REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS (RICE) INC.

2005 ANNUAL REPORT
In the Philippines, as in the rest of Asia, the growing and eating of rice has been historically and intimately connected to the ideas of family, community, religious belief and ritual activity. For centuries, the early religions of Southeast Asia revolved around rice, ecology and the environment. Rice was considered sacred and the rituals of community rice production shaped all aspects of daily life.

The Philippine Rice Terraces of northern Luzon stand in quiet testament to these indigenous cultures that have revolved around rice, ecology and relationship to the environment. Into the steep mountainsides, indigenous farmers carved an engineering masterpiece of irrigated rice terraces. In 1995 five of the most spectacular terrace areas were declared an UNESCO World Heritage “cultural living landscape”.

Despite abundant natural resources and a rich cultural heritage, the Cordillera region remains one of the poorest and most isolated areas in the Philippines.

Lack of economic opportunity for the indigenous population is forcing the younger generation to leave. Livelihood projects for the most marginalized within the region have failed because they were neither culturally appropriate nor focused on the indigenous resources and knowledge of the people.
Yet, almost 100,000 farming families still work the terraces, primarily growing traditional rice, their staple food. Because high-elevation terraces require higher labor inputs, the cost of producing traditional rice is almost three times that of lower elevation farms that can use modern hybrid rice varieties.

It is no longer economically feasible to plant in high elevation terraces because there has been no domestic incentive for the commercial production of these heirloom varieties. As the younger generation seeks economic opportunities outside of the rural areas, more and more terraces are abandoned. Consequently, whole villages are losing the crop that has formed the foundation of their lives for generations.

However, the globalization of markets now creates an opportunity to use traditional terrace farming practices to produce and market traditional rice varieties as high-value export commodity. Such a high-value commodity can provide a livelihood while helping preserve both the natural environment and the cultural identity of these indigenous people. According to UNESCO, 25 percent of the remaining terraces are now abandoned and the indigenous culture of community rice production is disappearing. Unless decisive action is taken to halt the degradation in the terraces, the loss may be irreversible. Former Governor Teddy Baguilat said, “When there would be no more rice terraces, it will seem the face of our ancestors is erased.”

II. THE PROJECT

In response to the loss of these treasures, both cultural and environmental, Revitalize Indigenous Cordilleran Entrepreneurs (RICE, Inc.) was created! RICE, Inc. envisions the indigenous cultures of the northern Cordillera flourishing economically, culturally and in harmony with the natural environment of the revitalized rice terraces.

Established in July 2005, RICE, Inc. is a Philippine non-stock (non-profit) corporation registered with the Philippine Security and Exchange Commission.

THE MISSION

The mission of RICE, Inc is to help preserve heirloom rice and the culture of community rice production that surrounds it. RICE strives to be a global model for empowering indigenous people to use their traditional knowledge and expertise in the development of sustainable and culturally appropriate economic enterprises.
THE PEOPLE BEHIND THE PROJECT

Board of Directors
Ma. Victoria C. Garcia (Chairman) RICE, Inc. Project Manager

Marie Grace T. Pascua (Vice chairman) - works for National Commission on Indigenous Peoples (NCIP) as Director of the Program Planning and Research Office, and a native from Kiangan, Ifugao.

Rebecca B. Montero (Secretary) works for National Food Authority (NFA) as Assistant Division Chief of the Marketing and Foreign Operations Division, and a native from Sagada, Mt. Province.

Maria Luisa Amor (Treasurer) works as a private consultant to different small and medium entrepreneur businesses in Cebu, Ilocos Norte and Manila.

Angelina Opiana (Board Member) - works for Federation of Free Workers (FFW-Manila) as a Project Coordinator and a native from Baguio City.

RICE, Inc operates with a volunteer board of five directors, which approve and oversee the finances and activities of the organization.
PROJECT STAFF

Vicky Garcia, Executive Director of RICE, Inc., is the project manager, responsible for implementing the project objectives, including oversight of the outreach workers. Ms. Garcia has over 20 years of experience in community organizing, capacity building and program planning, monitoring and evaluation both in the Philippines and abroad. She has worked at the local and the national government levels and with local and international NGOs. She holds two Masters degrees: MA Intercultural Management (2004) School for International Training, Vermont USA and MA Psychology (1994) Pamantasan Ng Lungsod Ng Maynila, Manila, Philippines

Samson Cabbigat, Ifugao Provincial Coordinator, has a MA in Public Administration (2002) and BA in Economic (1987). Mr. Cabbigat, himself a native Ifugao, has 14 years of experience in project development and community organization within the indigenous Ifugao communities.

Mrs. Isabel Agustin, Kalinga Provincial Coordinator, is a former midwife and community organizer. The first Kalinga to graduate from St. Luke’s midwifery school in Tabuk, she is now a farmer and active within her community. A former US Peace Corps Consultant on the use of traditional plants by indigenous people, she is a strong advocate for culturally sensitive economic development within the Kalinga community.
GOALS AND OBJECTIVES

RICE Inc’s primary project goal is to assist interested farmers in establishing or strengthening cooperative organizations, which support sustainable agriculture within their communities. RICE, Inc. will work with government entities and other NGOs to help provide each farmer group with workshops that encourage active participation in decision-making, and develop leadership skills and business skills necessary to participate more fully in establishment and growth of the business.

The RICE Inc goals include:

**REVITALIZE**
*Build strong farmer group cooperatives*
*Re-energize support for the terraces.*

**INDIGENOUS**
*Build on traditional agricultural techniques.*
*Support traditional knowledge in terrace farming and rice cultivation*

**CORDILLERAN**
*Build a pan-Cordilleran federation of rice terrace farmers.*
*Promote awareness of the Cordillera’s natural and cultural resources.*

**ENTREPRENEURIAL INITIATIVES**
*Support farmers to increase production and assure the quality of heirloom rice for sale in domestic and international markets*
*Conduct trainings and workshops that enable farmers to more effectively participate in the economic development of their communities*
*Ensure strong female participation*
III. PROGRAM AND ACTIVITIES

1. Partnership with Local Government Units (LGU) and Agencies

RICE, Inc has received overwhelming support and cooperation from the Kalinga Provincial Department of Agriculture (OPAS); Kalinga Municipal Agriculture Offices of Tabuk, Lubuagan, Tinglayan and Pasil; the Ifugao Provincial Agricultural & Environment Resources Office (PAENRO), and from the Municipal Mayors and Agriculture Offices of Banaue, Kiangan, Hingyon, Hungduan and Mayoyao.

RICE, Inc. continues to network and coordinate with local agriculture technicians and sustainable agriculture NGOs to provide trainings in quality control, improved agricultural techniques for processing rice, sustainable and organic agriculture and business management. Funds to support these efforts are being actively sought from the government and international NGOs.

2. Recruitment and on-going informational campaigns

The endorsement of the LGU offices has forged further collaboration with other community agencies and leaders.

During 2005, over 25 informational meetings were held in both Kalinga and Ifugao provinces.

In Ifugao, meetings were held in the municipalities of Banaue, Hingyon, Hapao, Mayoyao and Kiangan.

In Kalinga, farmer representatives and municipal agriculture workers from seven municipalities attended meetings in the provincial capital with nine follow up meetings held in Lubuagan and Tabuk.
3. Farmers’ Participation in project

To date, RICE, Inc has identified seven organizational sites in Ifugao and Kalinga for project participation.

These initial sites were selected because terrace farmers expressed an interest in exploring this opportunity and had working farmers’ associations or expressed a willingness to organize themselves.

There has been widespread support from farmers throughout the two provinces. Approximately 367 farmers in Ifugao and 196 farmers in Kalinga have sign-up to participate in the project.

RICE, Inc. is actively assisting in the organization and federation of village cooperatives into a regional rice buying business to promote the traditional rice varieties to a domestic market.

4. Production Support

RICE, Inc. facilitated the purchase and shipment of approximately 1 metric ton (MT) of rice to the United States. As farmers see that growing indigenous varieties can be profitable, more farmers are expected to join the enterprise. With increased production, RICE will encourage the repair and use of abandoned and damaged terraces. There will be a 7-year goal of expanding production to 100MTs of exportable rice.
In August 2005, RICE, Inc., with the assistance of the Banaue and Hingyon Municipal Agriculture offices, procured 500 bundles (approximately 1250kg) of quality planting seeds of two traditional varieties. In December, the bundles were distributed to 210 participating farmers for seasonal planting. The seeds have been planted and the rice will be harvested in August 2006.

To attract and recruit hundreds of small-scale farmers, it is necessary to find ways to reduce the farmers’ financial risk and offer support and incentives. Eighth Wonder has contracted with farmers to purchase the selected varieties at a Fair Trade price, with advanced payment to cover the associated costs of increased planting.

5. Capacity building

RICE, Inc. works with government entities and other NGOs to help provide each farmer group with workshops that encourage active participation in decision-making, and develop leadership skills and business skills necessary to participate more fully in establishment and growth of the business.

Association and cooperative meetings were held to explain principles and practices for adhering to quality control standards. Field staff is working directly with the farmers to improve the quality of processing. Farmer representatives and field staff are being trained in the standards and necessary internal record keeping.

RICE, Inc. networks with local agriculture technicians and sustainable agriculture NGOs to provide trainings in quality control, improved agricultural techniques for processing rice, sustainable and organic agriculture and business management. Funds to support these efforts will be actively sought from the government and international NGOs.

In initial meetings, the market potential of traditional rice varieties was outlined. Input from farmers was solicited as to the recommended varieties. Samples of ten selected varieties were gathered and shipped to the United States for product evaluation. Culinary experts made product line recommendations.
6. Market development

RICE, Inc is coordinating with Eighth Wonder, which is developing an appropriate export market for the current level of production. RICE, Inc has also established contacts to domestic rice traders interested in marketing the rice, once sufficient volumes are produced.

RICE, Inc. is actively supporting the founding of a regional rice buying cooperative to promote the traditional rice varieties to a domestic market.

IV. Accomplishments

I. Participatory Stakeholder Meetings

Between January and July 2005, over 200 farmers and farmer representatives met in a series of twenty five (25) informational and planning meetings. The farmers openly debated the pros and cons of such an undertaking.

Lolita Habiling, Vice Mayor of Hingyon, commented at a joint meeting of Banaue-Hingyon farmers, “finally, something is going to happen...this initiative is different from the other projects and business proposals that have been given to us. They have included us- the farmers - in their planning. They are not just interested in our rice but also interested in helping us as a people.”
The project gained unanimous support, with an outcome goal of strengthening the established farmers’ cooperatives and organizing new cooperatives. Monthly meetings continue to be held with farmers in both provinces to plan the strategies for increasing production and meeting quality control standards.

DIFFERENT FARMERS’ GROUP MEETINGS IN IFUGAO AND KALINGA

Interested indigenous farmer groups are led by the 235-member BPKI Farmers’ Association, Banaue, Ifugao.

The project is built on the assumption that farmers will be involved in roles beyond that of supplier. It is estimated that 2000 farmers will be needed to work cooperatively, growing agreed upon varieties, using sustainable and organic farming practices.
II Project Officially launched in both Ifugao and Kalinga

In October 2005, the official project launchings were held in Banaue, Ifugao and Tabuk, Kalinga.

The two celebrations were attended by almost 400 interested farmers. Representatives from the regional (CAR), provincial and municipal governments, as well as the Department of Trade and Industry (DTI) were in attendance.

A Memorandum of Understanding (MOU) for assisting the farmers’ associations to expand their production of traditional rice in order to sell them as a specialty food product both abroad and domestically was signed by RICE, Eighth Wonder, farmer representatives and the various Municipal Agriculture Offices.

III. Exporting 1 Metric Ton of Traditional rice to the United States

As a result of the informational meetings, 10 varieties of traditional rice were identified for product evaluation. Working with established farmers associations, RICE, Inc. facilitated the purchase of 250kg of the selected varieties.

In May 2005, RICE, Inc. secured the required export and agriculture permits and coordinated the first shipment of rice to the United States. The initial shipment tested our shipping procedures; the rice was to be primarily used for product evaluation and sales promotion.
Feedback from that shipment identified four varieties of rice, two from Kalinga and two from Ifugao, for the initial product line. In August 2005, RICE, Inc facilitated the purchase of 720 kilos of the selected varieties at a fair trade price from participating farmers, and a second shipment was sent to the United States for commercial sale.

In order to expand production of the selected varieties, RICE coordinated the establishment of a revolving seed bank. With extensive help from the Provincial Departments of Agriculture and the Municipal Offices of Agriculture and their agriculture technicians, negotiations were made with farmers who had stores of breeding seeds of the selected varieties. The seed was purchased from those farmers and distributed to two hundred ten (210) farmers who wished to participate in the project. Eighth Wonder has committed itself to buying 50% of the expanded harvest at an agreed upon price.

IV. A project strategy was signed in a Memorandum of Understanding

A Memorandum of Understanding (MOU) for assisting the farmers' associations to expand their production of traditional rice in order to sell them as a specialty food product both abroad and domestically was signed by RICE, Eighth Wonder, farmer representatives and the various Municipal Agriculture Offices. The MOUs outline in principle the responsibilities of all parties for assisting the farmers' associations to expand their production of selected varieties of traditional rice in order to sell them as a specialty food product both abroad and domestically. Excerpts from the MOUs include:

**RICE, Inc.,** agrees to:

- Apply for and administer grants that support building the capacity of terrace farmers to produce process and retail their traditional rice.

- Assist interested farmers in establishing or strengthening cooperative organizations, which support sustainable agriculture within their communities through capacity building to strengthen democratization of decision-making processes, gender equity among participants, human resource development and skill trainings.

- Conduct training seminars and workshops on issues related to culturally sensitive and sustainable enterprise development; such as: product development, quality control, organic agriculture, fair trade, equity ownership, marketing and business management.

- Facilitate the export of the selected varieties of rice from the Philippines.
**Eighth Wonder** agrees to:
- Purchase the rice at an agreed upon fair trade price, which will provide a decent return to farmers and encourage increased production.
- Work with NGOs and local government entities to establish a revolving seed bank to help facilitate the increased production of traditional varieties and make breeding seed available to all farmers interested in participating in the project.

**Farmers’ Organizations** agree to:
- Organize themselves into democratic organizations that will support sustainable agriculture within their communities, democratic decision-making processes, and gender equity among participants.
- Work with local government units, social and economic development organizations, and interested individuals to upgrade their capacity and skills in order to produce an export quality product.
- Support the production of rice that is free of pesticides and inorganic fertilizers and adhere to the agreed upon standards of quality control and sanitation.

**The Municipal Office on Agricultural Services** agree to:
- Use their resources and staff in an effort to provide technical and organizational assistance.
- Coordinate the outreach effort to area farmers.
- Oversee the quality control efforts of the associations in the production and processing of rice.
- Assist in gathering information on the present state of the rice terraces and the current status of efforts and funding to address, restore and preserve the rice terraces.

**V. 2006 PROJECT ACTIVITIES**

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
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<tbody>
<tr>
<td>1. Establish 3-5 village farmers’ groups per identified municipality</td>
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<tr>
<td>2. Conduct 20 workshops and farmer meetings to assist in the formation of farmers’ cooperatives, learning quality control standards and coordinating the production of contracted rice</td>
</tr>
<tr>
<td>3. Expand the revolving seed bank for selected varieties of traditional rice</td>
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<tr>
<td>4. Facilitate the purchase and export of 5-7 tons of selected varieties of traditional rice</td>
</tr>
<tr>
<td>5. Sponsor 2 region-wide meetings to support the formation of a farmer owned rice-buying cooperative</td>
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<tr>
<td>6. Establish and equip a centrally located buying station and initial processing facility in the Cordillera</td>
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<tr>
<td>7. Coordinate activities with local government units and municipal agriculture offices.</td>
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VI. FINANCIAL STATEMENT

REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS
STATEMENT OF ACTIVITIES
For the year ended December 31, 2005

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<tr>
<th>Support and Revenue</th>
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Less: Expenses

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<td><strong>P 422,472.74</strong></td>
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Cash on Hand

**P 20,102.26**

Prepared by:

Lourdes Cruz
Layug & Reano Assos., CPA's
REVITALIZE INDIGENOUS CORDILLERAN ENTREPRENEURS
STATEMENT OF FINANCIAL POSITION
As of December 31, 2005

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<td>Seedlings</td>
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<td><strong>TOTAL ASSETS</strong></td>
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<td>Less: Withdrawals</td>
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<td>Capital, ending</td>
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<tr>
<td><strong>TOTAL ASSETS AND LIABILITIES</strong></td>
<td><strong>P 71,667.26</strong></td>
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</table>

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