



The Julio & Florentina  
Ledesma Foundation, Inc.

*"Sustaining Social Investment for  
Rural-Urban Balance Ensuring  
Young Generation's Future"*



**ANNUAL REPORT 2009**

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## *Vision*

*Establishment of permanent socio-economic community organizations with integrated economic projects and basic services operating in a healthy East Negros environment.*

## *Mission*

*JFLFI is in the business of facilitating a poverty alleviation and social transformation effort through the setting up of an integrated East Negros development network to competently provide basic support services, low-cost and socialized housing, appropriate economic projects, capacity building, spiritual development and advocacy awareness on health and nutrition, peace process, local governance and sustainable development that can effectively respond to the needs of its covered clientele.*

## *Contents*

- Vision & Mission*
- 1 Director's Message*
- 2 Integrated Shelter Delivery Program*
- 3 Housing Program*
- 5 Desarrollo Project*
- 7 Up-scaling the Greenhouse-based Integrated Farming Technology (GIFT) Implementation*
- 8 San Carlos City Watershed & Development Project*
- Financial Report*

## Director's Message

The year 2009 marked the 35<sup>th</sup> year of The Julio and Florentina Ledesma Foundation in passionately serving its covered communities and achieving significant milestones of its vision and mission working for social equity based on the framework of social transformation and human development. The participation of private and public sectors as well as the academic communities towards the attainment of social change has indeed mapped-out the future with a better balance of urban and rural development. Under the sphere of urban development activities in the Island of Negros, a total of 17 urbanized LGUs in Negros were assisted in framing their shelter plan policies and implementing social housing initiatives utilizing the technology of participation among covered urban communities particularly the urban poor and informal dwellers.

The mobilizations of community builders for a community-based shelter delivery, utilizing earth-based construction technologies, are the dominant development results and biases in addressing homelessness for the period. Introducing homegrown farming technologies, such the Greenhouse Integrated Farming Technology of Livestock, Integrated Farming Enterprise (GIFT of LIFE) among rural villages and upland agrarian reform communities in San Carlos City consolidates the advocacy for Food Security and provides the mechanism for climate change adaptation (CCA) under the operational framework of disaster risk reduction (DRR).

All of these development efforts are working for an avenue in providing comprehensive development interventions designed to address urban-rural young children's education and nutritional requirements. Likewise, these efforts are working hand-in-hand in establishing the inventory of young farmers that would guarantee the advocacy for upland rural development and food security.

The Julio and Florentina Ledesma Foundation's guiding principles and practices as articulated by its Vision and Mission describe the Foundation as "society's catalyst and trail-blazers" for solutions that would address human-race sufferings from development deprivation and all forms of cruelty and oppressions. Directing the energies and resources towards the development of children and the youth as entry point in reaching the urban and rural households for development, approaches and methodologies of development have been reviewed and retooled that would maximized impact for social change attaining social equity. While assuming a particular responsibility toward its own community, the Foundation's development agenda and direct work extends nationwide and eventually reaching other ASEAN countries.

The JFLFI's 10-Year Strategic Development Plan and its programs seek to effect long-term systemic or institutional change. The strategic planning process is informed by this action-oriented goal and by the principle that - without compromising creativity and experimentation - the Foundation's work should be grounded in sound science and development policies. To help develop a field and to assess which projects and institutions to collaborate, program staff must be knowledgeable about all aspects of the field,

ranging from applied academic research to public policy design and practical implementation. JFLFI justifiably takes pride in having a small staff of exceptional quality and professional development consultants that function in a low-key and non-bureaucratic manner. The Foundation develops long-term relationships with local organizations and covered partner-communities, often providing technical support and other development services related to urban and rural concerns. It values collaboration with those resource agencies and with other non-profit development and social institutions including academic organizations. The said 10-Year Plan gearing towards the MDG target deadline of 2015 is predicated on the Foundation's mission, principles, traditions, and practices. Our development programs have not been static, but had embraced the spirit of evolution to meet the needs of a changing environment and the opportunities to explore other approaches and methodologies to address human sufferings especially the young children and the out-of-school rural-urban youth.

We have given young households, particularly from the hinterland and rural areas of East Negros increased skills in caring for their household members particularly the children under the "Healthy Start Program". We are beginning to understand the special needs of poor children from age two (2) to six (6) in exploring the interventions for the provision of alternative learning system (ALS) consistent with the programs and priorities of the National Government Education Department's policy directions. Thus, through the spirit of participation, we urge all development stakeholders and resource partner-organizations to have a unified and appropriate development approaches customized to the needs of assisted urban and rural communities attaining greater symbiosis between environmental sustainability and economic development.

In retrospect, 2009 was a year when the demand for customized and programmed activities to provide appropriate solutions against human sufferings, especially among the youth and young children became prevalent serving as the rallying point for a comprehensive and integrated social investments. And, as we forge ahead into 2010, through God's unchanging Faithfulness and Grace, the Foundation is looking forward to seeing what additional development results and impact our ongoing efforts will yield.

Thank you and may God bless JFLFI and Our Community.



**Dr. Billy Tusalem**  
Director/Chief Operating Officer

# ISDP

## Integrated Shelter Delivery Program

Under the urban development interventions, social investments have been mobilized in addressing the requirements of JFLFI's shelter delivery initiatives dubbed "Integrated Shelter Delivery Program (ISDP)". The latter has continued its expansion mode on its coverage for the island-wide application of housing programs and related services with the local government units in the island of Negros. Such expansion entailed the strengthening of the capacities of these local governments in addressing urbanization and social housing concerns so as to create a dent in reducing housing backlog while promoting energy-efficient and environment-friendly housing technologies. ISDP training and workshop include the utilization of the earth construction technology, particularly the Interlocking Compressed Earth Blocks (ICEB), which has become the framework of all of JFLFI's housing units, and has gained a large partner-base for its practicality and efficiency in the construction of these units. A total of 17 urbanized LGUs in Negros benefited of these trainings as well as the beneficiaries, the Urban Poor HomeOwners Associations, whose direct participation made possible the creation of the island-wide HOA federative structure, the "Negros Urban Poor Federative Network." The main purpose of the associational formation is to institutionalize the involvement of all LGU-assisted HOAs to be able to attain a significant voice in influencing shelter policies of the LGUs. Other institutions in the country that espoused the ISDP program are the Philippine Episcopal Church in Mountain Province and the Archdiocese of Cagayan de Oro in Mindanao, and other urban poor communities in Iloilo and Cebu working under the Philippine Alliance Network. ISDP Training Courses have been worked-out as curriculum-based training orientation among interested parties and stakeholders in partnership with covered communities.



Meeting with LCEs/LGU Housing Representatives of Selected LGUs in Negros Island.



Dr. Jocelyn Cuaresma, the resource speaker of the MDG Forum held in San Carlos City, Neg. Occ.

A key planning session of the Urban Poor Federative Network held in Kabankalan City on August 27, 2009.



Aside from ISDP's housing delivery, features of the said program package is working for the realization of Millennium Development Goal's targets particularly in areas of poverty reduction, environmental sustainability, and improving the condition of informal settlers. JFLFI has also established a venue for regular interaction and strengthening of professional relationships among Young Professionals in the field of social housing, in collaboration with the Young Professionals Association for Sustainable Habitat through the holding of an annual camp and YP Design Challenge. Collaborative work in this urban housing with young professionals instilled in the young people and those who want to do more relevant projects in their lifetime, the sense of caring and doing something for societal disadvantaged population segment. Their banding together opens a network of more conduits, linkages and collaboration for MDG targeting. ♦

### Activities Undertaken in 2009:

- **Meeting with LCEs/LGU Housing Representatives of Selected LGUs in Negros Island Conducted**

JF Ledesma Foundation, Inc. and the Young Professionals Association for Sustainable Habitat collaborated with Local Government Units for the localization of the MDG through orientations on the ISDP in January 2009 with Local Chief Executives and Housing Officers of LGUs in the Cities of Cadiz and Talisay in Negros Occidental and Bais, Dumaguete and Bayawan in Negros Oriental.

- **MDG Forum Held in San Carlos City**

The MDG Forum held in San Carlos City in February 2009 by the JF Ledesma Foundation, Inc. and the Young Professionals Association for Sustainable Habitat strengthened the localization of the LGUs' Millennium Development Goals. 34 representatives from six highly-urbanized LGUs in Negros with their HomeOwners Association Representatives (HOAs) attended. The theme "MDG Update: Current Status and Negros Island-wide Localization Strategies" brought out key points in the talk of Dr. Jocelyn Cuaresma, a professor in Public Finance of the National College of Public Administration and Governance of the University of the Philippines-Diliman and as the resource speaker.

- **Meeting with the Philippines UN-Habitat Program Manager for MDG Localization Replication**

The Young Professionals Association for Sustainable Habitat replicated the Shelter Planning tool currently piloted in several LGUs in the country in the localized shelter delivery for informal settlers, which engagement is also being pursued by the U.N.-Habitat in the Philippines.

Country Program Manager of U.N.-Habitat, Ms. Eden Garde, endorses the use of the template for the strengthening mechanism of LGUS in Negros as well as in the other localities in the Visayas and in Northern Mindanao.

- **YP Partnership for Urban Poor Engagement for Social Housing**

The Young Professionals Association pursues the strengthening process to catalyze and empower informal settlers to address homelessness through program the Federative Network formation of the urban poor of the 17 urbanized LGUs in Negros.

With the institutionalization of the Urban Poor Federative Network, the YP Association itemized the steps that would be taken by the Urban Poor network in engaging the local governments to come up with specific programs and activities to address their conditions. Planning and orientations in August attended by the Officers of the Network and representatives of the local governments framed the strategies for further development and implementation. ♦

# HOUSING PROGRAM

*Almost two (2) decades of community-based shelter delivery-related development efforts, The JF Ledesma Foundation, Inc. has placed its mark in habitat delivery and facilitator of incremental housing development with innovative application and use of earth construction technology (that has gained widespread acceptance and recognition among target groups and assisted communities in Luzon, Visayas and Mindanao) supported with shelter plan and integrated habitat delivery. This is in line with its community-based construction efforts working with Earth-based Construction Workers Association for affordable housing units through the PAG-IBIG Housing Loan, especially for the low to middle income earners in San Carlos City, Negros Occidental. Currently, it has benefited an accumulated of almost a thousand households as it expanded its technical support and operational course from local to national housing development under the auspices of Philippine Alliance Network. Moreover, JFLFI takes pride for its role in initiating linkages and promotions of its model incremental housing development units with partner agencies and local government units in some parts of the country.*

From a localized concept, JFLFI has expanded its shelter delivery program by engaging in advocacies to catalyze local government units in the island of Negros to institute housing programs and to strengthen the capacities of these local governments in addressing urbanization and social housing concerns. Through trainings in the utilization of the earth construction technology, particularly the Interlocking Compressed Earth Blocks (ICEB), JFLFI has beefed up its housing program thrust, through earth-based technology transfer and technological support, not only in Negros but selected areas in Luzon, Visayas and Mindanao.

While fulfilling its mission of providing shelter, it also provides employment to locals thus adhering to the targets of the Millennium Development Goals (MDG). The MDG initiative for 2009 specifically focuses on eradication of extreme poverty by providing employment through technology skills training and improving the human condition with the augmentation of income of informal settlers as well as environmental sustainability. While the program extends across some areas in the Visayas and Mindanao regions, more focus was made on the LGUs in Negros as this has one of the highest rates of urbanization in terms of the number of cities. Furthermore, it has also the highest magnitude of poor households nationwide.

In collaboration with the local government units, JFLFI has also established a venue for regular interaction and strengthening of institutional relationships among young professionals in the field of social housing. As a thrust towards nationwide expansion of the technology, collaboration has been established between JFLFI/YP and the Philippine Action for Community-Led Shelter Initiatives, Inc. (PACSSI). PACSSI is assisting the Homeless People's Federation of the Philippines (HPFP).

## **Construction of Socialized/low cost housing projects**

- St. John Housing Project (San Carlos City) has completed four housing units.
- St. Luke Housing Project (San Carlos City) has 74 target units, and ground works for 18 units are ongoing and sub-based road network and underground cross-drainage have been made.
- Ethanol Housing Project (San Carlos City) has 160 target units. HOA has been formed and documentary requirements for land acquisition is under processed.

## **Technically-assisted Services for CMP Communities**

- San Juan Tunga HOA (San Carlos City) with 37 beneficiaries
- San Roque HOA (San Carlos City) with 27 beneficiaries
- HOA formation and documentary requirements for PCL under CMP were done.



▲ Ground works for the first 18 housing units at the St. Luke Subdivision.

JFLFI's *Alternative Earth-based Construction Technology Advocacies* brought about significant breakthroughs: in Bontoc, Mountain Province for its soil testing and ICEB orientation, Cagayan de Oro for its in-house technical ICEB quality control and construction methodology, San Isidro, Iloilo City for its completion of its ICEB laying for 200 households and the completion of two (2) ICEB duplex units, and Mandaue City, Cebu for the formation of the Homeowners Association covering 280 households.

In the field of *Incremental Housing and Urban Development (IHUD)*, JFLFI, in coordination with the YP Network, provided a "spark-plug" and convergence fund to leverage LGU financial resources for CMP Incremental Housing and Urban Development (IHUD) in the sum of 48,000.00 for each HOA, namely: KAPISAN Homeowners Association, Inc. Bacolod City, Negros Occidental, Bais City Resettlement Project Homeowners Association, Inc. (BACIREPHAI) Bais City, Negros Oriental, Gawad Kalinga – Batch 11, Bayawan City, Negros Oriental, Isidro Village Homeowners Association Kabankalan City, Negros Occidental, Purok Paraiso B Core Shelter Project, Kabankalan City, Negros Occidental, San Juan Purok Tunga Homeowners Association, Inc. San Carlos City, Negros Occidental and HOPE Gawad Kalinga Village Talisay City, Negros Occidental. The spark plug money helped in realizing the projects for the Negros Urban Poor Federative Association and link these with the CLIFF program of the Philippine Alliance.

As part of its ICEB application mechanism, the YP Association embarked on an innovative promotion strategy---

The YP Design Challenge held in San Carlos City on December 8-9, 2009 with the theme: "Incremental Housing Design & Development For The Slum Dwellers: The YP-VISMIN MDG". The goal of the YP Design Challenge is to generate ideas and design solutions for sustainable community development in urban poor settlements. The competition provides an opportunity for young professionals and other interested parties in Visayas and Mindanao to put forward innovative, environmentally-sound, appropriate and affordable design solutions that can benefit poor and informal communities and improve the livability of social housing sites. The challenge was to design a social housing worth US\$1,000 budget on a 54 square meter area utilizing the IHUD design framework. The YP Design challenge will be a yearly activity with each year having a new concept.

Several schools in the Visayas and Mindanao areas responded to the call for the Designs and five (5) were fortunate to enter the final judging by a panel of jurors from national and international institutions. The five (5) entries were showcased during the YP Camp in December 2009 and the winning participants were given cash awards and free transportation and accommodation during the Camp, with the top award given to a combined team from West Negros University College of Engineering and La Consolacion College Department of Architecture from Negros.

Meanwhile, the Young Professionals Association and the Archdiocese of Cagayan de Oro, represented by ArchBishop Antonio Ledesma formalized the technology transfer and application of the alternative earth construction technology, particularly the Interlocking Compressed Earth Blocks (ICEB) technology, for the different infrastructure requirements of the Archdiocese of Cagayan de Oro, with the signing of a memorandum of agreement on 4<sup>th</sup> May 2009 at Xavier University, Cagayan de Oro City. ♦



Institutional Partnership with ECP-Metro Manila & Bontoc Mt. Province (Far North), Cagayan de Oro Archdiocese & PACSII Cebu on ICEB Application. ▲ ▼



Negros Urban Poor Federative Association Members and Representatives during the board meeting held in Kabankalan City on 27 August 2009. ▼



The MOA signing between the Young Professionals Association and the Archdiocese of Cagayan de Oro, represented by ArchBishop Antonio Ledesma on September 4, 2009 at Xavier University, Cagayan de Oro City for ICEB technology application. ▼



The YP Design Challenge held in San Carlos City on December 8-9, 2009 with a theme: "Incremental Housing Design & Development For The Slum Dwellers: The YP-VISMIN MDG Challenge". ▼



# DESAROLLO PROJECT

*Under the Rural Development interventions and Food Security initiatives, the JFLFI's core program mechanism dubbed "Desarollo de la Agroindustria (DESAROLLO)...." in partnership with Fundacion CODESPA and the Local Government Unit of San Carlos City (LGU) earnestly pursued the education and development of its human capital (the farmers in the upland areas of San Carlos City) as key players in agricultural production, post-harvest and processing activities and marketing of farm products. The thrust is mainly for the improvement of the human condition of these farmers and their household members in equipping for diverse roles as farmer, entrepreneur, manager and partner-clientele – rolled into one - in their respective farms. The GIFT of LIFE training courses have enabled the farmers' competitiveness in the farming and production areas equipping them with technological expertise and confidence to hurdle challenges of agricultural productivity and competitiveness. Through these interventions, the call for the integration of alternative learning system (ALS) shall be considered in the coming months into the implementation processes of the entire Desarollo Program.*

## GIFT of Life: Education and Technology Training

The Desarollo team conducted training courses such as the Sustainable and Integrated Farming Enterprise Development course module - i.e., Leadership and Management, and Quality Control (SIFED 108 and 109) to the farmer-beneficiaries for the application of state-of-the art farming methodologies in the early part of 2009. The SIFED module is designed for technology transfer to systematize training and the capacity building of farmers. As of the end of 2009, 500 farmer-household heads from 50 farm clusters in the upland barangays of San Carlos City, namely Quezon, Codcod, Prosperidad, Punao, Bagonbon, Nataban and Palampas have been mobilized and provided with functional learning, which benefited about 3,000 indirect farming beneficiaries. Moreover, about 15 farm leaders have been trained for technical advisory support and monitoring of crop-production groups in their respective territorial zones. These cluster leaders serve as "barefoot-technicians" or extension support to the field technicians basically tasked to monitor the application of new farming technologies. The identification of initial number of SanCa Farmers' children aging from two (2) to six (6) have been likewise started this year in areas of pre-elementary education under the alternative learning system methodologies. The setting up of the SanCa Children School at APTC-2 Complex designed to ensure the education of the future has been worked-out this year under the Healthy Start Program integration among farming communities.



Greenhouse-based integrated farming technology (GIFT) implementation in three rural growth centers (RGCs) of San Carlos.

Working for an agricultural-based family social enterprise, JFLFI-APTC-2 in collaboration with San Carlos LGU had established 17 GIFT farms and assigned to 170 farmers from the 17 economic production clusters as the application phase of all Sustainable Integrated Farming Enterprise Development (SIFED) Training Courses. Overall, the GIFT of LIFE trainings utilizing the SIFED framework has cumulatively reached to 226 farmer household heads with 483 farmer-participants in 2009. The establishment of 50 GIFT farms is set for completion on February 2010.

## The SanCa Soil and Development Benefits

In line with the thrust of the government under EO 841 and Organic Agriculture Act of 2010 (RA 10068), the Philippine government declares its state policy to promote and develop organic agriculture in the country. The executive order stipulated the shift to "organic farming" which involves the non-usage of chemical inputs in terms of fertilizer, pesticides, herbicides, etc. and it has to be non-GMO or no use of genetically modified organisms; and, that for sustainability, the farming system should be based on renewable resource.

In many ways, organic farming adopts the technology on Low External Input Sustainable Agriculture (LEISA) especially in such areas as: crop establishment, control of weeds and pests, soil and water management, and soil fertility enhancement. Towards this end, the JFLFI-assisted San Carlos Farmers Organization and Organically Designed System, Inc. (SanCa FOODS) has developed an organic soil media known as SanCa Soil. SanCa Soil is a precursor in increasing organic matter application utilizing the Low and Reduced External



SanCa soil helps build good soil structure that will create healthy plants organically.

Inputs for Sustainable Agriculture. For many decades that Negros has been planted with sugarcane, the soil has become acidic and this is an innovative way on how to enrich the soil through a significant increase of organic matter at the farmers' household-based farming areas.

## SanCa Soil

Made from locally available materials, SanCa soil helps build good soil structure that will create healthy plants organically. By using SanCa soil, the amount of harmful synthetic chemicals that contaminate the environment will be greatly reduced. SanCa Soil is rich in beneficial microorganisms (BMO) that convert energy and nutrients from one form to another making them available to plants. All plants, grass, shrubs and crops depend on this dynamic exchange (also called the soil food web) for their nutrition. Beneficial microorganisms build good soil structure so water and air can reach the roots in the proper proportions. Good soil structure creates an environment of healthy microbes that will protect plants from pest and disease. Most importantly beneficial microorganisms make nutrients in the soil available to plants without needing man-made synthetic fertilizers.

With elements consisting of carbonized rice hull (CRH), animal manure and rock phosphate, SanCa Soil can be used as soil media or applied as organic fertilizer. As organic fertilizer, SanCa Soil is derived from animal, plant and mineral resources that work with organic matter to feed the soil and stimulate plant growth. As soil media, it improves the biodiversity (soil life) and long-term productivity of soil; has permanent lifespan, its mineral content buffers pH content, airflow is consistent over time, readily absorbs water even after extensive dry periods, and one-time low installation cost.

SanCa Soil contains adequate amount of macronutrients (N-P-K), micronutrients and trace elements which energizes vegetative growth, produces expansive roots, flowers, fruits and viable seeds, and promotes resistance to stress and diseases, among others.



SanCa Soil is derived from animal, plant and mineral resources that work with organic matter to feed the soil and stimulate plant growth.

## Organizational Evolution of San Carlos FOODS: Its Structural Foundation

The four (4) - year Desarrollo Program entered into by and between Fundacion JF Ledesma and Fundacion CODESPA significantly brought to life the SanCa Farmers Organizations Organically Designed Systems (SanCa FOODS). Working as the Farmers' Cluster Network and basically responsible for product processing and marketing, it serves as the precursor for the SanCa FOODS' evolution that would ensure the Desarrollo Program's sustainability on a long-term basis. Blending in with the San San Carlos Master Development Plan under the development priority of the Agricultural Productivity Training Center - 2, SanCa FOODS is the result of the Desarrollo's human development program for farmers, particularly on the education and technology transfer of farming techniques and marketing strategies that brought about the creation of a social enterprise for trading of agricultural products. The SanCa FOODS, Inc has been registered as a non-stock, non-profit corporation as a social enterprise and federative network of 70-cluster-farmers spread in seven (7) farmers economic district management system (FEDMS). These seven (7) economic districts are all in the upland barangays or farming villages in San Carlos City. Topographically, San Carlos City is 80% mountainous and thus, sloping agriculture is the ultimate future of upland villages in maximizing agricultural productivity in the area.

Organizationally, the features of the SanCa Network and Policy Structure are presented and discussed in Box1. Such organizational attributes are all embedded and inscribed into the SanCa FOODS' constitutions and by-laws (CBL). The SanCa Network is working for a Vision - *"Accessible, quality and industry-based food security for all..."* being supported by its functional and operational Mission *"Moving local products to the global supply chain and a leader of profitable food and agricultural production differentiated by quality, freshness and guaranteed safety with sustained market leadership utilizing the community-based approach."*

### Initial SanCa Marketing Engagements: The Beginning of the Future

This year, six (6) commercial companies and entities are being viewed to finally enter into a formal marketing agreement with SanCa FOODS and another four (4) commercial corporations that have access to export market on muscovado products in 2010. Meanwhile, before the winding up of JFLFI-Fundacion CODESPA partnerships scheduled on 31 December 2010, the current Muscovado Facility as well as its cooking chamber would require about a million pesos for capital expenditures. Operating this facility calls for the establishment of a multi-purpose cooperative personality availing the tax holidays and thereby maximizing the economic benefits to its farmer-cooperative members.

|                                               |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
|-----------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>FRESH / GENERIC PRODUCTS</b>               |  |  | <b>SANCA FOODS, INC.</b><br><small>(San Carlos Farmers Organization &amp; Organically Designed System, Inc.)</small> | <b>P<br/>R<br/>O<br/>D<br/>U<br/>C<br/>T<br/>C<br/>L<br/>U<br/>S<br/>T<br/>E<br/>R<br/>S</b>                                                                                                                                           |
| <b>5-SUBSECTOR PRODUCTS</b>                   |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 1. POTATO                                     |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 2. RICE                                       |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 3. BANANA                                     |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 4. SPICES                                     |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 5. MUSCOVADO                                  |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| <b>PROCESSED FINISHED PRODUCTS</b>            |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 1. FRENCH FRIES/CHIPS                         |                                                                                     |                                                                                      |                                                                                                                      |  <b>1 Healthy + Fun Choice</b><br>Healthy meal & meal companions in convenient retail packages                                                      |
| 2. MUSCOVADO QUENCH                           |                                                                                     |                                                                                      |                                                                                                                      |  <b>2 Wholesale Deals</b><br>Organic product on volume packages sold to domestic and international markets                                         |
| 3. PASTILLAS DE MUSCOVADO / MUSCOVADO BARS    |                                                                                     |                                                                                      |                                                                                                                      |  <b>3 Sweet &amp; Spice Buys</b><br>Processed products from raw material inputs obtained from fresh products adopting the GIFT OF LIFE TECHNOLOGY |
| 4. GINGER TEA (W/ MALUNGAY OR LEMONGRASS MIX) |                                                                                     |                                                                                      |                                                                                                                      |  <b>4 Renewable Energy Alternatives</b><br>Support industry for Ethanol Fuel Requirements (Fuel Wood and other energy crop products)              |
| 5. BANANA FLOUR                               |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 6. MUSCOVADO JAM                              |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 7. BANANA CHIPS                               |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |
| 8. BANANA ICE DROP                            |                                                                                     |                                                                                      |                                                                                                                      |                                                                                                                                                                                                                                        |

## Up-Scaling the Greenhouse-Based Integrated Farming Technology (GIFT) Implementation

The project partnership of JFLFI-APTC-2 and the Local Government of San Carlos City paved the way for the training of 170 farmers from 17 production clusters on the GIFT farming technology. Table 1 shows the coverage of JFLFI-LGU program partnership on the number of farming clusters formed and organized as of 31 December 2009. Farm clusters are given each a GIFT Farm on which to plant with lettuce, pechay, and other *solanaceous* such as tomatoes, bell pepper etc. Each GIFT farm established has one unit greenhouse (made of BI pipes, fine mesh net and UV Resistant Plastic). Forages are also grown in these farms to support the growing of livestock that is an important supplementary agricultural production scheme using organic fertilizer through the Livestock Integrated Farming Enterprise (LIFE)

On the other hand, to supplement the need of the farmers for planting materials, the establishment of Tissue Culture Laboratory makes available planting materials that have higher survivability rate in greenhouses and GIFT of LIFE (GOL) Farms. The project identifies crops for in-vitro fertilization that are appropriate for the area, are pathogen-free, and rapidly propagated with high market potential. The tissue culture mainly bridges the gap between low growth rate and the unsuitability of crops planted in upland areas of San Carlos.

In this context, tissue culture will have an impact in maximizing land productivity and in improving the farmers' income through these methods. The production culture centers on the propagation of banana at 10,000 plants in a year, pineapple 2,000, and papaya 2,000 with a specific thrust for developing the in-vitro protocol, and potato, which is an experimental effort in view of its novelty in the area. This component enabled the testing of non-local varieties such as Raniag, Igorota, Granola, and 30.11. The laboratory has facilitated the propagation of mother plants to produce cuttings for transfer into the greenhouses of the farmers. Organic sugarcane is also propagated in the laboratories with the expressed purpose of ensuring effective sugarcane production to support the Muscovado sugar production at the APTC-2.

The planting materials produced in the 1st cycle of GOL Farms showed impressive and satisfactory growth. Relative to this, an increase in the production volume of such planting materials would cater to the demand of the GOL Farms within the RGC-communities and that of other farmers in the neighboring areas.

*The partnership between the JF Ledesma Foundation, Inc and the Local Government of San Carlos will further catalyze the development of upland communities and increase the number of households that would be supported to improve their living condition. The main pre-condition, however, is that such engagement and project should have clear directional priorities consistent with the realization of Food Security targets and social enterprise establishments among farming communities.*

Within this framework, two (2) tissue culture laboratories are already operational. The first one is at the APTC-1 in Brgy. Quezon, operated by the Negros State College of Agriculture as well as in Brgy Prosperidad at the APTC- 2. Aklan State University expertises were tapped for the training of APTC technicians in the operation of the laboratory and the production process of the planting materials.

Aside from tissue culture, the production of soil media or compost as fertile planting makes a significant contribution to the depleted and nutrition-poor soil in the upland areas. The production of the soil media also resulted to a supplemental income source for the assisted Taytay Dagyaw Cluster.

**Fast forward**, the SCC-LGU & JFLFI partnership would endeavor to hash the value chain development plan. It involves the identification of five (5) products or sub-sectors for processing and marketing, the development of a specific system for technology transfer and production, training of farmers for the standard protocols and actual field applications so that the process of production will be translated into the actual conditions of the farming clusters, establishment of production areas and production of processed products and mainstreaming of the finished products to the market under SANCA branding.

The partnership between the JF Ledesma Foundation, Inc and the Local Government of San Carlos will further catalyze the development of upland communities and increase the number of households that would benefit of an augmented income and improved living conditions. The project proponents, however, for the realization of the project's objectives have yet to ensure that the farmers are enabled to apply the skills and learnings obtained and acquired until they can self-sufficiently steward their life and their future. ♦



Tissue Culture Laboratory at APTC-2



The establishment of the Gift of Life Farms located in three (3) rural growth centers of San Carlos City.



### Hydroponics Piloting

JFLFI launched the pilot testing of the hydroponics technology within the APTC-2 Greenhouses laboratories. JFLFI is also developing plans to promote the replication of hydroponics technology to small marginal farming communities and urban communities in 2010 and beyond. The utilization of the technology in the urban areas will ensure that the project would promote food security in the area and possibly create additional enterprise and corollary increased income for the urban poor households.

The Hydroponics technology is a complement process to greenhouse production. The system relies on the use of soil-less technology through the adoption of elevated platforms with flowing water mixed with micronutrients. Farmer-beneficiaries acquired skills on hydroponics farming during the setting up of the hydroponics production facility at APTC-2. The result of the training and trial production showed that soil-less vegetable production can be replicated by farmers with marginal lands and in the urban food production program.



A intensive Hydroponics Training conducted by Dr. German Peñaranda of the University of Rizal System.

# San Carlos City Watershed & Development Project

*JFLFI through its competent field staff on soil and water management has intensified the information, education and communication campaign on environment-related issues among upland communities in San Carlos covering the period from August 2008 to July 2009. JFLFI in partnership with the San Carlos Development Board, Inc (SCDB) handles and manages the community-organizing component of the program based on community social enterprise promotion and environmental concerns. The organizing component focuses on the clustering approaches and improvement of Palampas Upland Farmers Association (PUFA) Dagyaw-Clustered group members' economic condition together with MACKATA farmers' group, one of the identified peoples organization under the Integrated Social Forestry (ISF) mechanism has been likewise one of the major activities for the period*

True to its intensified environmental advocacy, the assigned Community Development Staff of JF Ledesma Foundation has organized 13 PUFA cluster groups at Barangay Palampas with 10-14 members for each cluster group. Through information, education and communication awareness on the stewardship and care of the environment, particularly the San Carlos City Watershed and Development Management with SIFED training and technical assistance on livelihood activities, PUFA to date has an active working structure facilitating the implementation of these cluster livelihood activities. The PUFA cluster groups were assisted in the preparation and implementation of the cluster farm plan including the monitoring of project and financial transactions coupled with accounting documentation of their identified livelihood system. Four (4) out of the 13 cluster groups were able to establish and implement a hectare of GOL Farm, which is funded by the SCDB. There are four (4) hectares of GOL Farms established in Maogno-on, Cabulayan, Lower Molotbolot and Paniagan. A total of four (4) cluster groups are currently engaged with banana and papaya production utilizing F1 varieties and quality planting materials. All of these production activities are being closely monitored and supervised by the JFLFI assigned staff to insure the maximization of production yield per hectare and thus increasing household farming incomes.

Moreover, under this period, the MACKATA cluster formation was strengthened and the nursery workers for forestry seedling production were organized into an association with juridical personality carrying the Securities and Exchange Commission (SEC) registration.



◀ Community organizing component of the program being handled by JF Ledesma Foundation in partnership with the San Carlos Development Board focusing on clustering design and improvement of the economic standard of the assisted group in Barangay Palampas, San Carlos City.

These groups are basically trained and tasked to directly implement the community-based watershed management program of San Carlos City covering the upland villages of Brangays Palampas and Rizal. Inputs on organizational dynamics training courses have been provided serving as precursors in mobilizing areas considered as empty space or denuded lands with a slope of 25 percent and beyond ideal for rain-reforestation and soil-water management.

Strengthening of PUFA clusters and other watershed clientele through the provision of informal sessions on organizational dynamics and capacity-building related activities. ▼



PUFA satellite nursery and tree plantation within the PUFA area were regularly monitored by the JFLFI staff with an assigned forester. ▶



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BOA/PRC Reg. No. 0005  
SEC Accreditation No. 0007-F

## **INDEPENDENT AUDITORS' REPORT**

**To the Members & Board of Trustees**  
**JULIO & FLORENTINA LEDESMA FOUNDATION, INC.**  
Business Center, Cebu Avenue  
San Carlos City, Negros Occidental

We have audited the accompanying financial statements of **Julio & Florentina Ledesma Foundation, Inc.** (a non-stock, not-for-profit corporation) which comprise the statements of financial position as of December 31, 2009 and 2008, and the statements of activities and cash flows for the years then ended.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Julio & Florentina Ledesma Foundation, Inc. as of December 31, 2009 and 2008, and its statement of activities and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

## **Alba Romeo & Co.**



**ANGEL S. GARRIEL, JR.**

Partner

CPA Certificate No. 11982

PTR No. 3806004 – January 05, 2010, Bacolod City

TIN No. 124-720-555

SEC Accreditation No. (Individual) as general auditors 0683-A

SEC Accreditation No. (Firm) as general auditors 0007-FR-2

BIR Accreditation No. 08-001682-11-2009, issued on April 7, 2009; effective until 2012

PRC/BOA Accreditation No. 0005 valid until December 31, 2012

Bacolod City, Philippines

April 12, 2010

**JULIO & FLORENTINA LEDESMA FOUNDATION, INC.**  
(A Non-stock, Not-for-Profit Corporation)

**STATEMENTS OF FINANCIAL POSITION**

|                                   | 2008                | December 31<br>2009 |
|-----------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                     |                     |                     |
| <b>Current Assets</b>             |                     |                     |
| Cash in banks                     | ₱ 53,157            | ₱ 1,050,158         |
| Receivables                       | 47,160              | 50,510              |
| <b>Total Current Assets</b>       | <b>100,317</b>      | <b>1,100,668</b>    |
| <b>Non Current Assets</b>         |                     |                     |
| Available-for-sale investment     | 5,376,422           | 5,376,422           |
| Property and equipment – net      |                     |                     |
| At cost                           | 16,261,629          | 15,764,358          |
| At appraised values               | 4,875,737           | 4,875,737           |
| Restricted assets – net           | 1,290,200           | 1,790,800           |
| <b>Total Non-Current Assets</b>   | <b>27,803,988</b>   | <b>27,807,317</b>   |
|                                   | <b>₱ 27,904,305</b> | <b>₱ 28,907,985</b> |
| <b>LIABILITIES AND NET ASSETS</b> |                     |                     |
| <b>Current Liability</b>          |                     |                     |
| Accounts Payable                  | ₱ 1,180,870         | ₱ 1,090,560         |
| <b>Non Current Liabilities</b>    |                     |                     |
| Deferred tax liability            | 1,627,608           | 1,627,608           |
| <b>Total Liabilities</b>          | <b>2,808,478</b>    | <b>2,718,168</b>    |
| <b>Net Assets</b>                 |                     |                     |
| Revaluation surplus in property   | 3,248,129           | 3,248,129           |
| Unrestricted                      | 4,295,869           | 4,295,869           |
| Temporarily restricted            | 1,290,200           | 1,790,800           |
| Property and equipment            | 16,261,629          | 16,855,019          |
|                                   | 25,095,827          | 26,189,817          |
|                                   | <b>₱ 27,904,305</b> | <b>₱ 28,907,985</b> |

**JULIO & FLORENTINA LEDESMA FOUNDATION, INC.**  
(A Non-stock, Not-for-Profit Corporation)

**STATEMENTS OF ACTIVITIES**

|                                                  | 2009         |                        |                      |              | 2008         |                        |                      |              |
|--------------------------------------------------|--------------|------------------------|----------------------|--------------|--------------|------------------------|----------------------|--------------|
|                                                  | Unrestricted | Temporarily Restricted | Property & Equipment | TOTALS       | Unrestricted | Temporarily Restricted | Property & Equipment | TOTALS       |
| <b>REVENUES, GAINS AND OTHER SUPPORT (Notes)</b> |              |                        |                      |              |              |                        |                      |              |
| Grants                                           | ₱ -          | ₱ 8,492,530            | ₱ -                  | ₱ 8,492,530  | ₱ -          | ₱ 19,836,228           | ₱ -                  | ₱ 19,836,228 |
| Donations                                        | -            | -                      | -                    | -            | -            | 10,000                 | -                    | 10,000       |
| Interest income                                  | 218          | 51,250                 | -                    | 51,468       | 135          | 44,999                 | -                    | 45,134       |
| Other income                                     | 2,167        | -                      | -                    | 2,167        | 3,547        | -                      | -                    | 3,547        |
| Additions to property and equipment-net          | -            | -                      | 1,738,032            | 1,738,032    | -            | -                      | 10,666,248           | 10,666,248   |
|                                                  | 2,385        | 8,543,780              | 1,738,032            | 8,546,165    | 3,682        | 19,891,227             | 10,666,227           | 30,561,157   |
| <b>EXPENSES AND LOSSES</b>                       |              |                        |                      |              |              |                        |                      |              |
| Project Expenses                                 | -            | 7,000,180              | -                    | 7,000,180    | -            | 8,904,147              | -                    | 8,904,147    |
| Finance costs                                    | -            | 1,043,000              | -                    | 1,045,000    | -            | 2,243,924              | -                    | 2,243,924    |
| Administrative expenses                          | 750          | -                      | -                    | 750          | 1,013        | -                      | -                    | 1,013        |
| Additions to property and equipment              | -            | -                      | -                    | -            | -            | 10,382,288             | -                    | 10,382,388   |
| Depreciation                                     | -            | -                      | 1,144,642            | 1,144,642    | -            | -                      | 1,144,642            | 1,144,642    |
|                                                  | 750          | 8,043,180              | 1,144,642            | 9,188,572    | 1,013        | 21,530,459             | 1,144,642            | 22,676,114   |
| <b>CHANGE IN NET ASSETS FOR THE YEAR</b>         | 1,635        | 500,600                | 593,390              | (642,407)    | 2,669        | (1,639,232)            | 9,521,606            | 7,885,043    |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>           | 4,295,869    | 1,290,200              | 16,261,629           | 21,847,698   | 4,293,200    | 2,929,432              | 6,740,023            | 13,962,655   |
| <b>NET ASSETS AT END OF YEAR</b>                 | ₱ 4,297,504  | ₱ 1,790,800            | ₱ 16,855,019         | ₱ 21,205,291 | ₱ 4,295,869  | ₱ 1,290,200            | ₱ 16,261,629         | ₱ 21,847,698 |

**JULIO & FLORENTINA LEDESMA FOUNDATION, INC.**  
(A Non-stock, Not-for-Profit Corporation)

**STATEMENTS OF CASH FLOWS**

|                                                                                               | <b>Years Ended December 31</b> |                 |
|-----------------------------------------------------------------------------------------------|--------------------------------|-----------------|
|                                                                                               | <b>2009</b>                    | <b>2008</b>     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                   |                                |                 |
| Change in net assets                                                                          | <b>₱ 500,600</b>               | 7,885,043       |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities |                                |                 |
| Depreciation                                                                                  | <b>1,144,642</b>               | 1,144,642       |
| Finance costs                                                                                 | <b>1,043,000</b>               | 2,243,924       |
| Interest, income                                                                              | <b>51,468</b>                  | (45,134)        |
| Cash generated from operations                                                                | <b>2,739,710</b>               | 11,228,475      |
| Decrease in receivables                                                                       | <b>3,350</b>                   | 6,124           |
| Decrease in account payable                                                                   | <b>90,310</b>                  | (51,661)        |
| Cash provided by operating activities                                                         | <b>2,833,370</b>               | 11,182,938      |
| Interest received                                                                             | <b>51,468</b>                  | 45,134          |
| Net cash provided by operating activities                                                     | <b>2,884,838</b>               | 11,228,072      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                   |                                |                 |
| Property acquisitions                                                                         | <b>(1,738,032)</b>             | (10,666,248)    |
| Decrease in restricted assets                                                                 | <b>500,600</b>                 | 1,639,232       |
| Cash provided by (used in) investing activities                                               | <b>(1,237,432)</b>             | (9,027,016)     |
| <b>CASH FLOW FROM FINANCING ACTIVITY</b>                                                      |                                |                 |
| Net cash used in financing activity – finance costs                                           | <b>(1,043,000)</b>             | (2,243,924)     |
| <b>DECREASE/INCREASE IN CASH IN BANKS</b>                                                     | <b>997,001</b>                 | (42,868)        |
| <b>CASH IN BANKS AT BEGINNING OF YEAR</b>                                                     | <b>53,157</b>                  | 96,025          |
| <b>CASH IN BANKS AT END OF YEAR</b>                                                           | <b>₱ 1,050,158</b>             | <b>₱ 53,157</b> |

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