Executive Director’s Page

2011 HIGHLIGHTS

1. CHRP Farmers invited to India 4
2. CHARM Partnership forum 4
3. 2011 CORDILLERA HEIRLOOM RICE PROJECT-Evaluation and planning 5
4. Slow Food Indigenous Terra Madre 7
5. Investment Forum on Heirloom Rice 9
6. Eighth Wonder President Mary Hensley visited the project 9
7. Slow Food Asia and Oceania Terra Madre 11
8. Department of Agriculture assessment of typhoon damage 11
9. Consolidation and processing of rice 12
10. Second consolidation takes place in Kalinga 15
11. IRRI visits project as part of their PIPA workshop 17
12. National Organic Agriculture Congress 17
13. Organic Farmers Festival 18
14. ADOPT A TERRACE PROJECT relaunched 18
15. 2nd TERRA MADRE DAY celebrated in Ifugao 19

Appendix (Auditor Report and 2010/2011 financial information) 21
Executive Director’s Page

2011 was yet another year of rich experience and challenge. Because of RICE, Inc.’s continued advocacy in support of the farmers, the Cordillera farmers have gained local, national and international visibility for their production of quality heirloom rice.

This year saw project participants travel the global as representatives of their indigenous communities to speak about taking control of their own economic destiny. International travelers and students visited the processing centers to see for themselves how farmers are building their own economic realities. As the project gains visibility on a regional and national level, I have been requested to speak before a number of audiences about the project’s work.

We have continued our service despite a very minimal operating budget. Budget constraints also affected our counter-part sharing partners. This year there were fewer formal trainings and workshops and more informal gatherings led by farmer and cooperative leaders. Still, we have been striving to manage and maximize our resources, mobilizing more volunteers and building stronger partnerships within the community.

Our efforts continue to focus on the most marginalized and isolated of the terrace farmers, who rarely see or receive outside support because of their physical isolation. Our advocacy on behalf of these farmers has brought their plight to the attention of the government and to the outside world. Through the project, farmers have been able to communicate their needs for support of their affected terraces, so many of which were destroyed in recent typhoons. Participation in activities continues to help farmers gain the skills they need to build a sustainable local market for their rice and make it the much needed economic support to their families and communities.

In 2011, the new administration of the national government placed an emphasis on supporting organic agriculture. This gave the Cordillera Heirloom Rice Project a ray of hope that the terraces farmers, who have maintained their terraces for generations through natural farming systems, would be recognized. The close of 2011 saw the Department of Agriculture and its Organic Agriculture initiative extend its funding assistance to arrest the deteriorating condition of the terraces and address the Diaspora of its manpower and the resulting loss of community farming.

The Cordillera Heirloom Rice Project (CHRP) has continued to support the efforts of Cordillera farmers to take charge of their resources, improve and increase their rice production, and strengthen their cooperative enterprise. By taking responsibility for their actions, the farmers are becoming accountable for their choices. Our goal is to help terrace farmers become self-reliant members of their communities.

As 2012 unfolds, the CHRP team looks forward to an improved working relationship with our partners and increased participation from farmers in both the far-flung villages and poblacion areas. We hope that 2012 will see increased support to farmers who work to restore and reclaim abandoned terraces and who work to improve their fields and their grain quality through improved organic agriculture. The result will be improved food security for themselves and their communities.

My sincerest thanks to our farmer-members, leaders and partners from the private and government sectors who have believed in the vision of RICE, Inc. Because of your support for our advocacy work, the cultural, environmental and economic value of the terraces is finally being recognized and supported on a larger scale.

Vicky Garcia
2011 HIGHLIGHTS

1. **CHRP Farmers invited to India**

Project farmers Rowena Gonnay and Jimmy Lingayo were invited by the Deshpande Foundation's Centre for Social Entrepreneurship, Hubli, Karnataka, India, to participate as speakers and panelists at their development conference entitled “Leveraging Opportunities” January 27-29, 2011. In several venues, Rowena and Jimmy showcased their work as terrace farmers and community leaders in their respective provinces of Kalinga and Ifugao.

The invitation was made through the efforts of Giselle Aris, who was assisted by RICE, Inc to do her master’s thesis research with project participants in Kalinga. She now works for the Deshpande Foundation in India. Giselle wrote her master’s thesis on the plight of terrace farmers and the impact of small NGOs such as RICE, Inc to help farmers develop a sustainable economic enterprise for their rice while helping to preserve both the terraces and their traditional varieties of rice. Thank you, Giselle for making this experience possible for both of our farmers. Their participation has helped develop their confidence as community leaders and reinforced their belief that the farmers of the Cordillera can once again make traditional rice and the terraces culturally and economically relevant to a younger generation of farmers.

2. **CHARM Partnership forum**

Vicky García was an invited speaker to the CHARM 2 Project Partnership Forum that was held May 2-3, 2011 in Baguio City, Province of Benguet. The Cordillera Highland Agricultural Resource Management (CHARM) Project targets indigenous communities in three provinces of the Cordillera Administrative Region. It is a poverty initiative of the Philippines national government through the Department of Agriculture and jointly funded by Asian Development Bank and IFAD. CHARM 2 is the second phase of the project that began in 1996 and presents the government with an opportunity to build on the information gathered and the lessons learned during the initial project.

RICE Inc’s Cordillera Heirloom Rice Project works in many of the same communities that have been targeted by CHARM 2. The forum brought together local and regional agencies from both the NGO and government sector, who are working on economic development in the Cordillera. RICE Inc shared its experiences of helping farmers build a quality agricultural product by using improved organic agriculture techniques in their fields, improving post-harvest techniques for harvesting and drying, acquiring appropriate post-harvest machines for processing their rice and then most importantly, helping the farmers learn the skills needed to process and market a quality rice product. The CHRP seems like an obvious partner project for CHARM 2 but there has been no follow up with RICE, Inc about direct participation in the project.
The Cordillera Heirloom Rice Project values the participation of the farmers at all levels. The project continues to thrive because of the consultative process between RICE Inc and its stakeholder farmers. In the beginning, farmers were reluctant to join the evaluation and planning sessions because they believed the process was only for those working in the offices. When it was explained that their participation was crucial to the shaping of the project, farmers began to anticipate this venue with excitement. RICE Inc continues to model the value of the consultative-participative approach. Over the years, farmers have come to see the benefit of being involved in the direction-decision formulation about the project. In 2011, the Project Evaluation and Planning sessions took place during the second quarter of the year because Vicky was on medical leave during the first quarter.

In the past, the stakeholders, LGUs, farmers, DA line agencies and RICE, Inc, shared the expenses for holding these province-wide meetings. But this year, most LGUs had no available funds to commit and with a change in the regional government, all funding from DA-CAR had been placed on hold, including support for ATI. (The newly appointed DA-Regional Executive Director Sta. Catalina remained very positive that the partnership would continue when funding becomes available.)

Despite the lack of funding support, the farmers wanted to push through with scaled-back meetings. Dates were set and RICE, Inc worked with the stakeholders to find some counterpart support.

- In Mt Province, OPAG hosted the meeting at their office with 19 participant-farmers from Bauko; Barlig, Tadian and Sadanga.
- In Ifugao, 31 producers from Hungduan, Hingyon and Banaue came to the evaluation meeting that focused on how to improve production and processing level;
- In Kalinga, 23 producers who participated in the 2010 shipment came from Pasil; and 6 former farmer-members from Lubuagan came to the meeting that was held at Tampco Cooperative Inn in Tabuk.

The following were the outputs from these meetings:

- Although there was available production in each of the villages that made pledges, hauling the palay out of the area was a problem.
- Attaining quality continues to be a problem at the village level. Inspections were not fully enforced and therefore, resulted to low acceptability.
- In both Kalinga and Ifugao, the changes to the warehousing location were a big concern. In Ifugao, their new building was finished before the processing but in Kalinga, the processing machines were pulled from their location at the Congressional Development Center before the actual processing took place.
- Cooperative officials, with the exception of Jimmy; failed to oversee the pre-qualifying inspections at the village level. This resulted in a lower rate of acceptance.
In Mt Province, there was a premature harvest that affected the quality of seeds. This also had an adverse effect on the drying and storing the rice.

- Supporting supplies were inadequate and so farmers used cleaned but old sacks;
- MA-office and Inspectors did not follow routine procedure of ensuring the proper moisture content (MC) for the dried palay, which resulted in a lower recovery rate during milling.
- There was no consequence for farmers who made no effort to fulfill their pledges.

The Cooperative failure to impose its quality control guidelines had an adverse effect on the amount of rice accepted for sale. Sales projections were not reached.

Production Since 2005 to Date

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Value/in Pesos</th>
<th>Farmers</th>
<th>Mun/Prov</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>869kgs</td>
<td>P43,450</td>
<td>27</td>
<td>4</td>
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<tr>
<td>2006</td>
<td>7.5MT</td>
<td>P360,076</td>
<td>262</td>
<td>13</td>
</tr>
<tr>
<td>2007</td>
<td>17MT</td>
<td>P899,995</td>
<td>329</td>
<td>13</td>
</tr>
<tr>
<td>2008</td>
<td>13.5MT</td>
<td>P849,982</td>
<td>201</td>
<td>9</td>
</tr>
<tr>
<td>2009</td>
<td>8.6MT</td>
<td>P506,087</td>
<td>280</td>
<td>9</td>
</tr>
<tr>
<td>2010</td>
<td>13.7MT</td>
<td>P888,520</td>
<td>161</td>
<td>8</td>
</tr>
<tr>
<td>2011</td>
<td>8.3MT</td>
<td>P811,270</td>
<td>142</td>
<td>8</td>
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<tr>
<td>Total</td>
<td>69.47MT</td>
<td>3,548,110.00</td>
<td>1384</td>
<td>Ave (9)</td>
</tr>
</tbody>
</table>

Variables each Year:
- 2005: Collected varieties for commercial test
- 2006-2007: Hand Pounded
- 2008: Processed @PhilRice to identify machines
- 2009-2011: Processed using Farmers owned Post Harvest Machines

Although the evaluation outputs focused on the problems during the processing period, the farmers and cooperative leaders believed the following measures should be undertaken:

- More intensive trainings are needed for Quality Control Inspectors as the trainings lead by the ToTs at the municipal level were deemed not as effective as the training conducted by RICE, Inc.;
- Cooperative must enforced quality control specifications in order to lessen losses;
- Pre-inspection must be done at the village level prior to hauling to the municipal level in order to avoid unnecessary hauling expenses for inferior grains;
- Palay that was not accepted could not be returned or hauled back to individual farmers, therefore the need for storage facility was a priority concern;
- Road construction and landslides slowed down or prevented hauling of palay from the village and municipalities to provincial processing areas. Warehousing or storage facility must be available at the
province processing sites so the rice can be hauled when the roads are open rather than just at the time of processing.

The following changes will be undertaken in 2011:

- Quality control seminars will be integrated into the cooperative meetings;
- Each village will have at least 5 inspectors or at least 10 inspectors per municipality in order to ensure a higher acceptability of consolidated volume;
- Each provincial cooperative must propose a plan to improve the building or warehouse condition of the machine for security and quality issues;
- The collection of membership fees/capital share should be strictly enforced; and the money collected used to address the hauling-quality and other consolidation issues;
- Cooperative officials should delegate when they can not fulfill their function for the project;
- Cooperatives take more responsibility to enforce quality control specification;
- Cooperative membership participation and the inspectors/operators role should be revisited during general assembly meetings.

Although budgeting constraints resulted in fewer participants able to attend the meetings, they realized that their efforts should not be compromised every time that counter-part funds are not available. Toward that end, farmers pledged to take a more pro-active role in owning the project and dealing with their identified issues.

4. **Slow Food Indigenous Terra Madre**

From June 17-19, 2011 over 200 representatives of indigenous communities from 31 countries around the world gathered for the first ever Indigenous Terra Madre. Sponsored by the Slow Food Foundation, it was Slow Food’s first event to focus specifically on indigenous issues.

Since three varieties of heirloom rice from the Cordillera are currently listed with the Slow Food Foundation’s “Ark of Taste,” Vicky Garcia and farmer-representatives from each of those producer communities were invited to participate. The event was held in Jokkmokk, Sweden and hosted by the indigenous Sami community.

The invitation for RICE to be part of the Indigenous Terra Madre was an incredible honor and reflects well on the work the farmers and RICE, Inc. have done in raising awareness of their heirloom rice within their culture and to the outside world. Jimmy Lingayo attended from Ifugao and Lamen Gonnay from Kalinga. (The representative from Mountain Province had to cancel due to an accident in the terraces and there was not time to get a visa for the replacement participant.)

It was an incredible experience to travel halfway around the world and then so far north to the land of the midnight sun above the Artic Circle.
The Sami people were extremely gracious and their hospitality had no bounds. It truly was an experience of a lifetime. Located in a beautiful natural setting, it was an important gathering of indigenous peoples from all over the world, where issues and concerns about traditional food production were celebrated and discussed.

So much effort was made to put together a group of people who had vast experience in the many issues common to indigenous. In between sessions, there were regional workshops where groups from Asia, Americas, Oceania, India or Africa could come together. It was during one of these venues that Jimmy and Lamen shared their experiences as farmers and tribal leader in the Cordilleras. There were more similarities than differences in the sharing of experiences with delegates from Indonesia, Malaysia and Thailand. There was a good exchange of ideas on how each country/IP group could sustain their traditions as well as ways to access their local food. For both Jimmy and Lamen, it was their first time to speak in front of such a large crowd. Even though they are from different tribes of the Cordillera, they stood as a team and shared the uniqueness of their tribes, talked about their farming practices and way of life. They felt that people listened and heard what they said. They said that they felt respected for who they were and they had never felt that before.

Throughout all the seminars, workshops and plenary sessions, there were common threads: the need to sustain their access to food; the use of their land as their right; and to be the keepers of their environment-seeds and grains, water sources and forests—not only for the animals, but for future generation. The event highlighted the need for networking among indigenous people and for delegates to consider the other delegates as allies in their fight or in advocacies. People must speak with a united voice to their government and against outsiders who only wish to consume and spoil the natural resources. Vicky related how she was inspired by the experiences of others in their continuing struggle to keep their traditions and way of life intact through the cultivation of their own food, preservation of natural resources and being responsible for keeping the balance of use between nature and humans.

The outcomes of this event, which was organized with the help and support of Slow Food International, IFAD, Christensen Fund, Sápmi people and the government of Sweden, included the “The Jokkmokk Agreement” which includes the following points:

- Continue the use of traditional knowledge as a way to continue the restoration, protection and strengthening of food sovereignty for our future generation;
- Encourage the recognition, demarcation and protection of IP’s lands, territories and resources; vital to food production, land management and land tenure system;
- Recognition of severe effects of climate change and support active participation of IP’s seeking solutions and responses to climate change on all levels based on their traditional knowledge, practices and ways of life;
- Call upon the UN to have a permanent forum on IP issues.
The hospitality of the Sápmi people and the spirit of their land were evidence of the strong symbols of their culture. We were very privileged to have been part of such an event and greatly appreciate the support of the Slow Food Foundation in sponsoring our attendance.

5. Investment Forum on Heirloom Rice

The Regional Department of Agriculture - Marketing Division held an Investment Forum on Heirloom Rice on September 16, 2011 in Baguio City. Farmers from all provinces in the Cordillera region were invited to showcase their native varieties of rice to local investors, chefs and food distributors. Although RICE, Inc was the pioneer in the promotion of heirloom rice from the Cordillera, it was only after project farmers and partner organizations commented on the oversight that an invitation was extended to RICE, Inc. Since Mary Hensley, president of Eighth Wonder, was in country to observe the processing of packaging of rice purchased for export to the US, both Vicky Garcia and Mary Hensley attended the event.

It was a pleasure to see and taste so many different varieties of rice coming from every province within the region. It is a testament to the fact that hundreds of traditional varieties are still being grown in the Cordillera and that the farmers and their LGUs, even those in the most remote areas, are attuned to the opportunities associated with bringing their varieties to the market place. All the provinces of the Cordillera were represented and many of the participants had prepared samples of their rice for tasting. In speaking to the forum, Mary Hensley stressed the need to maintain quality standards at all times and to guard the authenticity of their rice in order to build trust with consumers. Vicky Garcia called for the collaboration and networking among all parties in order to maximize resources and build a signature brand for authentic, quality heirloom rice from the Cordillera terraces. It was unfortunate that few chefs and local buyers attended the forum. They missed an opportunity to see and taste an incredible array of traditional varieties of rice.

6. Eighth Wonder President Mary Hensley visited the project

Mary Hensley made her annual visit to the Philippines from August 28-Sept 18, 2011. During her 20-day trip, non-stop visit, she was able to observe project participants in the provinces of Mountain Province, Ifugao and Kalinga consolidating and processing their rice for export. Unfortunately, the 10 metric tons volume pledged by the farmers was not realized. It was another year of incessant rain, which caused major landslides throughout the region. This made the hauling of the rice from some municipalities impossible. In another area, there was a problem with the improper drying and storage of the rice after harvest.

Because of this, a group of farmers in Mountain Province had an infestation problem and their rice did not meet the quality standards required for export from the country. During this consolidation period, a total of 5,300 kilos of heirloom rice were processed and packaged for export to the United States. The farmers were paid approximately P350,000 for their rice. It should be noted that in November 2011, RICE, Inc helped the Rice Terraces Farmers
Cooperative consolidate and export a second shipment. This order was for an additional 3.5 metric tons to Eighth Wonder for an additional payment to farmers of P210,000.

This year, the typhoons were especially severe and the resulting damage to terraces and standing crops has been a major setback in some areas. It also became apparent that that the farmers lacked the proper drying and storage facilities for the rice. These issues were brought to the attention of the Department of Agriculture when Vicky and Mary met with the Regional Director for the Cordillera Region in Baguio City.

Despite these setbacks, Mary has seen increased support for the farmers in several municipalities. The farmers in Mountain Province continue to receive support from their provincial government and local government units (LGUs) and village leaders. The LGU of Barlig and Tadian have consistently supported their farmers with the hauling of palay to the processing center in Bontoc. In Sadanga, despite the absence of LGU counterpart support, the village leaders, farmer-inspectors and operators worked together to arrange for the hauling of their rice to Bontoc, where they processed and packed the rice in time to have it included in the shipment to PhilRice for organic fumigation.

In Ifugao, the provincial government provided funds to build a small warehouse for the post-harvest machines. Through the hard work and leadership of Jimmy Lingayo, RTFC Chairman, the cooperative successfully built and reinstalled the machines in their new warehouse in time for processing their 2011 harvest. Although the space is limited right now, they are hoping to finish a second story on the building in 2012.

In Kalinga, the processing center had been located at the Congressional Livelihood Center in Bulanao, Tabuk. But changes in the administration policy required that the machines be removed. The machines are temporarily housed in a covered area near the residence of the Gonnay family in Magsaysay, Tabuk. The farmers were able to successfully process their rice in this location, but finding a permanent processing facility will be a priority for the Kalinga farmers. While in Tabuk, Vicky and Mary contacted the provincial office of the National Irrigation Authority about providing warehouse space in one of NIA's vacant buildings at the NIA compound. Those negotiations are on-going.

The cooperative and farmers associations have made great strides in taking responsibility for the consolidation and processing of their rice. Farmer leaders are taking a more active role in requesting assistance from their local and regional governments for the farmers' initiatives. Hauling the rice and the need for better warehouse and storage facility continue to be the major problems confronting the farmers during this consolidation period. We must continue to address these issues during consultative meetings with the local, provincial, and regional government officials.
7. **Slow Food Asia and Oceania Terra Madre**

The Cordillera Heirloom Rice Project and the advocacy work of RICE, Inc continue to be acknowledged within the international community. Vicky Garcia was invited to be a speaker at the Slow Food Convivia held in Namyangju City, Gyeonggi Province, Republic of Korea. The Convivia was held in conjunction with the IFOAM Organic World Congress (OWC) in September 2011.

Ten countries from Asia and Oceania (Philippines, Malaysia, Indonesia, Bangladesh, Japan, China, Thailand, New Zealand, Kyrgyzstan and Tajikistan) were represented in the 2011 Slow Food Terra Madre Korea conference.

Elena Aniere, Project Director for Slow Food, Asia & Oceania and Paolo de Croce, Executive Secretary of Slow Food International (Italy) were the main speakers at the conference. Five seminars highlighted the expertise and experiences from each participating country. Vicky was invited to be a speaker in the Food, Culture, Diversity and Traditional Knowledge seminar. Slow Food Korea has a well-established organization and enjoys support from local Presidium members and the local and national government. The event coincided with IFOAM (International Federation of Organic Agriculture movement) 8th International Congress.

During the five-day conference, SF Korea presented a well-planned program with numerous activities that showcased Korean local food and food products, interactive educational activities, a cook-out that featured local-organic products and a food-festival featuring the best in fresh and natural Korean cuisine.

The logistics, accommodations, programs and activities were well presented and informative. Again, it was an honor to be invited to participate and share in such an event. There is so much that can be learned from the experience of others as we work to raise awareness about our own identity through our own regional food cultures.

8. **Department of Agriculture assessment of typhoon damage**

During the last quarter of the 2011, the country was hit by a series of devastating typhoons. Northern Luzon Island and the Cordillera region were especially hard hit. There were many lives lost and the typhoons, and resulting floods and landslides put most of the agricultural lands under water and did significant damage within the terraces. The province of Ifugao was without electricity and physically isolated for a number of days. Landslides closed all roads leading to the province and the connecting bridge between Lagawe and Solano, Nueva Viscaya collapsed. After ten days, a temporary bridge was constructed and relief goods and support flowed into the province. Both the government and the private sector mobilized relief efforts to provide for the physical needs of the victims.
Aid organizations contacted RICE, Inc for assistance in making contact with people within the affected areas. Vicky Garcia helped coordinate with representatives of the RTFC for the pick up and distribution of relief goods to members of the community.

Department of Agriculture Secretary Proceso Alcala visited the provinces of Benguet, Ifugao, Mountain Province, and Baguio City to personally view the effects of the typhoons. The DA Secretary attended farmer forums to hear the concerns and needs of the farmers and to award assistance to the provinces of Ifugao, Mt Province and Benguet. The forums highlighted the thrust of the government in bringing support to increase food production and support community development. During the forum in Ifugao, Cooperative members shared their need for completing the warehouse facility in Banaue. Three RTFC representatives from Kalinga attended the forum held in Lagawe.

9. Consolidation and processing of rice
Harvest time! This is what the farmers wait for, when they can see the results of their many months of work. For many farmers, selling some of their rice means money for their children’s high school and college fees. For some it means money to pay off their debts, a little extra money to buy kitchen items or do home repair, and for few, money to pay for medical help.

Once again, the farmers showed their enthusiasm for the project by making pledges; more rice was pledged for sale than was demanded by the current US market. It’s been a slow economic recovery in the US and demand continues to be down. But amidst all the anticipation for a good harvest, good sales still depend on the quality of rice delivered for processing. Most of the farmers continue to be long-time, consistent producers and the expectations were that everyone understood the quality control specifications, which are based on the market (buyers) criteria.

Eighth Wonder President Mary Hensley once again came to observe the processing of the rice prior to final shipment. Her presence at this annual event gives the farmers confidence that farming in the terraces holds potential. From August 28-September 10, Mary accompanied Vicky to each of the three provincial processing sites, as well as riding in the truck that delivered the rice to PhilRice for its organic fumigation and BPI inspection activities. RICE Inc facilitates these activities as part of the capacity building support to the farmers and to monitor the whole value chain and make sure that the training to the producers and their cooperatives produce a product that meets the demands of the market.

During the processing period, which started in Mountain Province and then occurred in Ifugao and Kalinga, common issues about adherence to quality control standards arose. As the cooperatives takes more responsibilities for the in-the-field oversight of quality control during the production, post-harvest stages and the consolidation and processing of their rice, it became apparent that some quality control requirements were not always followed.

1. Cooperative inspectors, municipal/provincial coordinators and municipal agriculturists failed to strictly implement the use of "new bags" for hauling the rice from the village to the processing plant. In the past, the new bags were provided by RICE Inc. This criterion was apparently seen as not necessary and ignored.
Until this year, RICE Inc has provided all the supplies, but as the cooperative takes more responsibility in the ownership of their enterprise, this requirement was compromised. As a result, farmers learned that shortcuts have much larger consequences.

The use of “new bags” has been a basic requirement for maintaining quality and to ensure that the rice is free of contamination and also meets organic standards. When some bags were found to have bugs, it could not be discounted that the contamination came from the use of used bags.

Although the farmers claimed that the used sacks had been cleaned and washed, some product was disqualified because of the condition of the used bags.

2. Producer compliance to proper drying was also lower than in past years. A number of bags brought to the processing center did not have acceptable moisture content (MC) readings.

The weather, the continuous rain and the limited sunshine, were given as the reasons for the low compliance to acceptable MC levels. During quality control seminars, proper drying and storage have been stressed and alternative methods discussed. A MC reading of 9% or less indicates that the rice is too dry and the breakage of the grain during milling will be very high; a MC reading of 15% or higher means the rice has not been dried enough and is at risk for spoilage and more bugs.

This was one more lesson that has to be re-learned by the producers. There are no shortcuts for producing a quality grain. RICE Inc believes that farmers must continue to have access to and attend quality control seminars if they want to build a high-value market for their rice.

3. Post Harvest machines in Mountain Province were installed at the NIA Farmer Center in Bontoc. For the producers from Barlig, Sadanga, Bauko and Tadian, this is now seen as inaccessible.

When MP farmers’ deliberated this issue as a cooperative body under RTFC, this venue was deemed the most accessible in terms of transport/hauling logistics. The decision was made during the leadership tenure of the former NIA Director Abraham Akilit. At the time, there was partnership support from all government offices. With less support from their LGUs, the farmers have to establish their own resources in order to sustain the marketing of their rice.

Although RICE Inc continues to advocate on behalf of the farmers/cooperative, it must be considered a cooperative responsibility. The leadership of the cooperative in all provinces must rise to the responsibility of accessing the needed resources. In this matter, the municipalities of Barlig, Sadanga and Tadian are now planning for the establishment of their own village processing center. We applaud this move if they can maintain the quality controls and make sure that the standards are understood by the farmers and all stakeholders involved in the market enterprise.
4. A new Ifugao processing center has been built in Banaue through the effort of the RTFC officials. Building the structure took a huge amount of time and capital and is a testimony to the commitment of the RTFC and the strong support from the provincial government for the cooperative’s effort to provide income to the farmers from the traditional rice in the historic terraces.

Through the tireless effort of Jimmy Lingayo, the administration of the new provincial government gave modest financial assistance for building the processing center in Banaue. This initiative should be an example for all of the provinces on how to help the farmers build their own capital assets so that they can be competitive in the enterprise arena.

5. The Unoy farmers in Kalinga were confronted with a problem when the government administration changed leadership. In 2009, the post harvest machines were installed at the Congressional Enterprise Development Center. The arrangement was made through a verbal agreement with the former governor. With a new administration, the post-harvest machines were removed from the building because of building code/policy issues.

One of the requirements for the installation of post harvest machines in each area was that the producers groups had to identity and secure a location for the installation as part of their counterpart support. When the Unoy producers of Pasil and Lubuagan could not agree on a location, the temporary use of the Congressional Center became the remedy. Two years have passed and the Unoy farmers have not been able to remedy the building situation.

Through the leadership of Lamen Gonnay, the machines are temporarily installed at the back of his property in Magsaysay. Although this move was not ideal and was not supported by RICE Inc, the site was adequate enough for the processing of the rice from the 2011 harvest. An appeal must be made to other government officials/offices for assistance in finding, building or remodeling a structure for a proper processing facility.

Every province has their own way of handling things and the Unoy producers must take the initiative for finding a new location. According to the MOA that was signed with DA-RFU, the LGUs, the farmers cooperative and RICE, Inc prior to the procurement of the PH machines, it is the responsibility of RICE Inc to monitor that all conditions of the agreement are being met.

6. Storage of hauled palay from the villages and municipalities to the provincial processing center continues to be an issue during the consolidation period. There is a lack of storage space at all of the processing facilities.

Due to the longevity of the rainy season during La Nina, farmers need to be able to haul their rice to the processing centers when the roads are open. The processing facilities need a secure, dry space to hold the palay until it can be processed.
RICE Inc continues to support the RTFC to address these identified issues. RICE Inc helped with writing or submitted funding proposals for the following:

- Proposals to the DA-RFU and the provincial government for storage cocoons, moisture testing meters and funds for building needed facilities. In Mountain Province, as of the last quarter of 2011, the procurement process was in place and validation from the requesting municipalities was underway.

- A proposal to DA-RFU for additional post harvest machines to municipalities that have had consistent production of traditional rice. As a result, a set of machines was delivered to Barlig, Hungduan and Pasil. Unfortunately, these machines did not possess the same appropriate technology features that the custom made machines identified and procured through RICE Inc’s initiative. Reports were made back to the DA-RFU about the quality of the machines.

- A proposal to expand and extend the Cordillera Heirloom Rice Project to the entire Cordillera region was submitted to the regional office of DA. The plan included a multi-year budget for trainings, funding for post harvest machines and other basic equipment and supplies to sustain RTFC activities, and support for developing a local marketing strategy.

The volume consolidated during the September processing amounted to 5.3 metric tons. Had there been proper drying facilities and storage space at the processing site, more farmers would have been able to properly dry their palay and bring it down from the mountains when the roads were open.

10. Second consolidation takes place in Kalinga

An opportunity for a second consolidation of rice occurred when a potential buyer contacted Eighth Wonder about a bulk purchase. There was a possibility that the Ulikan Red rice would be included in an exotic rice blend for a major grocery chain in the US. Did the farmers still have rice available for sale and could they come together once again for another processing session? The answer was YES.

So, a month after shipping the first consolidation off, Vicky met with 22 farmers in Kalinga to consolidate and process an additional three metric tons. What made this consolidation special was the fact that it occurred during a school break and many of the farmers’ children—teenagers and young adults—accompanied their parents. A new generation of farmers was taking a renewed interest in the rice of their culture.

Slowly, the objectives and goals of the Cordillera Heirloom Rice Project are becoming a reality. The next generation, the children of the farmers, were showing an interest in the farming activities of their parents. Not only did the young people show an interest in the consolidation activities but they also appreciated their involvement in the project. Here were some of the comments from the younger generation:
• Vincent (second son of Lamen and Rowena) said, "Growing up, I have been eating red rice but did not see it as a source of income for the family until RICE Inc came along. They showed my parents, neighbors and our community how to process our rice to be sold as a quality product. Because of this, my other brothers and I find it easy to get involved in this project. I am proud to be part of this processing as an operator of the machine. I learned how to do it from my father. Through its sale, I am able to go to college."

• Israel (son of Rey, a machine operator who unexpectedly died recently and Remy, a project quality control inspector) narrated, "My father and mother were involved in the project. My father was trained as an operator of these machines and my mother works for UPTA. When my father died, it was a big loss for us and for the project. But when I saw that my friends Billy, Vincent and Asher (kids of Lamen) are all involved as a family; I decided to help and find out more what my parents were doing to our rice."

• Demi (daughter of Lyndon and Lily Rosite) relates, "I have known Ms Vicky since I was only 12 years old. Now I am almost 20 years old and in that span of 8 years, my parents have been involved in the project. She inspired me and having been called by my mother to take part, I am happy to help make it happen. It was fun to learn how our rice was processed and to learn why quality is important. As hard as it is, the processing must be done and in doing it, we take pride."

• Debo rah (cousin of Israel) "being asked to participate in processing the rice is like a home chores for me. This is what I do daily—thresh, pound and winnow our rice. What better way to earn money from our rice!"

• Clarisa (neighbor and friends of Lamen in Dangtalan, Pasil), "we belong to the family of farmers. We take pride in our rice and learning how to make our rice into a quality product becomes our pride. I am happy to be part of this activity."

• Jeni (neighbor of Demi in Lubuagan), "We have very little opportunity to make money in our village. When my parents heard of the Eighth Wonder lady in the person of Mary, a former peace corps in our village, we started hoping and dreaming for a changed life and alleviated from poverty. This red rice is our passport to continue going to school and thank you for buying our rice."

• Ingrid (neighbor of Deborah)," Word goes around and the power of Unoy has made a great impact for our neighbors.

• My friends were able to go to school because they sell their Ulikan and Unoy to Eighth Wonder. Now to become part of this, I feel the joy of knowing I have a future if we continue tending our terraces and by meeting quality, we sustain the market."
• Asher (youngest son of Gonnay couple), "I want to help my brothers and parents clean and pack our rice. I think I know I can help because there are many things to do. I did the numbering of the bags and learned how to get MC of the rice using the moisture meter. I am happy to get some money in the end."
• Billie (third son of Gonnay), "like father like son. All of us share in the family and this Unoy. Since I was 8 years old I have seen Vicky and Mary come to our place to help our people process our rice for better life".

These comments were taken over the course of the five days it took to clean and process the rice. The young people were candid despite an early reluctance to share their observations and opinions about the project. After some prodding from Vicky, they opened up and the sharing became part of a natural conversation. They said they felt important to be part of these activities.

From the comments gathered during the session, it shows that over the period of seven years, the children have been impacted and influenced by the project. Hearing the positive comments of these young people is very inspirational.

11. IRRI visits project as part of their PIPA workshop

PhilRice and IRRI continue to be supportive of the Cordillera Heirloom Rice Project. Once again IRRI's PIPA (Participatory Impact Pathway Analysis) Learning Alliance showcased the project in its October workshop, which focused on bringing change within the agricultural sector.

30+ plus ASEAN farmer-delegates visited Banaue and the RTFC cooperative. During the visit, they interviewed farmers and inspected the custom-designed post-harvest machines that are being used to process the heirloom rice to export quality standard. Jimmy Lingayo also led some of the delegates through the rice terraces to view the crop and meet farmers in the fields.


Our project’s heirloom rice production areas are some of the only OCCP certified organic hectares in the Cordillera. The Cordillera Heirloom Rice Project has paved the way for introducing the indigenous producers of traditional rice to the organic movement. Because of this, Vicky Garcia was asked to speak about the project and her experiences at the 8th National Organic Agriculture Congress held at the Aquino Center, Luisita Hacienda in Tarlac City on November 8-11, 2011. The focus of the conference was "Organic Farming: Towards Food Sufficiency and Healthy Environment." This theme certainly encapsulated the vision of the
CHRP and our emphasis on helping the farmers build a sustainable economic enterprise through organic and sustainable farming, which supports the environment and the ecological diversity found in the terraces. Organic practitioners, producers and enthusiasts gathered to share information and plan strategies for extending its advocacy work and information campaigns to the general public. The event highlighted the national government’s program of food sufficiency by 2015 and its support of the principles of organic agriculture in the country. Still, it seems that it would have been fitting if more farmers from the certified areas had been included in the Congress.

13. Organic Farmers Festival

Vicky Garcia was able to attend one day of the 5-day Organic Farmers Festival that was held in Bacolod City, Province of Negros Occidental, December 16-21. The Philippine organic movement started on Negros Island in the 1990’s and it has a very active NGO sector, with support from its regional and local government. Negros Island is striving to become the center of the organic movement and the first Organic Food Bowl in Asia.

The theme of the festival was “One food, one island, one life”. Hundreds of locally grown fruits, root crops, vegetables, rice and shellfishes were exhibited. Local and international chefs were invited to prepare recipes using locally grown organic ingredients. The event included educational symposia/discussions, exhibits, group meetings, workshops and a food festival. Vicky attended the event in hopes of making contacts with Manila area chefs who might be interested in using the organic and heirloom rice for the rice in their restaurants. Several contacts were made and follow-up meetings will be scheduled for early next year.

14. ADOPT A TERRACE PROJECT relaunched

The recent typhoons Peping and Quirel destroyed and damaged much of the agricultural landscape in the northern part of the country. Almost all of the provinces in Northern Luzon were affected. Many people lost their lives and the livelihoods of tens of thousands of people were destroyed. Damage is estimated to be at over 1 billion pesos.

Ifugao Province was hit especially hard. The bridges that connect Kiangan and Lagawe and Lagawe and Solano, NV were destroyed. All mountain roads were closed due to landslides. The province was completely cut off for more than a week. While losses and damages were being assessed, help to affected municipalities from the private sector was funneled through local and national NGOs. RICE Inc. assisted Globe Philippines and other private donors to get their collected relief supplies through to 300 affected families in Banaue and Lagawe.

Later, RICE Inc, along with staff from Municipal Agriculture offices, made assessment visits to farmers in the villages surrounding Banaue and
Hungduan. They found out that many farmers had lost their paddies from landslides and the erosion from the excessive rainfall. Much of the irrigation system within the terraces was heavily damaged. As reports emerged about the extensive damage in terraces, people throughout the country began to offer assistance. One such couple, who had a special affinity for the terraces, contacted RICE Inc through our website. This couple had just written and published a photography book of the Banaue Rice Terraces. They were planning a private book-launching event and wanted the proceeds from the book to support the rebuilding of the terraces destroyed in the typhoons. After several meetings and discussions on how best they could support the rebuilding of the terraces, Vicky presented them with a plan for expanding and re-launching RICE, Inc’s Adopt-A-Terrace project.

Donations for the book would be used to rehabilitate damaged terraces. Any money raised would be given as direct grants to individual farmers, small groups of farmers, and larger village clusters of terrace farmers. In order to apply for a grant, farmers or their groups must submit a plan for a specific terrace or area and a plan and a budget for carrying out the rehabilitation work. RICE, Inc would oversee the distribution of funds, monitor the reconstruction efforts, and act as the clearinghouse for both the farmers and sponsors. RICE, Inc would identify village coordinators in each area to monitor the reconstruction progress of each of the sponsored farmers/families. Reports would be made back to the sponsors in a timely fashion.

The book launching was held in November and over 80 people attended it. Vicky gave a short presentation about the damaged and abandoned terraces and the condition of the farmers after their land had been severely affected.

The response from this group has been overwhelming. So far, they have sponsored four village clusters (2 villages in Banaue and 2 villages in Hungduan) and grants to 21 individual farmers. During the Terra Madre Day celebration, the first of the beneficiaries received their grants to begin rehabilitating their terraces.

This Adopt-A-Terrace project is a partnership between private individuals/families and the farmers who foster direct investment in community development. On behalf of the Banaue-Hungduan Adopt-A-Terrace recipients, we would like to express our sincerest appreciation for the generous support provided by Mr & Mrs Onate and their friends and acquaintances. To all of you MARAMING SALAMAT po at Mabuhay po kayo!!!

15. 2nd TERRA MADRE DAY celebrated in Ifugao

In October 2010, Vicky accompanied five farmers to Turin, Italy to participate in the Slow Food Terra Madre. The experience provided us with a model for bringing together farmers for a special event that celebrates locally grown food. Although the Terra Madre was a festive gathering, it also provided an avenue to discuss land, water, and crop issues as they relate to the Slow Food philosophy of clean, fair and safe food. Since
their introduction to the vision of Slow Food, the CHRP farmers have gathered together to celebrate their own Terra Madre. This year they gathered once again on International Terra Madre Day, December 10.

Two nearby villages, which were among the hardest hit during the recent typhoon, worked together to provide the venue for the 2011 TM Day. It took over two hours to get to Balawis, Banaue, on a road one would call “less traveled.” The road is a narrow strip of land that hangs onto the edge of the mountain and is bordered on the other side by a deep ravine. The road stretches about 10kms off the National Road. Some parts are paved, but it is extremely narrow and circuitous until it opens onto a wider space at the primary school. About 300 people live in this village. Balawis is the last village in the municipality of Banaue; beyond it, one sees the valley and village of Hapao, which is part of the Hungduan. Because of its proximity to Hapao, most of the farmers grow the Mini-angan variety of rice.

The farmer beneficiaries of our Adopt-A-Terrace program coordinated the gathering and invited new farmers to come and learn more about the CHR projects. About 50 adults and 20 children attended the meeting and celebration. Most of the farmers were aged 40 years and older, and most of the children were under 10 years of age. People came with either a bag of rice, a bundle of leafy green vegetables, sweet potatoes or corn. The men cooked a local specialty called PINIKPIKAN, which is roasted chicken with boiled vegetables. Children and adults made the affair very festive with their group singing and dances. The children especially enjoyed the singing of “Bahay Kubo”, which names many vegetables and fruits.

We used this celebration for the launching of our expanded Adopt-A-Terrace Project. The project will encourage farmers in this area to have a fuller participation in the provincial Rice Terraces Farmers Cooperative by increasing available production areas.

Bringing the vision of Terra Madre to these farmers gives them pride in knowing that their work as farmers in sustaining their land and growing and eating their own local food has an impact in the world. We were certainly privileged to have met the men, women and children of the Balawis and Hapao villages. Our thanks and many kudos to the organizers of this event!
REPORT OF INDEPENDENT AUDITOR

The Board of Directors
REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS INC.

I have audited the accompanying financial statements of REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS INC., which comprise the balance sheets as of December 31, 2011 and the income statements, statement of changes in equity, cash flow statement for the year then ended, and notes to financial statements comprising of a summary of significant accounting policies and other explanatory notes. The financial statements as at December 31, 2010 were being presented for comparative purposes only.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

My responsibility is to express the opinion on these financial statements based on my audit. I conducted my audit in accordance with Philippine Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS INC., as of December 31, 2011 and its financial performance and cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards.

GINA DURAN
CPA License No. 58679
PTR No. 1756798, Imus, Cavite
January 15, 2012
BOA No. 4203
# RICE INC.

**Comparative Statement of Receipts and Disbursements**

*For the years ended December 31, 2011 and 2010*

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<td>390,175.85</td>
<td>388,778.40</td>
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5 MAR 2012
REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS (RICE, INC.)
Comparative Statement of Assets, Liabilities and Fund Balance
As of December 31, 2011 and 2010

<table>
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<tr>
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<th>2011</th>
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<td><strong>TOTAL ASSETS</strong></td>
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<td>388,778.40</td>
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|                                |                 |                 |
| **LIABILITIES AND FUND BALANCE**|                |                 |
| **FUND BALANCE:**              |                 |                 |
| Unrestricted/General Fund Balance | 390,175.85     | 388,778.40      |
| **TOTAL LIABILITIES AND FUND BALANCE** | 390,175.85     | 388,778.40      |