.PROVINCE

For the last three years, RICE has operated in selected villages and municipalities of Ifugao and Kalinga. Farmers in those areas are beginning to realize the potential of the business. The success of this endeavor has not gone unnoticed by farmers in the adjacent provinces. This success led to the expansion of the Cordillera Heirloom Rice Project to Mountain Province. The official launching on March 15, 2008 in Bontoc, Mountain Province was attended by almost 200 farmers, with representatives from all 10 municipalities, but with a majority from the five municipalities that had been previously visited and oriented by RICE Inc staff and director. Provincial governor, Maximo Dalog, chaired the program. DA-CAR Director-Cesar Rodriguez, National Irrigation Authority (NIA) Director Abraham Akilit, Kalinga provincial director Alfredo Rigonan of Department of Science and Technology (DOST) and the Provincial Agriculturist from Ifugao were in attendance. The Provincial Agriculturist of Mt Province, along with the mayors of Natonin, Bontoc, Bauko, Sadanga and Barlig were the signatories of the Memorandum of Agreement signed during the launching.

4. RICE INC –ONE OF THE PANIBAGONG PARAAN 2008 WINNERS

RICE, Inc was one of thirty-three civil society organizations in the nation to be awarded a grant during the Panibagong Paraan grant competition. This year’s theme was “Building Partnerships for Effective Local Governance.”

The Panibagong Paraan (meaning “a new way”) is a nationwide biennial grant competition funded by a consortium of Filipino and international agencies, including the World Bank and Asian Development Bank, USAID, Australian and Canadian international aid agencies, the British Embassy, the Asia Foundation, the Peace and Equity Foundation and the Department of Interior and Local Government. This year’s round of grants targeted projects that build partnerships for effective local governance. Five hundred projects submitted entries to the competition; ninety-nine project finalists vied for funding during the two-day competition and exhibition held at the SM MegaMall Mega trade Hall, Manila on April 9-10, 2008. In addition to being awarded the sum of 1 million pesos (approximately US$25,000), RICE’s Cordillera Heirloom Rice Project was uniquely honored with the highest recommendation from all members of the grant making jury.

5 RICE INC FEATURED DURING BPRE’S 30TH ANNIVERSARY

The Bureau of Post Harvest Research and Extension (BPRE) celebrated its 9th Post Harvest Loss Prevention Week and the commemoration of BPRE’s 30th Founding Anniversary during the week of May 19-24, 2008. This year’s celebration was themed, “Improving Agricultural Productivity through Loss Prevention and Mechanization.”
Agriculture Secretary Arthur Yap and the Hon. Edgardo J. Angara, Chairperson on Agriculture and Food, Upper House, were special guests during the Post Harvest Festival. Because of BPRE’s assistance to farmers in fabricating milling equipment, 30 farmers from the Cordillera Heirloom Rice Project were asked to give a cultural presentation on the traditional method of processing their native rice. Several TV news stations covered the event. The farmers gave an outstanding performance. A video of the Kalinga performance has been posted to the project website and YouTube. (http://www.heirloomrice.com/index.php?p=video) RICE, Inc was also invited to have an informational booth at the festival.

6. ADVOCACY MEETINGS: EIGHTH WONDER-PRESIDENT ANNUAL VISIT HELPS EXTEND PARTNERSHIPS WITH DIFFERENT GOVERNMENT, SCHOOLS AND PRIVATE ORGANIZATIONS:

a. DE LA SALLE UNIVERSITY MARKETING CLASS

Both Vicky Garcia and Mary Hensley spoke to three undergraduate marketing classes at De La Salle University, Manila. DLSU Professor Alice Pineda has been taking an increased interest in moving the project forward. Professor Pineda wanted to expose her marketing students to a business that was positively impacting economic development in a remote area of the Philippines. We were hoping that students might be inspired to undertake the research for a marketing plan for the domestic sale of the rice.

b. USA-DEPARTMENT OF AGRICULTURE, Makati City

In May, there was an opportunity to talk about the project to staff at the US-Embassy’s Department of Agriculture. The introduction to the USDA was made through Mountain Province Vice Mayor Francis Dangiwan, who met the USDA Project Director when he visited Mountain Province. Board President, Lina Hervas and RICE Inc director Vicky Garcia were able to speak about the project at the US embassy. Their test kitchen is a possible venue for marketing support if there is a joint US/Philippine food event.

c. YEARLY UNESCO VISIT AND MONTESSORI FARM FIELD TRIP

UNESCO Ambassador Preciosa Soliven has always welcomed our visit to her office in Pasay and at the UNESCO supported OB Montessori High School in San Juan, Manila. This year, a visit to the UNESCO office offered an opportunity to update the Ambassador on the marketing and promotion of the Cordillera heirloom rice in the United States. Vicky Garcia provided an update on the status of the donation by the OB Montessori High School students for the procurement of the prototype milling machines.

This year, in support of the project, UNESCO drafted a proposal for funding a Farmer Field School on organic certification. The proposal was forwarded to the UNESCO Headquarters in Paris, France. Plans were also discussed for making a more concrete partnership with the OB Montessori High School through student/farmer cultural exchange. OB Montessori High School principal, Mrs. Iluminada Duran; 2 teachers Ms Sarah and Ms Jane, UNESCO staff did the initial planning for a site visit to Ifugao in November (planting season) or May (harvest season).
d. BUILDING STRONG PARTNERSHIPS WITH THE DEPARTMENT OF AGRICULTURE AND ITS REGIONAL LINE AGENCIES

1. BSWM- Meeting

RICE Inc made a new contact within the Department of Agriculture. Director Tejada of the Bureau of Soil and Water Management graciously accommodated a short courtesy visit and hosted Eighth Wonder President Mary Hensley and Vicky Garcia on May 21, 2008. The bureau is being asked to support water and soil test kits for producing villages.

2. PHILRICE and BPRE

RICE Inc. Director Vicky Garcia introduced Root Capital Director Diego Brenes and Assistant Samina Jain to project partners at the Philippine Rice Research Institute (PhilRice) and the Bureau of Post Harvest Research and Extension (BPRE) in Munoz, Nueva Ecija. Root Capital, a fair trade financial institution in the United States, is providing a pre-shipment trade loan to Eighth Wonder so that the farmers can be paid in full at the buying stations. PhilRice gave the guests an extensive tour of the facilities that would be used for this year’s processing of heirloom rice using the custom made machines locally fabricated by PhilRice through the office of Dr Bautista. Root Capital staff makes at least one on site visit to the projects that receive their loan money.

e. REGIONAL ADVOCACY MEETINGS IN BAGUIO CITY

As the project expands throughout the Cordillera, RICE, Inc. has expanded it advocacy to the regional government level. In June 2008 Eighth Wonder president Mary Hensley was able to join Vicky Garcia to make several courtesy visits to Cordillera Administrative Region’s (CAR) regional offices in Baguio City. Vicky Garcia outlined the different programs of the project and proposed where partnership could be forged.

1. Cooperative Development Authority (CDA) Regional office

Both Hensley and Garcia met with Regional Director Attorney Vigare to seek assistance for the terraces farmers on supporting their cooperative development. The CDA is mandated to assist the farmers in building their cooperative, but such assistance is focused on the legal structuring of cooperatives rather than trainings in cooperative development.

2. Benguet State University (BSU)

A meeting with the University’s president Rogelio Colting had been arranged by the Board Secretary Grace Bengwayan, but unfortunately a scheduling conflict arose and he was unable to meet with us. Instead we met with Dr Cadatal; the director for Continuing Education. DA-RFU Information officer, Robert Domoguen and Engineer Paulita Yagyagan from National Irrigation Administration (NIA-CAR) also attended the meeting. We talked about the importance of traditional rice in cultural and environmental preservation of the terraces and about possible strategies for advancing the cause of the Cordillera terraces farmers through support and assistance to project thrusts such as organic certification and skill training to the farmers.
3. Department of Science and Technology (DOST)

Vicky Garcia met with Director Lanilad pertaining to the loan application made by farmers from Pasil and Lubuagan, Kalinga for the procurement of the post harvest machines. Director Lanilad informed her that the application had been reviewed and assessed for possible recommendation to the board of the department. Garcia reassured the director that the farmers in Lubuagan and Pasil have shown great initiative in their efforts to produce commercial volumes of Kalinga Unoy and Ulikan Red and that the application to the DOST soft loan program should be supported. DOST Provincial Director (Kalinga) Alfredo Rigonan assisted the farmers in the development of the application and hopefully he will see its approval prior to his retirement in 2009.

4. National Irrigation Administration (NIA-CAR)

RICE, Inc has forged a strong partnership with NIA-CAR. Through collaboration with this office, the project received extensive training support from one of their farmer-lecturer, Mr. Eric Tinoyan from BSU. Between February and May 2008, Mr. Tinoyan conducted 36 trainings on the Natural Farming System to the project's 18 municipalities. Through these extensive 2-day seminars, which were held in the municipalities throughout the region, over 900 farmers learned how to make their own natural pesticides and organic fertilizers from local materials.

5. Northern Luzon Federation of Cooperatives & Development Center (NORLU)

In an effort to support the Rice Terraces Farmers Cooperative (RTFC) learn basic skills on developing and managing their own resources, assistance was sought from NORLU. Mr. Rafael Gayaso met with Vicky Garcia on several occasions. There was no formal agreement on how a partnership could be forged but the meetings resulted in a mutual understanding and concern about the future of the terraces farmers' cooperatives. NORLU focuses on the oversight of member cooperatives. Presently, the RTFC needs to build the internal capacity of their members, rather than forming alliances with other cooperatives. RICE Inc considers this kind of advocacy meetings a learning experience on networking.

6. Agriculture Training Institute (ATI)

It is a privilege for the stakeholders of the project to be included in the training plan of the Department of Agriculture’s Agriculture Training Institute. ATI provided funding for 3 of the 5 seminars conducted by RICE Inc. Those trainings included the Inspector Seminar, Cooperative Development Seminar and the Operators Training.

<table>
<thead>
<tr>
<th>SEMINARS by participants</th>
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<tr>
<td>Leadership Training</td>
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</tbody>
</table>

- **Inspectors** are trained on quality control specifications/control measures in order to secure the best quality product prior to consolidation of produce for exports. These inspectors work on a seasonal basis depending on their availability and proximity to their local villages. Their
inspection tasks begin with seed selection prior to planting and continue through the harvesting season;

- **Cooperative Development** RICE Inc continues to do informational meetings for interested farmers. If farmers want to participate in the project, it is their responsibility to organize themselves at the village level. The cooperative development seminars orient the farmers to the cooperative process and how the overall farmer enterprise of the Terraces Farmers Cooperative works;

- **Operators Training** started this year as the production of traditional rice shifted from hand pounding processing to the use of post harvest machines. This training teaches the basic information on machine use and quality processing that the farmers/operators need to know in order to have the rice processed in a provincial setting;

- **Natural Farming System** was introduced as training in 2008 because of the increasing numbers of farmers interested in the project and the main requirement that farmers must subscribe to a natural farming method. While some farmers have always practiced the traditional system (indigenous way of farming), all new members must understand and commit to an organic method of farming as required by the market;

- **Leadership Trainings** are facilitated by RICE Inc as a management skill tool for volunteers, MAO (municipal agriculture officers) and village elders/leaders who are part of the project. To date, we have had a strong partnership with the 18 MAOs, LGUs and elders in 18 participating municipalities.

7. **RICE INC WELCOMES GRADUATE STUDENTS FOR STUDY AND RESEARCH**

It has been a very encouraging for the project to get inquiries from people from all over the world, who were interested in the project. RICE, Inc. welcomes serious researchers who wish to observe the project and collect statically data, since there is very little baseline data available. We also would welcome MBA students who would be interested in writing a strategic marketing plan for the domestic sale of heirloom rice. In 2006, MBA students at Tuck Business School, Dartmouth College, New Hampshire USA wrote a Strategic Marketing Plan written for Eighth Wonder, Inc. which has been invaluable in moving the entire project forward. This year, there were three foreign graduate students who conducted their research around some aspect of native rice varieties. These students stayed between one month and eight months in the project areas.

**AURELIE DURQUET** - A French woman who was doing her PhD field work in anthropology and sociology on the indigenous rice culture of the Cordillera. During her first three months, she was initially hosted by Montañosa Research and Development Center, Inc. (MRDC) in Sagada, Mt Province. In May 2008, she was endorsed by that NGO to RICE. In Ifugao she wanted to focus her research on the ability of NGOs or government organizations (GOs) to affect change to the cultural, economic and environmental situation of indigenous farmers. RICE Inc director Garcia welcomed her to observe and join any and all project programs, seminars and meetings in Ifugao.

Aurelie was impressed with the way the project was received by the farmers, although there were other factors she was looking at besides the production of Tinawon. She was interested in observing the dynamics of how local leadership was affecting the mobilization of any project in the area. In the case of RICE Inc, she was observing mainly the production of Tinawon and how it has been raising the awareness of farmers about the economic value of their traditional rice within their families and
communities. She left in November 2008 and has been in touch with Ms Garcia on the progress of her thesis. She said she would be sharing the findings and recommendations to the project and its stakeholders.

**GISELLE ARIS**—An American woman studying in a Masters program at Oxford University (UK). She learned about the project from a friend who visited the project sites in late 2007. Her friend introduced Giselle to RICE Inc’s director, which prompted her interest in pursuing her thesis on sustainable development in Asia. Giselle did her research in Pasil Kalinga from July to September 2008. The Gonnay family in Puapo, Pasil, welcomed her. During her stay, our field staff in Kalinga assisted her. She gathered data and stories through extensive interviews with farmers in five villages. She also participated in many of the village activities surrounding the harvesting and processing of their rice. We look forward to including her research data into our on-going process of monitoring and evaluating the project.

**SUYAKO SEKIMOTO**—A Japanese woman studying in a Masters program on sustainable development at Tokyo University. Suyako found the project website on the Internet and was interested to find out more about the project. She was in Ifugao during September and October. She contacted farmers in Banaue and was welcome by the Dulnuan family, where she was assisted in gathering data and stories about the participation of the farmers in the project. Prior to leaving the country, she did an extensive interview with Ms Garcia. Upon her return to Japan, she too has kept in touch with the project. She reports that her “professors are really interested in your project as a good model for rural development in other countries.”

**V. PROJECT STATUS**

1. **CAPACITY BUILDING: TRAININGS CONDUCTED**

Through workshops and trainings, the project is building the skill base of farmers so that they can more effectively participate in the development of this business and their communities. RICE, Inc works with local agriculture technicians and sustainable agriculture NGOs to provide trainings in quality control, improved agricultural techniques for drying and processing rice, sustainable and organic agriculture. In addition, it is building the organizational capacity of each farmer group by providing workshops on cooperative development and by providing forums that encourage active participation in decision-making, the develop of leadership skills and gender equity among participants.

   a. **ORGANIC SUSTAINABLE AGRICULTURE**

The “Natural Farming System” seminar was a series of hands-on workshops conducted by Eric Tinoyan, a farmer, lecturer and researcher, who is affiliated with Benguet State University and the
Agriculture Training Institute (ATI) at BSU. His association to the project was made possible by funding through NIA-CAR and ATI. Tinoyan conducted 36 seminars in 18 municipalities, in all three provinces between April and June 2008. The seminars were hands-on workshops for making organic fertilizers and pesticides from locally available indigenous materials.

Mr. Tinoyan is an outstanding trainer; as a farmer himself, he had immediate credibility with participants, and was able to field innumerable questions raised by the farmers. At his own expense, Mr. Tinoyan gave out his cell phone number so farmers could contact him directly with further questions. Eric should be highly commended for running a virtual agricultural extension service over his cell phone. Over the three months, he brought his presentation, complete with computer, projector and training supplies into remote municipalities, often hiking many hours and fording streams. RICE Inc is extremely fortunate to have such an experienced trainer helping to further the work of the project.

- **Kalinga**: The seminars were attended by a total of 143 farmers and LGU staff in the municipalities of Pasil (78) and Lubuagan (65).

- **Ifugao**: Between May 28 and June 4, a total of 296 farmers attended the trainings which were conducted in six municipalities: Banaue, Hingyon, Hungduan, Asipulo, Aguinaldo and Mayoyao.

- **Mountain Province**: In conjunction with the OPAG Offices, a series of seminars were held throughout Mountain Province from March-April. These seminars were attended by over 400 farmers.

- **Follow up seminars** of the same training were conducted in the municipalities of Pasil, Banaue, Natonin, Sadanga and Hungduan. Farmer leaders and elders organized a return workshop with the facilitator. The resources to fund the workshops came from farmers’ contribution.

The local government units (LGU) of each municipality covered meals during the trainings, while farmers were responsible for their own fares.

b. **INSPECTOR SEMINAR**

Once again, the annual Quality Control Inspector Training took place in Ifugao and Kalinga. With the expansion of the Cordillera Heirloom Rice Project to Mountain Province, inspectors from five new municipalities in MP received this all-important training. The training prepares the inspectors to understand the international quality control standards set by the market, as well as the basic local requirements for processing the product for export.
Eighth Wonder president, Mary Hensley, was in attendance at all three trainings and was able to speak directly with the farmers about the marketing side of the business.

The training was conducted in each provincial site: Mt Province June 26-27, Kalinga June 30-July 1, and Ifugao July 3-4, 2008. During the seminar, a total of 49 new inspectors were trained, with at least two new inspectors per municipality. The new inspectors were oriented on the concepts of quality control based on international market standards, provided with hands-on experience in assessing grain quality and processing techniques, as well as information on the consolidation process for the export shipment.

Quality control inspectors are then tasked with conducting informational echo seminars in their respective villages in order to have the quality control standards disseminated to and understood by the farmers. This year, the farmers sold their threshed palay (paddy or rough rice) rather than the hand-pounded finished rice. Each farmer was required to attach a small sample of hand-pounded rice, along with each 30kg back of palay, in order to verify the quality of rice that was being sold by the farmer.

c. OPERATORS TRAINING AT PHILRICE

This year the Cordillera farmers of Ifugao, Kalinga and Mountain Province had a major transition in how they processed their rice. They transitioned from manual hand pounding to the use of custom-made milling equipment. The partnership of PhilRice, BPRE and RICE Inc continues to develop in support of the terraces farmers of the Cordillera.

The long awaited use of post harvest equipment-- the micro mill, dehuller and grain sorter was finally tested for their efficiency, as we prepared for this year's export quality volume. The primary goal and objective of this training was to test the “locally fabricated post harvest machines” as committed to RICE Inc and farmers of the Cordillera Heirloom Rice Project by Dr Eulito Baustista. All parties had agreed that in order to test run these machines, it was necessary to bring the traditional rice to PhilRice for supervised processing; and at the same time, give the farmers basic operators' training before the machines were delivered to the provinces. The selected farmers (inspectors and operators) from each province had a weeklong training held at PhilRice, Nueva Ecija from August 18-September 5, 2008.

This endeavor modeled a successful tripartite partnership among farmers, the NGO sector and the government. During this processing, the committed stakeholders worked together to do what many thought was impossible. We were able to process and package the rice for export by the scheduled date. We identified inadequacies in the machines that can be addressed before the machines are manufactured for provincial use. Although the farmers did not get the complete training they expected on
the operation of machines, they did get a real life experience on meeting contractual obligations under difficult circumstances.

The engineers, PhilRice staff and farmers persevered to see the process through to completion. Farmers spent the hours needed to improve the quality of the rice after the machines failed to do a quality job. It is no small task to duplicate the excellent hand processing of rice with machines.

RICE has shown the farmers the market potential of native rice, but it is now the farmers themselves who are demanding for and getting the attention and support of the LGUs and other line agencies for physical support and technical trainings on native varieties, organic agriculture and assistance with market development.

d. COOPERATIVE DEVELOPMENT SEMINAR

Seminars on cooperative development provide farmers with the skill trainings needed for farmers to become equal partners in this business enterprise with leadership roles in the planning, processing and marketing native rice. As the amount of rice consolidated and sold increases, the cooperatives should be self-sustaining by 2010. In 2008, only Mountain Province was able to conduct cooperative development training on schedule. The training was funded by the DA-ATI training budget for workshops conducted during the wet season.

The Mountain Province cooperative seminar was held on October 21-22 at Ridge Brook Hotel, Bontoc. It was attended by 43 participants from 5 municipalities: Bontoc, Tadian, Barlig, Natonin and Sadanga. There were 31 farmer representatives and 12 LGU and provincial staff from the Office of Provincial Agriculture (OPAG) Provincial Cooperative Development Authority (CDA) personnel conducted the training, which covered a membership orientation on the articles and by-laws, benefits of a cooperative, and the mechanics on how members sustain the enterprise initiatives locally for the benefit of the whole cooperative. The three municipalities of Barlig, Natonin and Sadanga had export sales in 2008 and the training gave them an opportunity to develop their own action plan.

OPAG invited RICE, Inc's Ifugao coordinator to share his experiences of the project and the Ifugao's experiences with their own cooperative development. The project strives to encourage exchange and sharing of experiences among participants. (Please see the attached summary)

Seminar participants then echoed the information in three municipal-based meetings. During these village meetings, the action plan for 2009 was shared for comments and consideration. On the case of Ifugao, the province-wide seminar in Banaue was postponed due to bad weather. It has been tentatively rescheduled for May 2009.

In Kalinga, due to the remoteness of the participating farmers, the cooperative seminars are conducted on the municipal level. Twenty-eight farmer representatives from 6 barangays attended the cooperative training in Pasil. The two-day cooperative seminar covered the organizational structure for cooperative membership, cooperative articles and by-laws. DTI-Kalinga also participated with a section on “local packaging”. Participants developed their own business plan for increasing sales for both the export and local market.
2. MARKET DEVELOPMENT: Local Market at Food Fairs and Exhibits

With the assistance of RICE Inc and in coordination with other government agencies, farmers are finally getting the support they need to promote their traditional rice in the domestic market. Local product line labels for Ifugao Eighth Wonder Tinawon Rice and Chong-ak Unoy variety rice from Pasil, Kalinga have been designed and printed with the assistance of their provincial DTI offices. Both upper and lower Kalinga farmers were helped in their preparation for the yearly IMPAKABSAT EXHIBIT FAIR sponsored by DAR-DTI. To prepare for the event, the DTI in both provinces supported trainings on product packaging.

The packaging label used by the Rice Terraces Farmers Cooperative was designed by the Department of Trade Industry, Ifugao to promote Tinawon locally in trade fairs and exhibits. This label was first used during the Igorot International Consultation (IIC) held in Banaue when Igorots from all over the world gathered in Ifugao Province for their annual meeting. The cooperative also joined two exhibit fairs: the SM cooperative food festival in June and the IMPAKABSAT Fair in Quezon City, Manila. The Ifugao farmers had sales of approximately P28,000 during the exhibits.

DTI (Kalinga) assisted project farmers in the packaging and labeling of the Unoy from Pasil. The Unoy Pasil Terraces Association (UPTA) is one of the village-based associations of the Rice Terraces Farmers Cooperative (RTFC). The UPTA brand of Chong-ak has already made a name for the farmers of Pasil because of its high quality. Locals sales in 2008 for the Kalinga farmers amounted to approximately P69,000 during the IMPAKABSAT food fair in November 2008.

Eighth Wonder Inc. contributed the Nutritional Facts information for the labels as part of the business partnership with the Rice Terraces Farmers Cooperative.

3. RICE Inc-SPECIAL PROJECT “ADOPT A TERRACE”

Through word of mouth and the print-in media, the farmers have shared stories of the project and changes seen in their communities.

“It is amazing how the farmers in Kalinga and Ifugao are benefiting from the terraces because of the rice they are growing and selling. Their rice is similar to ours here in Mt Province and Benguet. I hope that our LGU will help us bring the same project to us here. Not only because we have the same terraces and traditional rice like the Kalings and Ifugao’s but because we need help too.” Farmer from Barlig, Mt Province.

High elevation municipalities in all four major provinces are requesting that the project expand to their areas.

For farmers to participate in the project, they need to be farming in the terraces and have access to quality planting seeds. However, RICE Inc has discovered that the farmers with the most need do not
necessarily own land but rather are working land as kasama or “tenant” farmers to larger holding land owners or working their own land that has been mortgaged or “pawned.” Upon further inquiry about the situation of these most marginalized farmers, RICE Inc found:

- That the population has grown disproportional to available resources. In the mountains, by custom, only the first child/sibling in the family will inherit the land. If other siblings wish to farm, they do so by working for their families or for larger land holders in the community;
- There are also those who would like to continue farming but do not have the resources to maintain the terraces that may have already been abandoned or fallen into disrepair. The manpower required to maintain the water source and irrigation system, repair the terrace walls, and plow the field is much more than one person can do. Traditionally this was done by a communal effort; but as more and more people leave the terraces, it has fallen to those left behind.

There is a very high motivation by the most marginalized farmers to become farmers in their own right. In 2008, RICE Inc initiated an “ADOPT A TERRACE” program after seeing a number of farmers in Ifugao and Kalinga who wanted to move beyond the constraints of being a tenant farmer.

The pilot program with one farmer, Sally D., who is a retired teacher; with an ailing husband and a daughter they could no longer afford to send to college. Sally was working a number of odd jobs to earn a source of income. Last year, she was awarded a small grant of P5000 by RICE Inc to begin reclaiming the idle terrace that had been abandoned for lack of manpower to maintain the terrace. With the money, Sally was able to hire a man to plow the field with a carabao and a small crew of women to clean and restore the terrace walls. This year, after working her own land, she was able to sell 75 kilos of rice for export sales. It is a small start to rebuilding her life. The Adopt a Terrace program provides capital to small farmers like Sally in order to help them help themselves.

After the success of reclaiming Sally’s terrace, two more farmers asked to be enrolled in the ATP program. Linda has two children and her husband is away working in the lowland province of Nueva Viscaya. Linda joined the project when she was working as a tenant farmer but the crop sharing did not provide enough income for her. She approached RICE Inc and asked for capital assistance to convert some idle lands not far away from her house. She attempted to contact the owner in Ibayong, Banaue but found that he no longer resided in Ifugao. Through her persistence, she was finally able to contract a family member. She was able to negotiate a 15-year lease on the land in exchange for restoring the terrace. She started planting Tinawon and last year she sold her own rice for export sales. With the proceeds, she was able to continue the construction of the family's concrete house. In the house, there is now a small sari-sari store for added income.

Angelita is a widow with six children. She has been a member of the project since 2005. For the last two years she has been working the terraces of her neighbors and relatives. She approached RICE Inc and asked for assistance to rent some idle land near her relatives. With the help of her children, they were able to reclaim about 500 square meters of land. A third of their produce, they sold for export sales. With the proceeds, she was able to pay the school fees for her two children and purchase a cell phone. She now also operates a Smart-E load center for their small village.
With its small beginnings, the Adopt a Terrace program has helped 3 women make a difference in their lives and those of their family. The Adopt a Terrace program grants P5000 to qualified farmers who have a concrete plan to help themselves and at the same time help preserve the terraces.

After the 2008 harvest, eight more women from remote villages in Pasil, Barlig, Aguinaldo and Hungduan have requested funds from the Adopt A Terrace program. There are many more farmers who are looking for a means to realize their dreams through the vision of the Cordillera heirloom Rice Project. Those dreams can be made possible through the charitable donations to RICE Inc in support of this program. Partner with us and see change happen! Please see the full brochure of the program in the Annual Report appendix.

4. PROJECT BREAKTHROUGH EXPERIENCE...
TRANSITION FROM HAND-POUNDING TO THE MECHANIZATION OF THE PROCESSING OF TRADITIONAL RICE

An integral part of sustaining the project is the identification and acquisition of appropriate technology equipment for the farmers. This equipment is necessary in order to ensure a quality product of heirloom rice for either the export or local market. In order to attain the finest quality of rice, the farmers must understand the characteristics of grain growth from planting through to harvesting; and then proper drying and processing techniques.

Traditionally, the processing of native rice has been done by hand pounding the rice using a mortar and pestle. This type of manual labor by farmers for commercial volumes of rice is not feasible and presents a serious bottleneck for the expansion of project. The project has tried to support farmers by supplying hand-held stainless steel sieve trays (left) and now, with the design and fabrication of appropriate technology machines such as a mechanical grain sorter (right).

RICE Inc. has distributed to every participating municipality at least 3 hand-held sieve trays. These screens have been used at the village level in the hand processing of the rice for export sales. The next step will be an upgrade from the hand held-sieve tray to an engine run grain sorter (left picture). Presently, the mechanical grain sorter needs more modifications in order to efficiently process the heirloom rice, which is significantly different from the modern hybrid grains of rice. Most of the native grains are rounder and plumper than hybrid grains. The farmers will also need to process a long grain red rice, which will require additional machine adjustments and another set of screens.

The need for post harvest machines such as a micro mill or thresher has been a top priority for farmers since we started working on the project. The farmers believe that the planting and harvesting of commercial volumes of rice is well within their capacity as farmers. But due to the lack of available manpower for hand processing, it is not possible to hand process commercial qualities. Thus, there is an immediate need for post-harvest machines.

The PhilRice Engineering and Research Department has modified a basic dehuller (right) for use on the native grains. The dehuller is used after the palay (paddy rice) has been removed from the grain stalk (threshed). The dehuller removes the grain husk from the rice seed. This dehuller was patterned
after a Satake brand machine from Japan. The recovery rate using this dehuller for the large, plump Tinawon and Unoy grains was approximately 65%.

In order to improve on the 65% recovery rate, the rice grains were then passed through a grain sorter, which further separated the dehulled grains from the palay. This process was quite tedious because it required 5-6 people to operate this big complex machine. But the extra work was worth it. The palay that was separated off the grain sorter was then passed through the dehuller again. The second dehuller pass improved the head recovery rate to about 85%. Next, the dehulled grains were run through a micro-mill. Because traditional hand pounding results in partial bran retention, the micro-mill had to be adjusted to replicate the hand processing. The dehulled rice is milled at a low blade adjustment in order to get a bran retention of about 25-35%.

During the processing of the export shipment in August and September 2008, selected inspectors and operators worked 10-hour days in order to process the 13.5 metric tons of rice for export. (See the volume chart) Once again, this was something that people said could not be done. But because of hard work and a commitment to quality, it was accomplished—on schedule.

The finished rice was then stacked in (Philippine-made!) GrainPro “cocoons”. The GrainPro cocoon is a state-of-the-art storage system for properly storing rice. The rice that was being shipped to Eighth Wonder in Montana for retail sales was placed in a modified cocoon, which was designed for use as an organic CO2 fumigation chamber. Eighth Wonder purchased this 10 MT CO2 fumigation bag for use by the project farmers as part of the business partnership between project farmers and Eighth Wonder.

The picture on the right shows the sealed cocoon being filled with CO2 for an organic fumigation of the rice. The CO2 level is maintained in the sealed bag for 10-15 days in order to have a complete kill of any possible organisms. The CO2 fumigation process is a recognized organic fumigation method for food. This particular process was done under the supervision of a fumigation expert from the Bureau of Plant and Industry, in compliance with the issuing of a Phytosanitary Certificate for export. (All products being exported from the country must be certified that they are bug/pest free at time of shipment.)

The entire consolidation and processing procedure took approximately one month. At the village level, the rice of individual farmers was inspected by local inspectors, recorded and checked against the pledge lists per village. The rice that passes the quality inspection was then consolidated in the different villages and municipalities for trucking to the provincial central buying station situation on the designated day for that municipality. RICE Inc coordinated the consolidation of the rice for Eighth Wonder. All rice that passes the final inspection at the central buying station was paid for in full at time of acceptance. The farmers are either paid directly or it was signed and receipted for by the farmer/village cooperative representatives and the Municipal Agriculture officials.
This year, the minimum pledge for an individual farmer was 35 kilos of palay (paddy rice.) The negotiated price for palay was set at P40/kg. Each 35kg bag of rice was marked with the farmer’s name, along with the production data (locality, variety and date of harvest). The consolidation and final inspection was done one municipality at a time. When the inspection standards have been met at the village level, the final inspection and processing runs in a systematic fashion. On the occasions that some rice did not meet final quality inspection, the farmers were given the opportunity to re-clean their rice to quality standards. All rice was subjected to moisture content testing and verification of correct variety and quality of grain.

2008 was a transition year on many levels. The rice was purchased in the form of palay (paddy rice) rather than finished rice. Custom-made machines processed the palay. We hope that in the coming year at least one set of machines will be available for purchase in each province. The volume processed this year was slightly lower than last year. This can be explained by several reasons: the recovery rate of the newly made machines was not known and therefore the volume of palay needed to fill the finished rice contract was under-estimated, thus affecting the whole pledges process; weather-wise, there were incessant rains and storms which extended the drying time beyond the scheduled shipment date.

Over our three years of consolidating rice for export, we have developed a pledge system with farmers. Each year, farmers estimate how much rice they will have available for export sales. Villages then try to work together to meet a targeted amount, which is based on a guaranteed purchase commitment by Eighth Wonder for a minimum volume of each variety.

The targeted goal for 2008 was 25 metric tons of finished rice. It was not met. In 2008, the actual amount of palay (paddy or rough rice) consolidated was 20 metric tons. The volume of rice processed and shipped this year ended was slightly less than last year, 13.5 metric tons vs. 17 metric tons. But this year was the transition year from hand processing to machine processing. The recovery rate of the newly made machines was not known and therefore the volume of palay needed to fill the finished rice contract was under-estimated, thus affecting the whole pledges process.

In terms of rice submitted for buying, farmers who have been with the project for multiple years are having a higher rate of compliance to the quality standards of grain quality and being properly dried.

Although the number of farmers who actually sold rice for export this year was fewer than last year, it is important to note that there is a sustaining commitment from a core group of farmers in each area, who are increasing their production and maintaining and improving their grain quality. These farmers are working more within their villages and extended family to increase the household volume that is sold.

The above graph shows a pattern of growth in terms of farmer participation in the project. The numbers indicate how many farmers who have participated in trainings/seminars or meetings, have availed of planting seeds, and/or have made pledges and sold rice for export sales.
IMPACT ASSESSMENT

a. Number of farmers members who have participated in workshops and meetings

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b. Locality of membership in terms of number of villages and municipalities have grown greatly in last three years

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</tbody>
</table>

![PROJECT MEMBERSHIP: Municipality-Village & Farmers](image)

<table>
<thead>
<tr>
<th></th>
<th>Ifugao</th>
<th>Kalinga</th>
<th>MP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Villages</td>
<td>40</td>
<td>38</td>
<td>28</td>
<td>106</td>
</tr>
<tr>
<td>Farmers</td>
<td>1147</td>
<td>978</td>
<td>533</td>
<td>2658</td>
</tr>
</tbody>
</table>

c. Growth of Sales: Number of producers and number of municipalities with export sales.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Producer</td>
<td>27</td>
<td>262</td>
<td>329</td>
<td>201</td>
</tr>
<tr>
<td># of Municipalities</td>
<td>4</td>
<td>13</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>VOLUME by Kilos</td>
<td>869</td>
<td>7512</td>
<td>17000</td>
<td>13500</td>
</tr>
<tr>
<td>VALUE in Pesos</td>
<td>43,450.00</td>
<td>360,076.00</td>
<td>899,995.00</td>
<td>849,982.00</td>
</tr>
</tbody>
</table>
VI. 2009 PLAN OF ACTION

RICE Inc’s goals, objectives and activities are geared toward SUSTAINABILITY AND INCREASE in the following areas:

1. Increase by 255 farmer membership. This includes reaching out to farmers in more remote villages in each municipality;
2. Expand identification of additional heirloom varieties for both export and domestic sales:
   - TINAWON in Ifugao;
   - UNOY–ULIKAN RED in Kalinga;
   - Igorota Rice of Mt Province
3. Increase the number of qualified INSPECTORS to two per villages in each municipality;
4. Increase production sale by farmers to 25 MT, if possible, to 10 metric tons per province;
5. Identify appropriate custom made post harvest machines that best suit the characteristic and quality of the heirloom rice;
   - Dehuller Machine
   - Thresher
   - Micro Milling
   - Grain Sorter
6. Enroll three pilot terrace areas in the ORGANIC CERTIFICATION program of the Organic Certification Center of the Philippines (OCCP). At least 10 hectares per province will be enrolled in the pilot project.
   - Hingyon for Tinawon Fancy in Ifugao
   - Pasil for Kalinga Unoy and Lubuagan for Ulikan Red rice
   - Barlig for Igorota rice
7. Increase facilitation and provision of capacity building seminars to 18 municipalities with 900 farmers target in attendance and participation;
8. Continue the promotion of traditional rice through project expansion into nearby provinces and municipalities; Provide support in the following areas;
   - Irrigation for terraces within potential production capacity
   - Seed distribution
   - Reclaiming of idle terraces lands of at least one hectare per village;
   - Assist in the production processing and packaging;
9. Increase women's participation as they take the lead in the management and planning of quality inspection.
## VII. PROJECT FINANCIAL STATUS

REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS (RICE, INC.)

Statement of Assets, Liabilities and Fund Balance
As of December 31, 2008

**ASSETS**

<table>
<thead>
<tr>
<th>CURRENT ASSETS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>120,266.70</td>
</tr>
<tr>
<td>Seedlings</td>
<td>107,485.00</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>227,751.70</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROPERTY &amp; EQUIPMENT:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>8,535.00</td>
</tr>
<tr>
<td>Post-harvest Machine</td>
<td>115,000.00</td>
</tr>
<tr>
<td><strong>Total Properties &amp; Equipment</strong></td>
<td>123,535.00</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th>FUND BALANCE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCE</td>
<td>351,286.70</td>
</tr>
</tbody>
</table>

Prepared by: [Signature]
Accountant

Reviewed by: [Signature]
Ms. Willy Garcia
Executive Director
RICE INC.
Statement of Receipts and Disbursements
For the year ended December 31, 2008

<table>
<thead>
<tr>
<th>RECEIPTS</th>
<th>PHIL. PESO</th>
<th>US DOLLAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash forwarded from 2007</td>
<td>127,656.00</td>
<td>2,501.27</td>
</tr>
<tr>
<td>Contributions from Eighth Wonder</td>
<td>449,449.30</td>
<td>9,770.64</td>
</tr>
<tr>
<td>TIDES Foundation Global Support Fund</td>
<td>545,054.00</td>
<td>11,849.00</td>
</tr>
<tr>
<td>Others:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dollar</td>
<td>8,580.00</td>
<td>204.29</td>
</tr>
<tr>
<td>Pesoano</td>
<td>10,000.00</td>
<td>222.22</td>
</tr>
<tr>
<td>Memberships</td>
<td>1,000.00</td>
<td>23.81</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td><strong>1,141,739.30</strong></td>
<td><strong>24,971.23</strong></td>
</tr>
</tbody>
</table>

| DISBURSEMENTS                                 |            |           |
| Communication Expenses                        | 28,826.05  | 626.65    |
| Cables & Phone                                | 28,058.55  | 610.84    |
| Representation                                | 46,509.50  | 1,000.42  |
| Training Expenses                             | 209,866.00 | 4,662.30  |
| Documentation Expenses                        | 46,948.00  | 1,063.20  |
| Salaries & Allowances                         | 249,000.00 | 5,413.04  |
| Employees' Benefit                            | 120,500.00 | 2,619.57  |
| Registration & Accred                          | 1,500.00   | 32.61     |
| Supplies                                      | 43,454.50  | 945.32    |
| Professional Fees                             | 15,000.00  | 326.09    |
| Repairs & Maintenance                         | 600.00     | 11.99     |
| Miscellaneous                                 | 1,860.00   | 40.22     |
| **Total Disbursements**                       | **790,452.80** | **17,183.75** |

**EXCESS OF RECEIPTS OVER DISBURSEMENTS**

| **351,286.70** | **7,787.47** |

**UNRESTRICTED FUND BALANCE, END 2008**

| **351,286.70** | **7,787.47** |

Prepared by: 
Accountant

Noted by: 
Executive Director
VIII. APPENDICES

1. PROJECT ARTICLES

Highland rice varieties target global markets
Inquirer Mobile, 11-Jan-08
Potential demand could revitalize heirloom rice production
http://business.inquirer.net/money/features/view_article.php?article_id=113475

Bolstering Heirloom Rice Cultivation in the Philippines
Root Capital, January 2008 newsletter and online
Root Capital Financial is helping farmers with a short-term pre-shipment trade loan

Mountain province rice varieties to be exported to US
GMA TV news, 25-Mar-08
Rice exportation project expands to include another province in the Philippines
http://business.inquirer.net/money/features/view_article.php?article_id=113475

Cordillera farmers to gain from high world prices of rice
March 25, 2008 /Vincent Cabreza /Northern Luzon Bureau
http://www.inquirer.net/specialfeatures/riceproblem/view.php?db=1&article=20080325-126405

Rising rice costs seen good for terraces
 Philippine Daily Inquirer, 27-Mar-08
Increasing world prices of rice are good for farmers tilling the centuries old rice terraces of Ifugao and Kalinga

NGO’s find new ways to solve old problems
April 2, 2008 /Business Section Monday
Michelle Remo
Philippine Daily Inquirer

Rice to Riches
The Philippine Starweek  (Cover story of the Sunday magazine of the PhilStar, May 25,2008)
By Ida Anita del Mundo/The story of RICE, Inc. (No active link)

Heirloom Rice Project Launched in Mt. Province
Agriculture (Monthly Magazine of the Manila Bulletin)
By Robert Domoguen, May 2008
RICE Inc.’s Cordillera Heirloom Rice Project officially expands to Mt Province in an official launching attended by Governor Maximo Dalog.

DA promotes production of native rice for Cordillera
SATURDAY, DECEMBER 20, 2008  |  AGRICULTURE
www.gov.ph/news/?i=23122

See our website for the text of articles (www.heirloomrice.com/index.php?p=articles)
Revitalize Indigenous Cordilleran Entrepreneurs (RICE), Inc., a Filipino non-profit/non-governmental organization (NGO), received major funding during the recent Panibagong Paraan 2008 grant competition, held in Manila on April 9-10, 2008. In addition to receiving the sum of 1 million pesos (approximately US$25,000), RICE’s Cordillera Heirloom Rice Project was uniquely honored with the highest recommendation from all members of the grantmaking jury.

“To win the Panibagong Paraan award validates the dream, the hard work and the commitment made by all of our project partners,” said Ms Garcia, executive director of RICE, Inc. “Through this grant, we can continue to expand the programs and services needed by our farmers—our core stakeholders—as they realize their vision of an economic and cultural revival, and the preservation of the terraces through an economic enterprise firmly rooted in their indigenous culture.”

The Panibagong Paraan (meaning “a new way”), is a nationwide biennial grant competition funded by a consortium of Filipino and international agencies, including the World Bank and Asian Development Bank, USAID, Australian and Canadian international aid agencies, the British Embassy, the Asia Foundation, the Peace and Equity Foundation and the Department of Interior and Local Government. This year’s round of grants targeted projects that build partnerships for effective local governance. Five hundred projects submitted entries to the competition; ninety-nine project finalists vied for funding during the two-day competition and exhibition held at the SM Megamall Megatrade Hall. Thirty-three organizations received funding.

The Cordillera Heirloom Rice Project received its grant award from the Peace and Equity Foundation (PEF), a non-profit foundation based in the Philippines. PEF supports the work of civil society in eradicating poverty and marginalization and promotes an ethos of social harmony, cooperation, and sharing. The Cordillera Heirloom Rice Project, active in northern Luzon since 2005, makes traditional rice varieties a source of economic opportunity for indigenous farmers in Ifugao, Kalinga, and Mountain Provinces. With the funds received from PEF, the Cordillera Rice Project can expand its outreach to farmers and better coordinate the technical expertise and resources of government agencies in support of the farmers’ efforts to organize and strengthen their cooperatives, increase production, improve processing and market it globally for the benefit of the farmers.

Native varieties of heirloom rice, uniquely adapted to their native growing conditions, have been cultivated in the Cordillera for centuries, but had never been sold commercially until the founding of the project in 2005. “The farmers have unparalleled knowledge and understanding that comes from growing these unique varieties of rice for generations. By giving economic value to native rice, an avenue opens for government agencies to support high-elevation farmers, who have been marginalized for a number of reasons, geography and ethnicity among them,” says Mary Hensley, founder of Eighth Wonder, Inc., the US-based marketing company and project partner.

Administered by Ma. Victoria (Vicky) Garcia, a native of Laguna, Philippines, the Cordillera Heirloom Rice Project coordinates the resources, workshops and training to farmers. With proper technology, post-harvest facilities, and enhanced training on productivity, farmers will be able to make a decent living by producing sustainably grown rice, states Garcia. Equally important are the workshops that focus on strengthening the farmers’ cooperatives. The cooperative model encourages the involvement of women and operates with principles such as open membership, democratic control, education, and financial transparency.

The significance of the Cordillera Heirloom Rice Project and the PEF funding was underscored by recent media reports of a threatening global rice shortage. The Philippine government anticipates that, in the face of rising prices and food scarcity, people will increase the amount of food they grow. “This projects is about expanding production on the rice terraces so that there will be enough surplus to sell,” says Hensley. “Whether the farmers choose to sell the rice or eat it themselves, their economic and food security is increased.”

More information on the Cordillera Heirloom Rice Project is available at www.heirloomrice.com. RICE, Inc. has received foreign non-profit equivalency status in the United States through the Tides Foundation of San Francisco, California.
According to UNESCO, at least 25% of the remaining terraces in the Cordillera are now abandoned and the indigenous culture of community rice production is disappearing.

The ADOPT A TERRACE Program is an intervention initiative to address this crisis through the farmers associated with the Cordillera Heirloom Rice Project.

**GOALS:**

To help project participants reclaim abandon terraces lands and allow farmers to:

- Reclaim terraces that were abandoned due to lack of labor or the capital needed to pay for labor;
- Augment farmers' income by increasing available farmland and increasing production;
- Reclaim family land that has been pawned;
- Begin farming in their own right.

**Rationale:**

- Small-holding or tenant farmers, who work on a contractual basis for larger landholding farmers, do not receive enough shares to sufficiently feed their families;
- Some families have members who could work on a family terrace but have no access to available land;
- New farmers, who would like to be members of the project, need pesticide-free land for growing traditional varieties;
- To increase production by families who are working only on small paddy terraces.

**HOW TO ADOPT A TERRACE:**

An interested **SPONSOR** can contact RICE Inc about the **Adopt a Terrace** program. If he/she agrees with the terms and conditions as outlined, the sponsor can send a sponsorship donation (P5000 minimum) to RICE Inc. at the above address.

In return, the sponsors will receive:

- A personal acknowledgment of the sponsorship from the farmer;
- A one-time gift of 5kgs of export quality rice after the first successful harvest;
- Seasonal updates on the work that has been accomplished through the sponsorship;
- An invitation to visit the reclaimed terrace area.

RICE Inc requests the sponsor to:

- Provide contact information to RICE Inc for database use. (Information will be confidential, unless permission has been obtained.)
- Communicate with RICE Inc, first, should there be an interest to personally meet with the sponsorship recipient or see the recipient’s terrace.
Responsibilities of the Farmer/Recipient

1. Interested farmers must be members of a municipal/village farmers’ association working on the Cordillera Heirloom Rice Project.
2. Farmers must agree to farm the terrace in a sustainable, non-chemical method, as being supported by the seminars and workshops by RICE Inc, for a minimum of three (3) years;
3. Farmers must provide RICE Inc. with the following information:
   a) Exact location of the terrace i.e., village location; determine the approximate size of the terrace through physical measurement and estimate the volume of production for the reclaimed land;
   b) A hand drawn map showing the field, the source of water for irrigation and the names of adjacent field owners;
   c) Outline the relationship of the farmer to the land; if land is not owned by the farmer, describe the contractual relationship agreed upon with the owner of the land;
   d) State reasons the terrace was abandoned by either the farmer or the owner of the terrace;
   e) List the improvements that need to be made on the land and describe the plan for reclaiming the identified terrace. Keep a financial record of all expenditures;
   f) Provide a seasonal report on the status of the terrace work; and, with the assistance of the provincial coordinator, provide a pictorial record of improvements to the terrace;
   g) Provide background information on the family for the project database use. (Information will be confidential, unless permission has been obtained.) Describe the community, its major livelihood activities and other resources available in the community.
4. A minimum of 25kg per harvest season for 3 years will be donated to the Rice Terraces Farmers Cooperative to help with the capitalization of the cooperative;
5. Agrees to accommodate the sponsor with a tour of the reclaimed terrace, if the sponsor desires. Such a meeting will be arranged through RICE, Inc. at a time convenient for all participants.

The Role of RICE, Inc.

RICE Inc. will facilitate the matching of the recipient with a sponsor and will monitor the program with the coordination and collaboration of the farmer's village association leader, provincial project coordinator and the farmer.

1) RICE Inc.’s provincial coordinator will interview prospective farmers and determine if the farmers can meet the requirements prior to a final assessment by the Director;
2) RICE Inc. will:
   a. Obtain a signed agreement between RICE Inc and the recipient as per the responsibilities and obligations of each party;
   b. Receive the sponsorship fee. (Money will be held in a restricted program account until disbursement);
   c. Transfer sponsorship money to farmer upon approval of the rehabilitation plan;
   d. Oversee the documentation required of each recipient;
   e. Provide updates to the sponsor on a seasonal basis for a minimum of one year;
f. Oversee that farmer/recipient personally acknowledges receipt of sponsorship;
g. Provides a link between farmers and sponsor as required by both parties.

**ADOPT A TERRACE NOW!**

*Yes! I would like to support indigenous farmers to revitalize their historic high-elevation terraces and to help reclaim abandon and disused terraces.*

Please find my sponsorship in the amount of ( ) P5000 ( ) P10,000 ( ) other______.

I have read and accepted the terms and conditions of the sponsorship process, as outlined in the previous pages.

Name: ____________________________________________

Address: __________________________________________

City, Province, and Postal code: _______________________

Telephone/Cell phone number: ________________________

Email: ____________________________________________

Please make checks payable to RICE, Inc. Write the name “Adopt a Terrace” in the Memo line. The check can be sent directly to the following address:

*RICE Inc.*
*Attn: Vicky Garcia*
*Block 16, Lot 45, Mandarin Homes*
*GMA, 4117 CAVITE*

My sincere thanks for supporting this program!

Ma. Victoria C. Garcia  
Executive Director, RICE, Inc.  
Contact Nos. 02-478-0512 landline / 0920-587-9656 mobile

For the latest updates on the Project, please see our website at www.heirloomrice.com or contact us at cordillera.rice@gmail.com
4. COOPERATIVE ACTION PLAN OF MOUNTAIN PROVINCE

**CORDILLERA HEIRLOOM RICE PROJECT**  
Mountain Province

**ACTION PLAN FOR THE MUNICIPALITIES OF BARUG, NATONIN AND SADANGA**  
November 2008 - October 2009

<table>
<thead>
<tr>
<th>Activities</th>
<th>Objectives</th>
<th>Expected Output</th>
<th>Time Frame</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Camaraderie and determination of interested members to join heirloom rice production through conduct of formal/informal group and individual meetings.</td>
<td>To have strengthened the membership in the village level letting them understand fully the goal and objectives of the project.</td>
<td>Masterlist of Firmed-up Members Per Municipality</td>
<td>October to December 2009</td>
<td>The activity shall be jointly facilitated by the Office of the Municipal Agriculture, the trained members as well as the Officers in each municipality.</td>
</tr>
<tr>
<td>2. Re-echo of Cooperative Development Training</td>
<td>To have re-echo the teachings and insights gained from the training with emphasis on the importance of cooperatives and commitment in relation to heirloom rice production.</td>
<td>Actual formal/informal meetings are conducted at the village/barangay level in each municipality.</td>
<td>October to November 2008</td>
<td>- do -</td>
</tr>
<tr>
<td>3. Heirloom Ricefields and Seedbed Preparation</td>
<td>To have prepared heirloom ricefields and rice seed beds on time.</td>
<td>Masterlist of Firmed-up Area (in hectares) for Heirloom Production Per Municipality</td>
<td>November 2008 to January 2009</td>
<td>Masterlisting shall be done in the Office of the Municipal Agriculture Office.</td>
</tr>
<tr>
<td>4. Preparation/Formulation of organic inputs such as fertilizers and pesticides.</td>
<td>To have come up with organic inputs for use by the members in each barangay</td>
<td>Training on Organic Inputs Preparation is conducted on six batches by the Office of the Municipal Agriculture.</td>
<td>Third week of November 2008</td>
<td>For Sadanga Municipality only.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Objectives</th>
<th>Expected Output</th>
<th>Time Frame</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Gathering of pledges from members and collection of membership fees.</td>
<td>To have determined the subscribed number of kilos that could be produced by the farmers for 2009 harvest, and to have determined the number of interested and committed farmers through payment of membership fees.</td>
<td>List of Pledges Per Municipality and List of Farmer-Members who complied with the membership fees.</td>
<td>November 2008 to February 2009</td>
<td>The activity shall be jointly facilitated by the Office of the Municipal Agriculture, the trained members as well as the Officers in each municipality.</td>
</tr>
<tr>
<td>6. Selection of Variety</td>
<td>To have determined and inspected the quality variety of gurke in each barangay.</td>
<td>Uniform variety of gurke seeds are collected.</td>
<td>Third week of November 2008</td>
<td>For Sadanga Municipality only (hopefully to be adopted by Barug and Natonin).</td>
</tr>
<tr>
<td>7. Care and management activities.</td>
<td>To have guaranteed quality heirloom rice growth and production.</td>
<td>Masterlist of Firmed-up Area (in hectares) for Heirloom Production Per Municipality</td>
<td>December 2008 to June 2009</td>
<td>Monitoring and masterlisting shall be undertaken by the Office of the Municipal Agriculture Office.</td>
</tr>
<tr>
<td>- Sanitation water management</td>
<td>- Application of organic fertilizers and insect pest control.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Monitoring of planted areas</td>
<td>To have conducted regular monitoring of the planted areas to ensure that quality production is practiced and understood by the farmers concerned.</td>
<td>Masterlist of farmers with the corresponding area actually monitored and inspected in each municipality.</td>
<td>December 2008 to June 2009</td>
<td>- do -</td>
</tr>
<tr>
<td>9. Harvesting</td>
<td>To have harvested the desired quality heirloom rice on time.</td>
<td>Harvested crop.</td>
<td>June to August of 2009</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Objectives</th>
<th>Expected Output</th>
<th>Time Frame</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Post Harvest Activities</td>
<td>To have ensured optimum moisture content drying and quality heirloom rice properly transported from the barangay to the municipal collection center at the Office of the Municipal Agriculture then to the provincial collection center at NA-Boroc, all on schedule.</td>
<td>Quality rice that have undergone quality processing and baled from the barangay level to the collection centers in the municipal and provincial levels on time.</td>
<td>July to August of 2009</td>
<td>The activity shall be jointly facilitated by the Office of the Municipal Agriculture, the trained members as well as the Officers in each municipality.</td>
</tr>
<tr>
<td>- Drying</td>
<td>- Milling/Milling</td>
<td>- Inspection</td>
<td>- Packaging and Labelling</td>
<td>- Masterlisting</td>
</tr>
<tr>
<td>11. Regular assessment meetings at the barangay and municipal levels.</td>
<td>To have regularly discussed and assessed the farmers farming activities with emphasis on quality heirloom rice production, likewise to have them updated from time to time on matters relative to the project.</td>
<td>Actual formal/informal meetings are conducted at the barangay and municipal levels.</td>
<td>November 2009</td>
<td>The activity shall be jointly facilitated by the Office of the Municipal Agriculture, the trained members as well as the Officers in each municipality.</td>
</tr>
</tbody>
</table>

Prepared by the training participants from the municipalities of Barug, Natonin and Sadanga during the Cooperative Development Training conducted on October 21-22, 2008 at Ridge Brook Hotel, Boroc, Mountain Province.