To see the indigenous cultures flourish economically, culturally and in harmony with the natural environment of their revitalized rice terraces.

www.heirloomrice.com

Welcome Address
The Cordillera Heirloom Rice Project
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2007 was a very good year for the Cordillera Heirloom Rice Project and we look forward to even greater success in 2008.

As I look back over the accomplishments of this past year, what stands out most for me is the progress that was made in developing strong partnerships between and amongst a number of offices at the national, regional and local levels. The support from these offices and their staff has strengthened our ability to accomplish our goals.

It was a year of great accomplishments for our small land holding farmer-members and their families. They rose to the challenge of producing a high quality rice—nurturing the seeds for seven months, tilling the lands, and maintaining the terraces walls and dikes for irrigation. At the end of the yearlong process, their hard work and diligence was rewarded with good export sales.

In 2007, the combined efforts of new members from the municipalities of Balbalan and Tanudan and old members from the Rice Terraces Farmers Cooperative were able to produce a total of 17 metric tons of rice for export sale. Rice was consolidated from isolated villages that lay beyond the end of the road, brought in over mountain trails, unpaved roads and across rivers. Rice came from 329 farmers in a total of 69 villages.

In 2007, the number of municipalities with farmer members grew from seven municipalities to thirteen; the project area expanded from two provinces to three with the addition of Mountain Province and five new municipalities there. To date, more than two thousand farmers have attended project information meetings and expressed an interest in joining the project.

During this past year, a significant contribution was made to the local economies through the sale of their rice to the export market. Heirloom rice is fast becoming a leading cash crop in high-elevation terrace areas. The farmers are proud of their success in quality processing and sales, proud to be able to contribute economically to their families, and proud to be able to continue their tradition of terrace farming.

On the other side of the globe, Eighth Wonder Inc., our marketing partner for the rice, continues to narrate the stories of these farmers at every opportunity. The farmers’ effort to revitalize their terrace areas and their culture through a sustainable economic enterprise is an integral part of the marketing background story. Such an inspiring story helps open access for this incredible rice to restaurants, grocery stores and gourmet food shops across America.

The CORDILERA HEIRLOOM RICE PROJECT is increasingly seen as a model for culturally appropriate and economically and environmentally sustainable development. Our many thanks go out to the farmers, our supporters and project partners for making 2007 a successful project year that sets the stage for an even more promising New Year of 2008!

At your service,

MA. VICTORIA C. GARCIA
Executive Director
CORDILLERA HEIRLOOM RICE PROJECT

The mission of RICE, Inc is to help preserve the heirloom rice varieties of the Cordillera Mountains, northern Luzon, Philippines and support the culture of community rice production that surrounds it. RICE, Inc envisions the indigenous cultures of the northern Cordillera flourishing economically, culturally and in harmony with the natural environment of the revitalized terraces. By empowering the people to use their traditional knowledge and expertise in terrace farming, RICE Inc. is helping the people build a sustainable and culturally appropriate economic enterprise.

The Cordillera Heirloom Rice Project is a tripartite partnership which includes: the business sector as represented by Eighth Wonder, Inc (USA); the farmer members of the Rice Terraces Farmers’ Cooperative, with members originally from the Cordillera provinces of Ifugao and Kalinga and now Mountain Province; and RICE Inc., a non-profit, non-government organization. Together we are launching the outstanding indigenous rice varieties of the terraces into the global market. We firmly believe that a sustainable economic enterprise can be built upon the people’s indigenous resources. This sustainable business will use their traditional knowledge and skills and can help sustain their natural environment and support their cultural heritage.

Since its founding in 2005, RICE Inc has advocated the issues and concerns of the terrace farmers. With traditional, sustainable farming methods, these highland farmers and their ancestors have built and maintained one of the most sustainable agricultural landscapes in the world. But with the growing urbanization and globalization of the country, even the UNESCO designated World Heritage area has not been spared the Diaspora of the present. In many cases, it is the very poor, the most marginalized and the elderly who have been left behind to maintain and tend the ancestral land. But in this globally connected time, subsistence farming is no longer economically feasible. As a result there is a rapid escalation in the degradation of the terraces, the abandonment of these world treasures, and a demise of the indigenous cultures of the Cordillera.

For years, both the national and local governments have been trying to “save the terraces” through technical assistance and support to a variety of small income generating activities. Nonetheless, persistent poverty has pushed people away from their land because it has offered only subsistent existence with little opportunity for the future.

The Cordillera Heirloom Rice Project offers a vision for the renewal of social and economic stability in the terrace areas. This will be done through the building of farmers’ cooperatives; the skills and capacity building training of the farmers; and the implementation of a shared equity business model, which will give farmers an opportunity to be equal partners in a business rooted deeply in their culture. The Cordillera Heirloom Rice Project builds on the existing strengths of the people, helps adapt it to a global opportunity, and works directly with the farmers to build from the ground up.
THE PROJECT SITES in the CORDILLERA region

In 2005, RICE Inc introduced the Cordillera Heirloom Rice Project to the farmers in two municipalities in Ifugao and two municipalities in Kalinga. A few farmer elders in the municipalities of Banaue and Hingyon, Ifugao were encouraged to know that their traditional or heirloom rice called tinawon could be a possible source of income and become part of the efforts to slow the abandonment and disintegration of their historic terrace areas.

Likewise, the farmers in Lubuagan and Pasil, Kalinga were excited to learn that their unoy, a source of cultural pride, could also become a means to cultural survival.

With the overwhelming support of these farmers, RICE Inc encouraged farmers to organize at the village level and began providing trainings and seminars on quality control and product development. Its vision for a business built on cooperative and fair trade principles has begun to unite farmers throughout the region.

The Province of Kalinga is the largest producer and supplier of hybrid commercial rice in northern Luzon. Its lowland areas have wide agricultural fields and extensive irrigated paddies. But few people outside of the area are aware of the tremendous resources, both cultural and physical, that lie in the more remote mountain areas: the extensive rice terraces of Lubu, Tanudan, the great weavers in Lubuagan, the skilled clay potters of Pasil and the beautiful Sleeping Beauty Mountains of Tinglayan. And now, from Pasil and Tinglayan, comes some of the best heirloom rice in the Philippines. “Chong-ak”, a plump medium red grain variety of unoy from the mountain terraces has now been introduced to the international market as “Kalinga Unoy.”

Working with volunteers, village elders and leaders, and dedicated municipal agricultural technicians, RICE, Inc has found a way to bring the project in these remote areas
A. FARMERS PROFILE

1. BANAUE

Banaue has the largest number of participating farmers. Eleven villages are represented. In the beginning, the meetings were attended mostly by men. However, after extensive outreach to women and by creating a supportive environment for women's participation, more and more women are participating and have come forward to share their knowledge of farming activities.

Ana Habbiling (center), Amganad, Banaue, was instrumental in encouraging women to join in the meetings. A retired elementary school teacher from a distinguished farming family, Ana Habbiling, is a respected community leader and village elder. Her small group of 17 village farmers has grown to a village association of 49 farmers in 2006 and to 78 farmers in 2007. Most of the members are women. In 2007, their village association started their own micro-lending program, which was capitalized by pooling a few pesos from each bag of rice their members sold.

Linda Bindadan (left with coop chairman, Albert Magguling) was an outspoken skeptic of the project when she attended her first meeting in 2005. In that first meeting, she was encouraged to ask questions and her outspoken honesty lead to an incredible dialogue, not only between RICE Inc and farmers but among the farmers themselves, on the feasibility of selling an intimate part of their culture. She later related that that was the first time she had attended a business meeting where issues were discussed openly and people were encouraged to share their opinions. Because of that, she decided to join the effort in order to better understand how it would work. Since then, she has been certified as a village inspector and become a village leader in the production, processing and inspection of the rice in her village. During the 2007 harvest, Bindadan was responsible for the inspection and consolidation of 2 metric tons from Banaue. Linda has become an active member of the established farmers’ association in her village. Through the income she generated from the sale of her rice, she has been able to save money for the construction of her house, purchase a small terrace of her own and help pay part of the school expenses of her three children.

Madeline (far right) and Mary Talango (second to left) 
Unlike Linda, these two women are very shy. Mary is the secretary of the area farmers’ association and the mother of eight children. She came to the meetings because she wanted to learn something new about business strategy. Mary worked closely with Linda Bindadan as her village inspector understudy for the consolidation of pledges. Mary wants to learn more about organic agriculture and the quality control process so she can increase the quality and yield of her own tinawon.
Madeline is single and works as domestic help in her uncle’s house. With no land of her own, Madeline is farming the fields of her uncle as a tenant farmer. She said she had heard from other women in the village how this project was encouraging women to learn the business of the processing their own tinawon for sale to either a local or export market. Madeline decided to join the project as an independent member, rather than under her uncle’s name. She wanted to learn how to take charge of her own sales after the harvest. Last year, she was assisted Linda with inspections from pre-planting through to harvesting. Madeline said she thought she knew all about growing rice, but after watching and assisting Linda, she was exposed to many new ideas. This raised her curiosity to know more about the business. In 2007 she volunteered to be an inspector. She assisted in the Hingyon echo-training seminar on Quality Control in August and did an outstanding job of inspection for this year’s production, processing and shipment.

2. HINGYON

In the village of Mompolia, where oral history claims the Imbuucan rice variety (Tinawon Fancy) originated, RICE Inc. has had the honor to work with Lakay Delfin Otgalon. At 87 years old, Lakay Delfin is the very proud source and main seed keeper for one of the oldest and best tinawon varieties in Ifugao province. The small and isolated village of Mompolia is the only village in the Banaue/Hingyon area that has not shifted to or ever used hybrid rice varieties. Lakay Delfin relates that his family has had the Imbuucan variety for centuries. They have never shared or grown their variety with the hybrid rice, which have been introduced by the Department of Agriculture.

Although he may be the oldest among our farmers, he is always the first to arrive at meetings; and he asks the sharpest questions. He shares his wisdom to other farmers humbly and respectfully. His purebred variety (see granary at left) Imbuucan/Tinawon Fancy, has become the standard for large grain tinawon quality. Lakay Delfin has shared his planting seed with other farmers who are interested in joining the project and who do not have, or no longer have, native seed varieties for planting.

Lakay Delfin was the chairman of his village farmers’ association in 2005 and through his leadership many farmers in the village were convinced to participate in the project. He has been a pillar of hope as we advocate for the role of tinawon in the preservation of the Ifugao terraces. His story and his belief in expanding the production of tinawon as a means to save the rice has inspired elders in other municipalities, who await a revival of their heirloom varieties. In April 2007, Lakay Delfin (at right being interviewed by Department of Agriculture Journalist Robert Domoguen) joined the team of farmers on the field trip to PhilRice and BPRE in Nueva Ecija. His insights during the meetings were invaluable to the discussion of designing a customized machine, which would be suited for the unique grain size of the traditional rice varieties. The elder provided the staff of PhilRice and BPRE with an eye-opening experience concerning the reverence needed in handling the grain that is central to the Ifugao cultural. This was not merely a commodity to be milled, but rather a spiritual and living part of the Ifugao culture that is going out to the world at large.
In September 2007, his group of farmers had the highest sale of tinawon in the province, twenty farmer/households received a total of P110,000 from sales. In 2007, his village group of farmers was the recipient of a GREET grant for the expansion of their tinawon variety, organizing more members and increasing production of the tinawon.

Damian Guimbotan (far right with other members of the Hingyon group) A chance meeting through his elderly father, Delfin Guimbotan, brought Damian Guimbotan to our project. He immediately shared that he too was trying to preserve the tinawon Imbuucan, just as many of the Mompolia farmers. We were welcomed to his home and introduced to his family, including his son and a grandson, who was on break from school. The family had heard of the project and was happy to join the meeting. Damian has helped expand the membership in the village. He also very ably assisted in the Quality Control Inspection seminar, when the designated village representative failed to appear. Mr. Guimbotan worked closely with Delfin Otgalon and together they were able to collect two metric tons from Hingyon, which resulted in sales of tinawon worth P110,000.

3. KIANGAN
Although the project was first introduced in Kiangan in early 2005, the municipality was unable to produce sales for the October 2005 shipment. In early 2006, Mr. Eddie Balog, a barangay captain, patiently and persistently sought to renew his villages' membership in the project. Through his support, several meetings were conducted at the village level and membership grew from 7 in 2005 to 37 in 2007. Mr. Balog was responsible for submitting the tinawon varieties from the UNESCO World Heritage villages of Julongan and Nagacadan. Although most of the remaining farmers from these villages are very old, there is a bit of hope with a few young farmers in their 20s. There is also increased interest by some of the younger women in the area.

Dario Ballatong (left, receiving payment for sales from Vicky Garcia) is one of these younger farmers. At 27 years old and newly married, he is the youngest farmer in the group. Dario was planning to go to Korea as an Overseas Filipino Worker (OFW) but after learning about the project, he changed his mind and decided not to leave the terraces but rather stay to farm and work with the project as one of the inspectors. An articulate and outspoken man, Ballatong believes in the vision because he sees the future of his family is in the terraces if the plan can succeed. He advocates for the project in the villages even after the meetings and passionately believes that others should go back to terrace farming not just for the sale of the tinawon but for the benefit of the culture and environment.

In 2006, he inspected for sale about 300 kgs of tinawon white. This year he personally oversaw the production and hand-processing of one metric ton. The sale of this amount translated into approximately P55,000 pesos for village farmers. Although his pay for the inspection work is very minimal, the new learning’s he has gotten from his work as a quality control inspector has given him new insights into improving production.
4. HUNGDUAN
The village of Hapao, in the municipality of Hungduan, is one of the designated UNESCO World Heritage sites. Its wide spider-web terraces comprise the second widest terrace area in Ifugao. Hungduan has the third highest farmer membership to the project. One of the factors for this active participation is the direct involvement of the Municipal Agriculture officer (MAO) Alfonso Cayong. After hearing about the project in late 2005, he organized his farmers to come to a municipality-wide orientation and invited RICE Inc to discuss the project goals and activities. The involvement of the MAO has allowed his office to use its resources to support the activities of the farmers. In both 2006 and 2007, Hungduan has consistently completed their pledges with the active support of their inspectors.

Noemi Madiwo (left, during inspector seminar) is one of most able inspectors in Ifugao. In the Cordillera, many professional people continue to farm. Noemi is one of the many professional people who has joined the project. She began volunteering for the project when she was laid off from her job as an agricultural technician after a recent election. She became one of the municipal inspectors because she thought that the training given by RICE Inc, especially in the area of the Quality Control, was something that could make the rice more competitive than other products produced in the province. She believes “that the quality control inspectors seminars are the key to making our rice of export quality...it is a training that should be given not only to rice farmers but to other producers who would like to make a difference in the market.”

During the 2007 consolidation of pledges, Noemi was responsible for gathering 1.5 MT of area rice. She conducted echo trainings in additional remote villages, which resulted in increased pledges from farmers. She said, “By making the farmers knowledgeable of the requirements, they can then feel proud when they met the criteria and their rice is accepted.” RICE Inc appreciates this valuable contribution by farmer/inspectors such as Noemi, who are making the project a success.

All of Hungdwan’s inspectors are women. The women range in age from their early 30’s (Noemi) to others in their 60s, such as Joaquina, Francisca, Margaret and Rita. Inspectors in this municipality, just as in Banaue, work together well and have developed a very good system for consolidating their pledges from the different villages. For this reason, Hungduan is the largest supplier of the long grain red rice from Ifugao. In 2007, 14 farmers had sales totaling P85,000. Hungduan is a model for support by its Local Government Unit (LGU), which has stayed committed in its support of the project. The LGU organized and paid for the hauling of the villages’ rice to the buying station in Banaue.

Although native rice is not their designated “One Town One Project” (OTOP) initiative, MAO Cayong believes that “along with their OTOP, the Yyu (Japanese fish growing in the terraces), the sale of the native rice could very well support and increase the income of the farmers.” He continues to advocate for the preservation of the many tinawon and native varieties in his municipality.

5. AGUINALDO
joined the project after hearing the success stories from farmers and other MAOs involved in the project. Municipal Agriculture Officer (MAO) Abol Tapay wrote a letter requesting RICE Inc to include them in the project. He then gathered and submitted the native varieties from his area. Out of the 8 varieties submitted, three varieties were in large enough production to be
included for sale: Eng-gangang, a large grain variety which is similar to the Imbuucan of Hingyon, Chumi-e, a red tinawon similar to the unoy of Kalinga, and Ejampulo, a beautiful large round grain white tinawon. Aguinaldo, like Hingyon, is not one of the designated World Heritage sites, but has some of the most beautiful tinawon in the province. Although sixty-seven farmers from this municipality showed an interest in the project, it soon became apparent that even these varieties were not widely grown in the municipality anymore. Instead of dropping the project, they opted to make a very modest pledge of one-half ton, as a beginning. Through RICE Inc’s initiative of trying to access and identify the traditional tinawon varieties, we have learned that many varieties are already extinct or nearly extinct in many villages. These findings have been shared with the Provincial Agriculture, Environment and Natural Resources Office (PAENRO) and they are now in the process helping to propagate selected native varieties for farmer members.

Although Aguinaldo was able to collect only 50% of their original pledges, this new municipality is now working to reestablish their tinawon varieties.

6. ASIPULO joined the project in early 2006, with 37 farmers from five villages attending the orientation, along with Mayor Jose Jordan Gullitiw and his councilors. Among those in attendance were many farmers who had already switched to hybrid varieties or were now using chemical fertilizers. After hearing the focus on tinawon and the efforts to support sustainable and chemical-free agricultural, some area farmers have stopped the use of chemical fertilizer. Indeed, the project is making an impact on those farmers who have attended our meetings. They are beginning to see the benefits and advantages of joining with the project, as well as understanding how we are tackling the challenges of strict compliance to quality control standards and sustainable organic farming techniques.

During the consultative meeting with the farmers, it was made clear that this was a long-term project for assisting the farmers in their production, as well as in the development of their tinawon product. The municipality officially joined the project after a commitment by the MAO to oversee and assistance farmers with compliance to the quality control standards. Two of their outstanding varieties were accepted: Ejampulo and Batnol, both large grain white tinawon varieties similar to those varieties from Aguinaldo and Kiangan.

Dabert Tayaban (center, with black and white striped shirt in both pictures) an area farmer, along with the municipal agri-technician and MAO James Buyayo attended the inspectors training this year. This trio was a good addition to the inspector team because they brought a wealth of technical experience to the project. MAO Buyayo said, “This project has opened our eyes to how we can damage our own environment and lose our very own culture by adopting what is new, without realizing that what we already have may be better.” Because of this project they are working hard to wash the residue of the chemical fertilizer from their terraces.
It was a good experience for the project to have included this municipality. These farmers are open to the idea of “change” and are willing to take the steps necessary to be part of the project. Through our consultation meetings, farmer orientations and seminars on product development, they have a renewed perspective and definition of preservation, revitalization and conservation of both their culture and environment.

By working through the issues presented by the Asipulo farmers, RICE has deepen its own insights on valuing, sharing and exchanging ideas with both the old and young generation of farmers. In this municipality, the farmers are realizing the importance of using their resources wisely.

7. MAYOYAO is considered the oldest settlement area in Ifugao and its terraces are designated a UNESCO World Heritage site. It has arguably some of the most beautiful terraces in the province. Mr. Joe Choy-awon, the Municipality Agriculture Officer, and two farmers attended the original project launching in Banaue in 2005. Like the municipalities of Banaue and Hingyon, they were very interested in being part of the project and brought samples of their tinawon rice. A small amount of their outstanding varieties of Phaflar and Inchumajaw were included in the original shipments; but once again, the farmers are realizing that despite Mayoyao’s long history and historic designation, the introduction of the hybrid rice has left it with very few of its traditional varieties intact.

RICE Inc continues to have consultations with farmers in three villages that have shown interest in project participation. The official municipal OTOP product is Yacoon (Japanese root crop) and most farmers have long ago diverted from tinawon, except for farmers in the villages of Chaya, Mapawoy and Banao. Aside from the loss of many traditional varieties, the project is finding it difficult to identify and contact the few remaining seed owners who still grow native varieties. Once identified, there must be extensive negotiation with them in order to obtain the seedling materials. This has caused a delay in the expanded propagation of their varieties.

Presently, only five farmers remain involved in Mayoyao, the two original farmers who attended the launching and three farmers who still have their own varietal seeds. Once again, the extent of varietal loss has been shared with the PAENRO, in the hope that provincial intervention can help preserve some of their rice varieties from total extinction. RICE Inc encourages each municipality to preserve and promote their own variety, or if none now exists that they chose to adapt similar varieties from other municipalities. Mayoyao has agreed to work on supporting their beautiful large grain red rice variety, which is the only red round grain variety in Ifugao. It is similar to Chang-ak found in Kalinga.

RICE Inc remains hopeful that next year, with close coordination with the MAO and PAENRO, that there will be continued propagation of planting seeds and more assistance to the tinawon producers of the municipality.
Lubuagan is the largest producer for Eighth Wonder’s “Ulikan Red” variety. The credit for such strong project gains belongs to four diligent and incredibly hard-working inspectors: Lily Rosite, Angelina Dacyon, Isabel Agustin and Susan Mananig. These women lead by example—showing other farmers how it can be done—and encouraging them to embrace the vision of sustainable terrace farming and a revitalization of their culture.

Angelita’s story: (At right Lubuagan inspectors. Angelita in white blouse front row, right))

Angelita is a quiet and shy woman. In 2006, although she had been certified to be an inspector, she played a background role and only assisted the village leader. But that experience gave her the confidence to play a more responsible part this past year. In 2007, Angelita inspected more rice than any other inspector in Kalinga and her inspected rice passed through the final quality control inspection at a very high rate. In relating how she had accomplished this, she said, “I found the tasks and requirements given us very challenging. I took it as a personal challenge to learn and perform these tasks so I may know how to teach others. I never had the chance to go to school. I would have wanted to be a teacher. But with this, I wanted to show how much of what you told us could be quantified; and yes, the results can be measured. All of the rice from my inspection got accepted I WAS VERY HAPPY. This project has recognized my skills, encouraged me and has made me feel good about myself. I can do well in what I want to do! I used my quality control training as my opportunity to teach others and have them learn from me…thank you for recognizing my effort and trusting in me!”

For the first time, Lubuagan was used as a buying station site for farmers in the municipalities of Lubuagan and Tinglayan. When the big day arrived, there was no electricity in the town and we needed to rent a generator for lights and the electric bag sewing machine. The municipality generator was already running their office equipment and computers, so we needed to find a private generator. One of
our farmers volunteered that her family had invested in owning a generator. It was a portable 6-horse
gas engine that could run for 6-8 hours. When she brought it to the buying station, she related that the
down payment for the purchase of the generator came from the money they received from their family’s
sale of unoy last year and that they would be able to pay off the remaining loan balance with the money
from this year’s sales. RICE, Inc rented the generator for P300/day. This story illustrates the benefits of
Fair Trade. Pay the farmers a decent amount for their efforts and they will have real money to invest in
their future.

9. PASIL  Attitude is a huge factor in the
development of the project. Rowena Gonnay,
(standing, right side) the agriculture extension worker,
has been instrumental in the organizing the Pasil
Unoy farmers.

The unoy of Pasil (Chong-ak variety) is a large round grain variety,
pinkish to reddish in color. The variety grown near the village of Balatoc is
particularly full in size and RICE Inc would especially like to see this
beautiful grain preserved for its unique qualities. (Picture right: Chong-ak
displayed at DA exhibit, Quezon City). The municipality has given its full
support to the project by making unoy their official One Town One
Product (OTOP) initiative. It is their hope that the rice can become a high-
value cash crop for these farmers

Pasil farmers have established a very effective way to process their rice to
quality control standards. Their inspectors have adopted a system of pre-
village inspections prior to the actual procurement. This allows them to work
more closely with the farmers so that they better understand the quality
requirements. By conducting echo seminars, the LGU has been able to teach
more farmers how in raise the quality of the rice that they process for their own
families and for sale.

Rowena Sawil (former municipal counselor and inspector shown on picture with green apron) said,
“Though we may be from Balatoc, the farthest and most remote village in Pasil, we are
proud to show that the unoy comes from here.” Rowena was assisted by her husband in
consolidating all the rice from her village, and for arranging storage of the rice in a house
near road. She continued, “We have never counted our rice in terms of volume, and we
were surprised that the house could not carry the weight of the rice and caved in. It was
almost two tons!”

After the inspection of the rice in their villages, the bags were marked and delivered to the house along
the road. There, the farmers' names were registered as fulfilling their pledges. This system helped ease
the burden of hauling each bags from the far-flung homes of farmers. Almost all of the farmers had to
hike across another mountain to get their rice to the road.
10. TANUDAN  In 2006, Tanudan farmers invited the staff of RICE Inc to visit their municipality and discuss the possibility of their inclusion in the project. Unfortunately, bad roads and landslides prevented a visit at that time. Instead, several samples of their beautiful unoy varieties were sent to Tabuk and they eventually reached RICE, Inc. Out of those, it was decided that their outstanding variety of Dumalingan was grown in enough quality to be considered for sale.

These farmers have been very persistent in following the developments and progress of other Kalinga farmers. They have repeatedly requested for the concretizing of their road as far as Lubu village in an effort to increase their farm-to-market opportunities. Currently, a trip from Tabuk to Lubu takes about 4 hours on a rough dirt road, when it is even passable. Once a week a jeepney makes the difficult round trip. The round trip cost is P400 ($8.00), which is a week's wage for most people and about the cost of a one-way ticket from Manila to Tabuk! Most farmers would rather hike the seven hours to get to the provincial capital of Tabuk.

In early 2007, RICE Inc was again invited to Lubu. This time the road was passable as far as the overlook to Lower Lubu. What the RICE team found was some of the most beautiful and well-preserved terraces areas in the Cordillera! Small streams from the watershed above bisect the valley into fingers of terraces areas—the people call the valley the “Hand of God.” (see picture above, right). Because of its continued physical isolation from the outside world, much of its cultural is has remained intact. Here, farmers still perform many of the cultural rituals as part of their planting and harvesting.

Despite the isolation, poor road condition, and high cost of transportation, the farmers have remained motivated to join RICE’s farmer meetings and trainings in Tabuk. In July 2007, three women farmers, all of whom are in their mid forties or early fifties, attended the Quality Control training. During the training they shared with the other trainees many of their traditional beliefs and rituals that they still perform as part of their farming practices. According to them, these practices have prevented the major infestations of earthworms and rats that have been experienced in other parts of the Cordillera.

During the 2007 shipment, these inspectors faced their worst nightmare, as the region was hit by a major typhoon that made all roads impassable. This prevented the trucking of their rice to the buying station in Tabuk. The farmers carried to Tabuk on foot only 247 kilos out of the almost 1000 kilos of rice that farmers had pledged. Next year we hope to secure more support for the Tanudan farmers.

11. TINGLAYAN  This municipality is the furthest in distance from the provincial capital of Tabuk but it is bisected by the unpaved National Road that straddles the mountaintops between Bontoc, Mountain Province and Tabuk. Therefore, the main municipio is not as isolated as in Tanudan or Pasil. Tinglayan has many wide and beautiful terraces areas, as well as the distinctive ridgeline that forms the outline of Sleeping Beauty, a young woman, who, according to mythology, awaits her warrior who never returned.
The farmers, who do not live along the main road, face the same problems caused by lack of serviceable roads within the municipality. Also, the Chico River separates the municipality into an east side and a west side and although people live close to their fields, their farming areas most likely are not accessible to vehicles.

The farmers joined the project in the early 2005 and submitted two of their outstanding unoy varieties, Ngoporan (white) and Umunoy (red). Tinglayan Mayor Maymaya is very proud of their unoy varieties and still farms his ancestral terraces. He has given his support to the project and has provided assistance to the farmers through the local Municipal Agriculture Office.

Tinglayan sent three farmers to be trained as inspectors. These inspectors have gone on to ford the Chico River and hike steep mountain terrain to reach the isolated farmers in such villages as Tulgao. Because of their persistence and commitment to helping other farmers, Tinglayan was able to successfully collect 1.5 metric tons from this year’s harvest. This represented a sale of P75,000. Farmers were very satisfied that their efforts paid off. This was the first time in their history that they have been able to consolidate such a volume. They are excited to increase their pledges and sales for next year. Unoy is also the Tinglayan OTOP.

12. BALBALAN This municipality in western Kalinga faces similar transportation concerns. The municipality is located on an unpaved secondary road that leads to Abra Province. Farmers in this part of Kalinga heard about the project in 2006 but it wasn’t until 2007 that they were able to participate in the meetings and trainings. Although their wonderful Gayanan orange has been selected as their OTOP product, the MAO has said that there is interest by some farmers to join the project. Farmers are currently working on organizing themselves and increasing the propagation of their two outstanding varieties of unoy. Planting seeds for the century old unoy varieties called Lumyao and Muggo have been identified in two villages and are now being propagated for seeds. Three of their farmers participated in this year’s training seminar in preparation for their eventual participation to the project.

13. TABUK The recently named City of Tabuk has shown a great interest in the preservation of their unoy varieties, despite the high success rate of hybrid rice in the area. Tabuk lowlands are the largest producer of GMA hybrid rice and are a major supplier of commercial rice for northern Luzon. In 2005, with the support of the Office of Agriculture Services (OAS) and the municipal LGUs, the project was officially launched in Kalinga. Despite RICE’s investment in breeding seed for their identified unoy varieties, it was learned that farmers were growing their rice, not in the terraces, but in the kaingin, or the slash and burn areas, on the steep hillsides. Although these farmers are also in need of a market for their rice, Eighth Wonder made the difficult decision to discontinue work in these lower lying areas in order not to encourage a non-sustainable form of agriculture. The focus of the project remains the preservation and promotion of the traditional varieties that are grown in the ecologically sustainable terraces.
B. ADVOCACY MEETINGS

RICE Inc has worked to establish good relations with many different offices from the local, to the regional and national levels. Through its collaborative efforts with the farmers, the following are some of the invitations extended to the project in its pursuit to advocate for the cause of the Cordillera farmer, their historic terraces, and efforts to preserve their culture and indigenous heirloom rice.

1. UNESCO has given the project some high profile recognition for our work. During the yearly visit of Eighth Wonder President Mary Hensley, we again had an opportunity to meet with the Philippine UNESCO ambassador Preciosa V. Soliven. She extended an invitation for us to speak about the project at the OB Montessori School in San Juan, Manila. Through her leadership, the school donated one hundred thousand pesos to RICE Inc as seed money for the procurement of the post-harvest milling machine. UNESCO-Philippines also purchased 400 lbs of heirloom rice from the UNESCO designated World Heritage terrace areas which were given as gifts to participants at a major UNESCO meeting in France.

2. OB MONTESSORI An invitation to speak at the OB Montessori School gave RICE Inc an opportunity to orient some 200 high school students, faculty and staff about the rich culture of the indigenous terraces farmers of the Cordillera region. Students were very responsive and asked excellent questions about the project strategy for carrying out a sustainable enterprise with and for the farmers. At the end of the plenary session, some faculty members requested that we help facilitate an educational tour for students, which would give the students a hands-on cultural immersion with the farmers and their communities. This would be planned for either the planting or the harvesting periods. Vicky Garcia is currently following up on making the proposal.

3. NEDA-KALAHI (group photo, left) The Regional KALAHI (Anti-Poverty) working group of the National Economic Development Authority (NEDA) extended an invitation to both Vicky Garcia and Mary Hensley to be guest speakers at their regional meeting In Baguio City. Mr. Robert Domoguen, editor of the Agri-Cordillera magazine, Department of Agriculture, facilitated the introduction of the project to the Regional KALAHI Convergence Group (RKCG). Regional department heads attend these meetings. At the end of the meeting, the regional offices of NIA, DOST and DTI expressed interest to work in partnership with the project. As a result of this meeting, the following has happened:

- Presidential Assistant for CAR, Thomas Killip (right), along with RKGC and NEDA, have recognized the project as a model anti-poverty alleviation program in the region for its work with poor municipalities;
- RICE Inc was invited to attend the CAR Regional Development Council on July 15, 2007 as one of the NGOs, people’s organizations, or civic and social action groups working in the Cordillera;
- NIA Director Abraham Akilit facilitated the expansion of the project to Mountain Province and pledged to support the project with assistance in the water irrigation system;
NIA Director Akilit invited RICE Inc to conduct a project orientation at the Mt Data Hotel on October 28, which was attended by more than seventy farmers, local barangay and municipal officials and other agencies:

- Five municipalities of Mountain Province, Natonin, Sadanga, Bontoc, Barlig and Bauko, were given project orientations. Over three hundred farmers attended the five meetings and the project was well received by mayors and local officials.
- In March 2008 the Cordillera Heirloom Rice Project will be officially launched in Mountain Province with the blessings of Provincial Governor Maximo Dalog.
- Six out of the twenty-seven traditional varieties of Mountain Province will be included in the exportable varieties of Eighth Wonder's product line.

4. UP BAGUIO RICE Inc Executive Director was invited to be a guest speaker at the Cordillera Month celebration in July 2007. Such an occasion becomes an opportunity to advocate for the preservation of the terraces' natural environment, a revival of indigenous culture and for promoting the traditional rice varieties through a sustainable economic enterprise. The meeting was attended by University of the Philippines (UP) students and the heads and representatives of different area agencies.

5. National Department of Agriculture The Bureau of Post Harvest Research Extension, an office within the Department of Agriculture, was in charge of coordinating activities for RICE AWARENESS MONTH, which was held at the Department of Agriculture’s main office in Quezon City. Because BPRE has been partnering with RICE Inc, BPRE director Dr. Estigoy invited RICE Inc to feature the project during the celebration week on November 12-16, 2007.

RICE Inc presented at two plenary sessions: the Tekno-Talakayan plenary session, which included lowland farmers from the nearby provinces of Nueva Ecija, Bataan, Pampanga, Batangas, Quirino, Rizal and Laguna; and a closing session for staff in the offices and bureaus under the DA umbrella. Participants were very excited about the project, especially when they saw the actual rice that was being exhibited by representatives from the unoy Association of Pasil, Kalinga. Their red Chong-ak variety was then included in the showroom of the Department of Agriculture, along with other agricultural products from all over the country.

C. PARTNERSHIP WITH LOCAL AND NATIONAL GOVERNMENT UNITS and OFFICES

1. Department of Agriculture (DA)-Regional Field Unit (RFU) - Cordillera Region in Baguio City
Regional Executive Director Cesar Rodriguez has been fully supportive of the Project since its launching in 2005. His office has consistently encouraged the provincial and municipal level offices to support the project. Because of his support, RICE Inc has frequently been featured in the Cordillera news media, specifically in the Monthly Agriculture Magazine published by the Manila Bulletin, the Agri-Cordillera and other regional papers such as the Cordillera Today, Midland Courier and the Zigzag Daily. (See print excerpts from different media paper). Director Rodriguez has facilitated contacts to other Department of Agriculture offices in the region, including the
Agriculture Training Institute (ATI) and National Irrigation Administration (NIA). These agencies have in turn pledged to support the project and help carry out its vision and activities within their mandates in Cordillera region.

- **Agriculture Training Institute (ATI)** provided its first ever trainings to the Upland farmers on the production of native rice varieties and on the organic agricultural technique of Integrated Pest Management (IPM). This training took place because farmers let their government representative know that there was now an economic incentive to grow native varieties and they wanted support to make that happen. Many of the requests for the training came from farmers who are participating in the Cordillera Heirloom Rice Project;

- **National Irrigation Administration (NIA)** NIA’s Director Akilit provided an introduction for RICE Inc to conduct project orientation in Mountain Province. This introduction resulted in a provincial wide orientation to mayors and government officials and then project orientations in the five municipalities of Bauko, Barlig, Bontoc, Natonin and Sadanga. To date, RICE Inc has met approximately 400 farmers in the province and will have an official provincial project launching in March 2008. Municipal mayors and local officials have shown a positive response to the project because the farmers have sought support to be included in the project.

2. **PhilRice (Philippine Rice Research Institute)** – The staff, technical experts and engineers of Phil Rice and BPRE are assisting RICE Inc to customize post-harvest processing machines to meet the unique requirements for processing the large grain traditional varieties. After this year’s shipment, PhilRice offered the use of their new Technology Incubation Center as a business incubation center for the training of the farmers to use the modified milling equipment. The center provided very effective logistical support services for this year’s shipment of heirloom rice:

As part of PhilRice’s primary mandate to help the farmers, they can extend their services to NGOs such as RICE Inc. RICE is currently working on an agreement to finalize arrangements for the use of their center for the following post harvest activities:

- Warehousing/storage of the rice while consolidating volumes from Ifugao and Kalinga prior to transporting to International Container Port in Manila;
- Venue for BPI Inspection and Fumigation of the rice instead of at Manila International Container Port;
- Trucking services. PhilRice’s rates for transporting the rice from Ifugao and Kalinga to Manila were as reasonable as contracting with a private trucking company.
3. Bureau of Post Harvest Research and Extension (BPRE) has become an active supporter of project. BPRE has been working on the technical aspects of mechanizing the production and processing of native rice in Ifugao and Kalinga. Increasing the efficiency of the processes will help maximize the volume of rice they are able to produce and sell for export. The focus of this year's collaborative agreement with BPRE and PhilRice was the design of a customized machine for the upland rice. They are currently working on finalizing the procurement process for a milling machine and other post-harvest machines in time for 2008 harvest.

4. National Food Authority (NFA) This past year the NFA made changes in their regulations concerning the amount of rice that can be exported from the Philippines. In an effort to support economic development project such as ours, the amount of rice that can be exported from the country per shipment has been increased from 20MT to 100MT. This rule change makes it much easier to expand our target quota for the 2008 season to 40-50MT. NFA has also been very supportive of our project and has given us great service in processing the required permits. This year our export/transport permit was processed in less than a week and without fees (unlike the last two years, when the cost was a thousand per permit). The issuance of the Moisture Content analysis was also processed within a week.

5. Bureau of Plant Industry (BPI) Part of the regulatory requirements in the exportation of the rice (or any agricultural product) from the Philippines is a physical inspection of the rice and the issuance of a Phytosanitary Certificate from this office stating that the product is free of contaminants and live bugs. For the last three years, BPI has been very accommodating in conducting these inspections, as well as with the issuance of the required certification.

6. Provincial Agriculture, Environment and Natural Resources Office (PAENRO) In Ifugao, PAENRO is headed by Provincial Agriculturist Raymund Bahatan. Mr. Bahatan has personally assisted RICE Inc in conducting trainings, product inspections, seed distribution and the monitoring of farm and water management in the seven municipalities of Banaue, Hingyon, Hungduan, Kiangan, Asipulo, Agualdo and Mayoyao and their many outlying villages.

7. Office of Provincial Agriculture (OPAS) In Kalinga, support for the project has been made possible through the leadership of Provincial Agriculturist Gerardo Jose, and the Assistant Provincial Agriculturist, Julie Aclam, who has coordinated the implementation of project activities in the participating municipalities of Lubuagan, Pasil, Tinglayan, Tanudan and Balbalan.

8. Municipal Agriculture Offices (MAOs) The agriculturists and staff of the many municipal agriculture offices have been key to RICE Inc's implementation of project activities in the concerned municipalities. RICE Inc collaborates with each MAO to conduct of monthly meetings in the villages, to do follow-ups on pledges, to monitor village planting synchronization, and to give general technical assistance for pre to post harvest activities, in addition to product processing and inspection.
D. 2007 ACCOMPLISHMENTS

I. Procurement and Shipment of 17MT to USA, Sept 2007 Each year, a target quota for the amount of Cordillera rice to be sold is set after consultation between the farmers and Eighth Wonder, Inc., the marketing entity in the United States. RICE Inc then works with the Rice Terraces Farmers Cooperative members in both Ifugao and Kalinga to obtain pledges and then collect and ship the rice. A total of 17 metric tons (MT) of rice passed the quality control inspections and was then shipped to the US in September 2007. This represented rice from 329 farmers in 13 municipalities. The consolidation of 17MT was a remarkable feat. It was a collaborative effort on the part of all stakeholders: farmers, inspectors, and numerous municipal and provincial offices.

Because of the great networking and support between farmers and inspectors, nearly PHP 900,000 was paid to 329 farmers for their rice: 187 farmers in Kalinga and 208 farmers in Ifugao. This successful endeavor would not have been possible without the efficient and effective inspectors, who took the lead in processing of the rice.

This year’s shipment consisted of 21 different named local rice varieties, which now make up the four product lines of the Eighth Wonder brand:

- **KALINGA UNOY**: Chong-ak of Pasil (2.9MT), Madduli of Kiangan (600 kgs)
- **ULIKAN RED**: Ulikan of Lubuagan (5MT) and Mini-ang of Hungduan (1.2kgs)
- **TINAWON FANCY**: Imbuucan of Hingyon (2.7 MT) with additional amounts from Banaue- Asipulo-Aguinaldo-Hungduan and Mayoyao (1.4MT)
- **TINAWON WHITE**: Ngoporan of Tinglayan (1MT); On-ongon, Innawi, Batnol from various Ifugao municipalities (1.7MT).
- Glutinous rice: from both provinces (1MT)
2. Approval of Loan from Root Capital

In order to purchase the rice from the farmers at time of delivery, a large amount of capital must be available. Eighth Wonder requested and received a loan from Root Capital (formerly Ecologic Finance) based in Cambridge, Massachusetts, USA.

The loan to Eighth Wonder, Inc. was for the direct purchase of the heirloom rice and to cover associated quality control inspection and trucking costs. The money was borrowed at the market rate (10% interest plus 1% origination fee). The loan was guaranteed by a purchase and sales agreement from a major buyer of the rice. The loan was paid in full upon delivery of rice to the California buyer. Developing a long-term relationship with Root Capital will be a priority for project, as it supplies the much-needed financial capital to pay farmers upon delivery, before the rice is sold in the United States.

Root Capital normally works directly with indigenous communities and will be looking to work with the Rice Terraces Farmers’ Cooperative in the future. They will be making an official project visit to the terrace area sometime next year.

3. Educational Field Trip for Farmers to PhilRice and BPRE

Part of the commitment of RICE Inc to the farmers is to provide them with new educational experiences. On April 18-19, 2007, 30 farmers, municipal agriculture staff and inspectors from Ifugao and Kalinga had the opportunity to visit the PhilRice and BPRE facilities in Nueva Ecija. The purpose of the visit was to examine possible post-harvest machines for milling the traditional varieties of rice. This endeavor was made possible through a collaborative counter-part sharing by the regional Department of Agriculture (Director Rodriguez), PhilRice (Director Sebastian), BPRE (Director Cachuela).

4. Trained 30 New Inspectors in 2007

Each year Eighth Wonder President, Mary Hensley, has participated in the yearly trainings and seminars given to the new quality control inspectors. This year inspectors from four new municipalities joined our team: two from Ifugao (Asipulo and Aguinaldo) and two from Kalinga (Tanudan and Balbalan). Again, this program was made possible through counter-part sharing with the PAENRO of Ifugao and the LGUs of Kalinga. During this year’s training, we partnered with the Department of Trade and Industry (DTI) for presentation speakers for the trainings. In Ifugao, DTI Director Valentin Tundaqui was our guest speaker. He discussed the packaging requirement needed to market processed products. In Kalinga, DOST Director Alfred Rigonan graced the occasion, as well as a DTI representative, who also discussed packaging. It was a milestone for the project to bring these agencies together to support the Cordillera farmers.
5. Honorary Membership

The Provincial Agriculture and Fisheries Council (PAFC) of Ifugao awarded an honorary membership to RICE Inc at its quarterly meeting in May 2007. Since then, Vicky Garcia has attended the quarterly meetings. The council convenes all municipal agriculturists and staff working in the agriculture sector to regularly discuss programs, problems, as well as production issues faced by the province. It is the perfect venue to bring the issues, activities and concerns of the project to the attention of the government staff working with farmers.

6. Guests and Visitors to the Project in 2007

Several foreign visitors visited the project and were able to see actual project implementation. Doug Snyder, a graduate school classmate of both Vicky Garcia (RICE Inc) and Mary Hensley (Eighth Wonder) visited the project in January 2007. Doug is a freelance project consultant and had the opportunity to speak before the Banaue BPKI Association of farmers on the Fair Trade business model. Doug made the original contact to Root Capital for Eighth Wonder.

Ms Yvette Fernandez, a writer from New York City, visited the project in March 2007. She had the opportunity to interview several farmers and attend three meetings in the municipalities of Banaue and Hungduan. She was able to see how the farmer meetings were conducted and heard first-hand how the project was benefiting individual farmers and their communities. We are hoping that her story will get published in the coming year.

The Institute for Studies in Asian Church and Culture (ISACC) arranged for a group of visitors from Tokyo, Japan to visit a project site in Ifugao. ISACC is a non-governmental organization (NGO) that offers cross-cultural study programs to foreign students in Asia. Their study tour was focusing on indigenous communities in the Philippines. During the visit, Ms. Alice Pineda, a former DTI officer who had arranged for the visit, was asked to share her insights on current trends in the export market and the importance of cooperatives in the export business. The Japanese visitors participated in echo-training for quality control in Mompolia, Hingyon.

The Seif family from Michigan USA, a potential project donor, visited the project in August. They are friends of RICE Inc’s director and an acquaintance of Mary Hensley. They had tasted the Eighth Wonder rice in the US and were interested to see how the farmers actually tilled the terraces. They were welcomed by the Amganad group of farmers and had the opportunity to attend village meetings in Banaue and Hingyon.
7. Increased Number of Women Farmer Members in 2007  One of the project's focuses is to increase the participation of women in meetings, workshops and trainings. During the 2007 informational campaign, which was held during March and April in Ifugao and Kalinga, respectively, we were able to substantially increase the number of woman involved. Please see the membership chart for 2005 to 2007, which shows the number of women involved in the following project activities:

![Graph: Inspectors Profile by Gender]

<table>
<thead>
<tr>
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<th>2006</th>
<th>2007</th>
</tr>
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<tbody>
<tr>
<td>Kaluga</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Ifugao</td>
<td>7</td>
<td>10</td>
</tr>
</tbody>
</table>

Participation by women in the inspectors training: In 2006, 22 out of 36 inspectors were women. In 2007, 22 out of 32 new inspectors were women for a total of 44 women out of 68 inspectors.  

Most farmers attending the village meetings in 2007 are women.  
- Attendance by women at village meetings tripled in 2007. In the municipality of Pasil, 65 women attended from Cagaluan village, 22 women from Dangtalan; in Lubuagan, 17 out of 22 farmers in attendance were women; in Tinglayan, 24 out of 54 farmers in attendance were women. In the three villages in Banaue, there were 38 women and 10 men; in Hungduan, 47 out of 56 farmers participating are women.
- On the PhilRice/BPRE field trip to Nueva Ecija, 12 out of 30 farmers were women.

8. New municipalities in three provinces  The news of the 2006 sale of native rice for export spread among farmers in the area. As a result, the 2007 village meetings attracted many new prospective farmers, who wanted to hear about the status of the project, its future plans and goals. During 2007, three new municipalities became project participants: Asipulo in Ifugao and Tanudan and Balbalan in Kalinga. A provincial wide orientation was given in Mountain Province, which resulted in project orientations meetings in five new municipalities in Mountain Province. At the end of 2007, the project was operating in 90 villages in 18 municipalities in three provinces.

9. Training sought by the Cordillera Farmers from DA-region in Baguio  During the past two years, the farmers in Kalinga and Ifugao have shown that through the cooperative spirit and hard work, it is possible to increase production above subsistence levels. The farmers have shared the positive results of the project with their relatives and friends, both in the area and outside region. In addition, the print media has published a series of articles on the project that have reached neighboring regions. As a result of this awareness of the project, farmers throughout the region have sought attention from their regional government offices to have them included in the RICE Inc project. High elevation farmers also sought capacity building trainings similar to those given to the hybrid farmers by the regional government. In July 2007, Agriculture Training Institute (ATI) conducted it first ever training for the highland farmers on native rice varieties. The LGUs are now starting to conduct organic and sustainable agriculture trainings for the rice terraces farmers as a result of demand from farmers.
10. NIA-DA assists project farmers to attend organic workshop in Baguio
Through the forged partnership with NIA-DA, farmers involved with RICE project were given four slots to attend a regional training on Natural Farming System in Baguio City on November 4-6, 2007. Two women farmers from Kalinga and two men farmers from Ifugao attended the seminar, which covered the making of organic fertilizer from indigenous materials.

11. Staff Training on Organic Farming
Jimmy Lingayo, RICE Inc's project agriculturist and staff member attended a two-day seminar at the Herbana Farms, Nueva Ecija on October 28-30, 2007. The seminar was entitled “Intensive Organic Farming and Technological Trends in Organic Farming.” This type of seminar is integral to upgrading our own staff’s skills as we assist the farmers with their documentation and development of an indigenous organic farming system. The basic information learned from the seminar, as well as the contacts made with other organic farmers and certifying centers in the Philippines, will help move the project forward.

12. DOST-Kalinga assists Unoy/Uloy Terraces Farmers to apply for SET-UP loan for post-harvest machine
The Unoy Farmers' Association of Pasil and the Uloy Farmers’ Association of Lubuagan, Kalinga were encouraged and supported by RICE Inc to apply for a SET-UP loan for the purchase of post-harvest equipment. The applications for the DOST loans, each for P150,000, were submitted by the farmers in each municipality. Repayment of the loans would be made through a percentage of the sales that are generated from each year’s harvest. The initiative taken by these farmers group has shown the LGUs that the farmer-members under RICE Inc's support are focused on developing the quality of their product, interested in expanding their markets and have an organized membership involved in the effort. Because of this, the Municipal Agriculture Office of Lubuagan and the Municipal Planning Office of Pasil have rallied behind the farmers to help make sure that their proposals meet the requirements.

E. 2008 Program Goals and Activities
Our three years of experience in working with all stakeholders have given us the opportunity to see how far we have come and how far we have yet to go. The following plans are targeted to be implemented during 2008:

- Double the number of quality control inspectors in the three provinces by providing additional trainings and workshops;
- Expand village and municipal membership; expand project activities to additional municipalities in the new participating province of Mountain Province;
- Train more women to be quality control inspectors and quality control supervisors;
- Increase the target quotas for each municipality to meet a total goal of 20MT from the Provinces of Ifugao and Kalinga and 5 MT from Mountain Province;
- Increase LGU-RICE Inc areas for counter-part sharing. Member municipalities will be more proactive in 2008 in their supporting role to the farmers as they expand their local and export business enterprises;
- Increase partnerships with other national department agencies, bureaus and private organizations to carry out the mission to build post-harvest facilities and obtain processing equipment before the 2008 harvest;
- Help establish a more consistent strategic plan for cooperative involvement through increased member involvement and the continued capitalization of their cooperatives through capital shares from sales;
Increase public advocacy initiatives;
Establish links with schools, other NGOs and the business sectors in order to develop a domestic market for the heirloom rice of the Cordillera;
Apply for government grants and to other funding sources in order to expand capacity building support to farmers, with a priority for funding a Farmers Field School to implement protocols and write a manual for the organic farming of native rice varieties;
Procure customized dehuller-thresher and milling machines designed specifically for the Cordillera rice; improve the post-harvest facilities within the province, as well as provide training to farmers on the operation of the machines.
Begin a pilot program to help individual farmers reclaim unused and collapsed terraces through an “Adopt a Terrace” fund raising drive.

F. ARTICLES IN LOCAL, REGIONAL, NATIONAL AND INTERNATIONAL PUBLICATIONS

Please see a full copy of the following articles in the annex to this report:

G. TABLES AND CHARTS

2005-2007 SCALE IN PRODUCTION

The above graph “2005-2007 Scale in Production” shows project growth in three different terms: 1) the number of farmers who actually sold rice for export to the USA each year: 27 farmers in 2005, 262 farmers in 2006 and 329 farmers in 2007; 2) the increasing volume of rice produced for export: less than 1000 kg in 2005 to 17,000 kg (17 metric tons in 2007); 3) the amount of money actually paid to farmers and therefore injected directly into the local municipal economies: P43,4500 in 2005 to nearly 1 million pesos in 2007.

PROJECT MEMBERSHIP IN IFUGAO, KALINGA & MT. PROVINCE

The above graph “Project membership in Ifugao, Kalinga and MT Province” shows project growth in terms of the total number of farmers, villages and municipalities involved in the project: in 2005, farmers in 25 villages, located in four municipalities in the provinces of Kalinga and Ifugao were involved; in 2006, the project added 9 new municipalities for a total of 13 municipalities; in 2007, 5 new municipalities were added in the new provincial site of Mountain Province for a total of 90 villages in 18 municipalities across three provinces. More than a thousand farmers have attended meetings and trainings across the project area. (Farmer numbers were determined from sign-in registration sheets at meetings and workshops.)
"Ifugao Farmers by Municipality 2005-2007" graph shows the number of new farmers that attended workshops and trainings during each year, as based on attendance sign in sheets.

"Kalinga Farmers by Municipality 2005-2007" graph shows the number of new farmers that attended workshops and trainings during each year, as based on attendance sign in sheets.

The above graph "New Farmer Members per Province-per year" shows the total number of new farmers that were reached through the project's outreach, trainings and workshops during each year of the project. Statistics are based on attendance sheets signed by farmers at each activity.
Sadanga Vice Mayor Francis Dangawe learned of the project from NIA Director Akilit after the Baguio KALAH basic meeting. The vice mayor requested RICE Inc to include them as one of the interested municipalities willing to export their rice. In October 2007, NIA called for a province-wide orientation at the Mt Data Hotel, which was attended by 60 plus farmers and local government officials from all municipalities in Mountain Province. The first municipal orientation was in Sadanga, where 65 farmers attended. One of the municipality’s traditional varieties, Ginulot, was accepted as a possible variety for export.

Bontoc is the former capital of the Cordillera. It did not want to be bypassed by this opportunity and therefore the second municipal-wide orientation was given there. Mayor Odsey attended the meeting. It is interesting to note that most farmers were already familiar with the project because information had already been shared to them by farmers from the neighboring provinces. Over forty farmers attended and one variety was accepted for possible inclusion.

The Municipal Agriculture Officer of Barlig said he that he had heard about the project since its initial launching in Banaue in 2005; but, he was hesitant about the idea of exporting rice. However, his opinion changed after hearing about the value of the project and how farmers in other provinces in the region had talked positively about the project. He requested that Barlig be included during the weeklong provincial orientation tour. 34 farmers attended the late afternoon meeting on December 8, 2007, with the presence and support of Mayor Magdalena Lupoyon.

Natonin was also anxious to have a municipal-wide orientation for its farmers. Two farmers from this municipality had attended the Mt Data orientation and were convinced that this project was the one they were waiting for. Over 60 farmers welcomed us, along with their gracious and energetic Mayor Marie Rafael. A variety called Korel was included among the six outstanding varieties from Mountain Province. Natonin is the farthest and most remote municipality of Mountain Province; but seeing the beautiful, wide, spiral web terraces was definitely worth the effort.

The municipality of Bauko hosted the initial provincial orientation and opened the door for RICE Inc into Mountain Province. Upon RICE’s return visit for a municipal orientation, over forty farmers attended, along with a former mayor and several barangay captains from the villages of Bauko. The farmers of Bauko believe that their outstanding variety, Gumike, will be the best variety sold in the international market.
I. FINANCIAL REPORT
NENITA A. REYES
Tiesa St., Camella West Molino III
Bacoor, Cavite

Revitalize Indigenous Cordilleran Entrepreneurs (RICE) Inc.
MA. VICTORIA GARCIA-Proprietress
Blk. 16 Lot 45, Mandarin Homes
GMA Cavite

INDEPENDENT AUDITOR'S REPORT

I have audited the statement of assets and liabilities of REVITALIZE
INDIGENOUS CORDILLERAN ENTREPRENEURS (RICE) INC. as of December
31, 2007 and the related statement of income and proprietor’s equity for the year
then ended. Such financial statements are the responsibility of the company’s
management. Our responsibility is to express an opinion based on our audit. Our
examination, except as described in the succeeding paragraph, was made in
accordance with the generally accepted auditing standards, and accordingly
included such test of the accounting records and such other auditing as we
considered necessary in the circumstances.

Our examination was limited to the accounting records of the proprietorship and
did not extend to the proprietor's personal assets, liabilities, income or expense not
shown in said accounting records, nor did it extend to any other activities or
business in which the proprietor may be engage.

In our opinion, the aforementioned financial statements present fairly the assets
and liabilities of REVITALIZE INDIGENOUS CORDILLERAN
ENTREPRENEURS (RICE) INC. as of December 31, 2007 and the results of it’s
operation for the year ended, as reflected in the accounting records of the company
in conformity with generally accepted accounting principles.

NENITA A. REYES
CPA License No. 48352
PTR No. 6279358
January 15, 2008
Metro Manila
REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS (RICE.), INC.
INCOME STATEMENT
For the year ended December 31, 2007

GROSS INCOME

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<tr>
<td>Registration &amp; Accred</td>
<td>500.00</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>8,939.00</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>12,000.00</td>
</tr>
<tr>
<td>Taxes &amp; Licenses</td>
<td>6,000.00</td>
</tr>
<tr>
<td>Cash Advances</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,308.50</td>
</tr>
<tr>
<td><strong>Total GROSS</strong></td>
<td><strong>617,965.86</strong></td>
</tr>
</tbody>
</table>

NET INCOME (LOSS) FROM OPERATIONS

(617,965.86)
REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS (RICE) Inc.
BALANCE SHEET
As of December 31, 2007

### ASSETS

<table>
<thead>
<tr>
<th>CURRENT ASSETS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>71,000.00</td>
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</tr>
<tr>
<td>Seedlings</td>
<td>107,485.00</td>
<td>178,485.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROPERTIES AND EQUIPMENT:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tools and Equipments</td>
<td>49,171.00</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

227,656.00

### LIABILITIES AND CAPITAL

<table>
<thead>
<tr>
<th>CURRENT LIABILITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>100,000.00</td>
<td></td>
</tr>
</tbody>
</table>

**CAPITAL**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>26,811.67</td>
<td></td>
</tr>
<tr>
<td>Add: Contributions/Donations</td>
<td>709,110.19</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>745,921.86</td>
<td>127,656.00</td>
</tr>
<tr>
<td>Less: Net Loss</td>
<td>(617,565.86)</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND CAPITAL**

227,656.00
### RICE INC.

Statement of Charges & Expenses
For the year ended December 31, 2007

<table>
<thead>
<tr>
<th>PHIL. PESO</th>
<th>US DOLLAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,835.37</td>
<td>292.24</td>
</tr>
<tr>
<td>39,604.05</td>
<td>901.73</td>
</tr>
<tr>
<td>48,829.50</td>
<td>1,111.78</td>
</tr>
<tr>
<td>121,372.94</td>
<td>2,763.50</td>
</tr>
<tr>
<td>34,576.50</td>
<td>787.26</td>
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<tr>
<td>261,000.00</td>
<td>5,942.62</td>
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<td>60,000.00</td>
<td>1,366.12</td>
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<tr>
<td>500.00</td>
<td>11.38</td>
</tr>
<tr>
<td>8,939.00</td>
<td>203.53</td>
</tr>
<tr>
<td>12,000.00</td>
<td>273.22</td>
</tr>
<tr>
<td>6,000.00</td>
<td>136.61</td>
</tr>
<tr>
<td>10,000.00</td>
<td>227.69</td>
</tr>
<tr>
<td>2,308.50</td>
<td>52.56</td>
</tr>
</tbody>
</table>

**TOTAL**  
Php 617,965.86 $14,070.26

Prepared by:

[Signature]
Odette Cruz  
Accountant

Noted by:

[Signature]
Ms. Vicente Garcia  
Executive Director

JAN 21 2008

JOEL G. RODRIGA
NOTARY PUBLIC

COMMISSION EXPIRES UNTIL JULY 31 2009
ROLL NO. 26-03, REG NO. 845154
P.O. BOX 1, TANAY, RIZAL
P.T.B. NO. 9765515, V2/08, Q.CITY