

## **HONDURAS: DEL LAGO ORGANICO**

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### **Author/s Biography/ies:**

Marcio Paz is cofounder and Director of Operations of Del Lago Orgánico S de RL. He is a Chemical Engineering graduate with postgraduate degrees in Project Management and Strategic Planning. He is currently mentoring his children in all the business areas in Del Lago Orgánico S de RL.

Rebeca Paz is cofounder of the family business Del Lago Orgánico S de RL. She is a Marketing and Logistics Engineering graduate. Currently she is the legal representative and general manager of Del Lago Organico S de RL.

Dr. Allan Discua Cruz is the director of the Centre for Family Business and member of the Pentland Centre for Sustainability in Business and at Lancaster University Management School (United Kingdom). His current research interests relate to entrepreneurship by families in business. He has published in journals such as Entrepreneurship and Regional Development, Journal of Business Research, Journal of Business Ethics, Entrepreneurship Theory and Practice, International Journal of Entrepreneurial Behaviour and Research, Journal of Family Business Management, and International Small Business Journal among others. He is currently co-editing a special issue on entrepreneurship and poverty in the Entrepreneurship and Regional Development Journal. He has published three cases in this series related to SDG#1, SDG#8, SDG#11, and SDG#13.

## Introduction

Del Lago Orgánico S de RL is a family business located in Tegucigalpa, department of Francisco Morazán, Honduras, Central America. The company produces single origin, 100% natural products derived from coffee, cacao, green plantain, sweet potato, cassava, taro, and others. Within its product line they also include specialty coffee, coffee pulp and cacao husk infusions, gluten-free flours, cacao powder, and sugar-free chocolate. All these products have an international certification granted by The Vegan Society. The company was founded by Marcio Paz and his children Marcio Fernando Paz and Rebeca Paz in 2021. The company is committed to four axes: (i) producing healthy and natural products, (ii) having a line of products within the reach of society, (iii) producing with quality, and (iv) protect the environment. Figure 1a shows the current logo and Figure 1b shows the company brand.

(a)



(b)



Figure 1. (a and b) Company Logo and Brand

## Del Lago Orgánico y Finca La Fé

Del Lago Orgánico S de RL (DLO hereafter) is made up of two ventures: A processing plant located in Tegucigalpa, department of Francisco Morazán, capital of Honduras where the raw materials are processed that come from their farm, Finca La Fé. Finca la Fé is located close to Lake Yojoa, the largest lake in Honduras, about 170 km north of Tegucigalpa.

Finca la Fé (Farm The Faith, in Spanish) was named as such in 2015 out of the conviction of starting a dream based on faith in God. This farm began in 1965, producing coffee and cardamom, by René Adalberto Paz Alfaro, father, and grandfather of the founders of DLO. In 2015, Marcio Paz decided to leave his professional life and return to Honduras to continue the family legacy in the farm. Upon his return Marcio restructured the management and growth approach of Finca la Fé. The farm was then reorganized, recovering lost or unattended areas, and diversified into new crops, such as cacao, green plantain, and others under an agroforestry system, prioritizing the conservation of existing natural areas and forests.

## Products and/or Services offered by the family business

The products Del Lago Organico cultivates have a focus on health and nutrition, that is, 100% natural of organic origin and always with the priority of producing with quality, environmentally sustainable and with care for the natural ecosystem that they have or that they can contribute to improving.

DLO organizes its production lines as follows:

## HONDURAS: DEL LAGO ORGANICO

- a. Specialty Coffee and Infusions
- b. Gluten-free Flours
- c. Cacao Derivatives
- d. Sugar-free Chocolate

The products DLO offers are the following:

### Coffee and Infusions

Specialty Coffee, Washed Process  
Specialty Coffee, Melted Process  
Coffee Pulp Infusion  
Cocoa Husk Infusion

### Gluten Free Flours

Banana Flour (Green Plantain Flour)  
Sweet Potato Flour  
Cassava Flour  
Malanga or Taro Flour  
Coffee Pulp Flour  
Cocoa Husk Flour  
Rice Flour \*

### Cocoa Derivatives

Cocoa Powder, 100% natural  
Cocoa Butter  
Roasted Cocoa Nibs

### Sugar Free Chocolate

Dark Chocolate Spread, sugar free  
Dark Chocolate Spread with Almonds, sugar free  
Dark Chocolate Cashew Spread, sugar free  
Traditional Hot Chocolate, sugar free  
Hot Chocolate with Saffron and Cardamom, sugar free  
Hot Chocolate in Almond Mug, sugar free \*  
Hot Chocolate in Mocha Mug, sugar free \*  
90%, 80%, 70%, 65%, 60% Sugar Free Chocolate Bars\*

All products are vegan certified by The Vegan Society (\*in process) since 2022. In 2024, DLO has started the Kosher certification process.

### **Vision and Mission**

The vision of DLO is to be recognized as a premium and differentiated company in their business sector, with organic, single-origin, artisanal, healthy, and nutritious products for their consumers, providing fair treatment to their strategic partners, and committed to environmental conservation.

The mission of DLO is to be a transformative company of agricultural products, with unique origins, 100% organic and natural, offering products that provide a satisfying experience for their consumers

## HONDURAS: DEL LAGO ORGANICO

who seek quality, care for their health and nutrition, valuing environmentally friendly processes, and with a socially responsible business model.

The values of DLO are Loyalty, Responsibility, Trust, Honesty, and Fairness.

### **Background to the family and the business**

DLO was founded in 2021 by Marcio Paz, Marcio Fernando Paz, and Rebeca Paz as Del Lago Orgánico S de RL de CV (DLO). It emerged as an initiative of Marcio Fernando and Rebeca, after hurricanes Eta and Iota devastated almost 75% of the crops at Finca La Fé in November 2020.

The inspiring words of Marcio Fernando and Rebeca were:

“Let's start something that is healthy and nutritious. We can do it Dad! You have the experience and God has always been with us. We can begin with what we have left” (M. Fernando and R. Paz, personal communication, November 1, 2020).

In December 2020, the dream began to take shape. The installation of a processing plant in 2021 in Tegucigalpa was accelerated. Manufacturing processes were certified via international certifications, registrations and permits. The local market began to open in February 2022. Figure 2 shows Marcio and Rebeca Paz promoting DLO products.



Figure 2. Marcio (L) and Rebeca (R) promoting products from Del Lago Orgánico in a TV show

As a family in business, the Paz family affirm the importance of taking care of their family legacy on the farm and the ecosystem that God has given them to steward. The forest and care of everything related to its operation is a priority in all their endeavours.

The Paz family have built their DLO projects with the following value premise:

Our products satisfy the need to consume healthy and nutritious products, promoting health care and at the same time promoting environmental care and awareness. We are Honduran producers from the field to the final product: growing, harvesting, transforming and

## HONDURAS: DEL LAGO ORGANICO

marketing our own raw materials. Our line of products has an international vegan certificate, guaranteeing a high standard of quality and being 100% organic and natural (M. Paz, personal communication, June 1, 2024)

Rooted in religious convictions, the family acknowledge how God is blessing them with and through their finca. For the family, their faith guides them in committing their projects to protect Finca La Fé whilst manufacturing healthy and nutritional products for their customers.

Currently their organization can be visualized in the organization chart in Figure 3. Their organization is still evolving, and they hope as a goal to be able to integrate valuable human resources in the coming years.

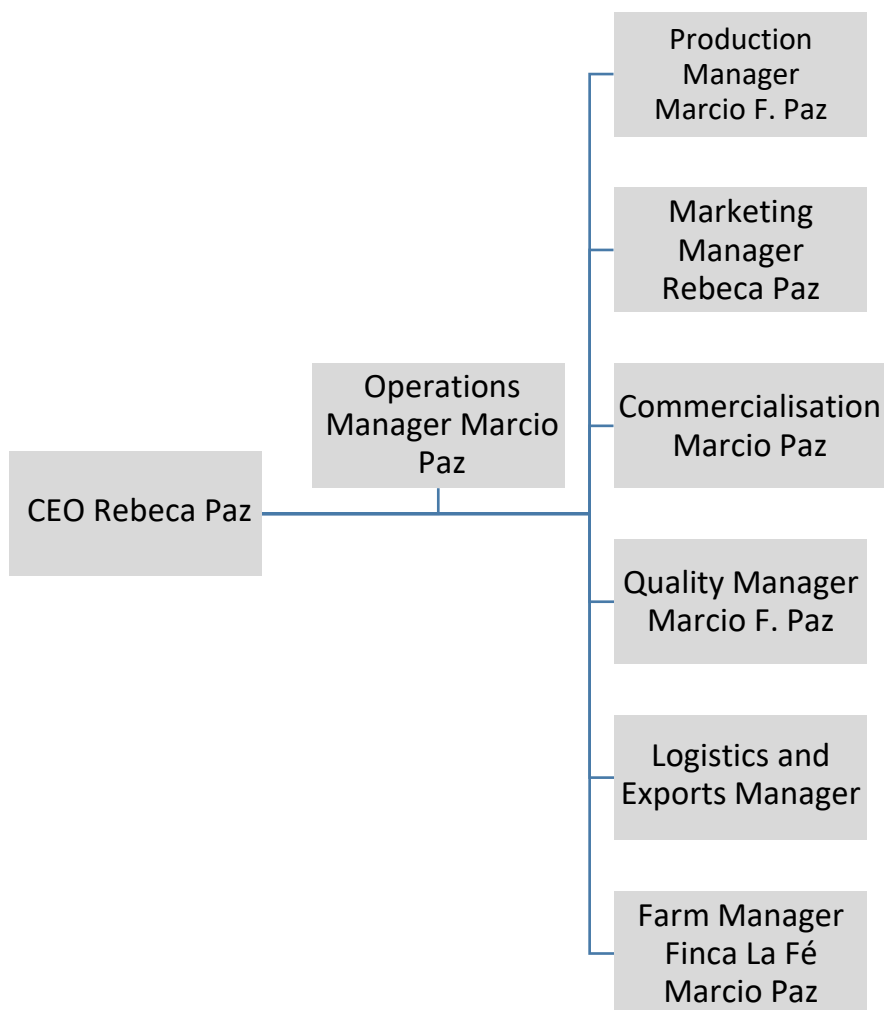


Figure 3. Organisation chart of Del Lago Orgánico S de RL

Table 1 provides a summary of some of the most important moments the family business has faced in the past few years.

HONDURAS: DEL LAGO ORGANICO

Table 1. Milestones of Finca la Fé and DLO

Date	Milestone
2015	Marcio Paz <b>begins evaluation of Finca La Fé</b> and its operational rearrangement
2016	<b>Planting</b> of coffee, cocoa, banana, and agroforestry system <b>begins</b>
2016	<b>Marcio Paz completes a Diploma in Organic Agriculture</b> at COMSA. Marcio initiates operations of organic agriculture and introduces best agricultural practices
2017	The process of <b>certifying the Finca La Fé forests</b> , under the PESA plan (Special Agroforestry Sustainability Plan) managed by IHCAFE and ICF, is completed
2020	Hurricanes Eta and Iota <b>destroy 75% of Finca la Fé</b> . November
2021	The Paz family decides to <b>accelerate the processing plant project</b> with ideas from Marcio Fernando and Rebeca. January
2021	Del Lago Orgánico S de RL is <b>legally constituted</b> . May
2021	Granting of <b>Vegan Certification</b> . November
2021	<b>Packaging and logo design</b> is completed. December
2022	<b>Start of operations</b> in the national market. February
2022	DLO participates in <b>Feria Bazar del Sabado</b> . February
2022	<u>Honourable Mention Award</u> . <b>Sustainable Companies Competition</b> sponsored by Bosques & Co. Only Central American company who was one of the top 10 finalists. It allows DLO to procure long-term credit line and low interest rate by INDUSTRIAL BANK (Guatemala) as an innovative project. Achieved by Marcio Paz. August
2022	<u>3rd Place Award</u> . <b>Girl Boss Business and Entrepreneurial Women</b> sponsored by Revista Estilo and Banco Ficohsa. Capital Seed and Advertising Award. Achieved by Rebeca Paz. September 2022
2023	<u>2nd Place Award</u> . <b>Comprehensive Business Model Competition</b> sponsored by Terra Te Impulsa of the Terra Group and the Tegucigalpa Chamber of Commerce. Seed capital. Achieved by Marcio Paz. June
2023	Rebeca Paz becomes Member of Voces Vitales. June
2023	<u>1st Place Award</u> . Winner of the BAC <b>Business Award for Young Women Entrepreneurs. Triple Impact Sustainability Project</b> . Seed capital. Achieved by Rebeca Paz. August
2023	<b>First Production Line Expansion</b> . September
2023	Reached <b>HNL 1,000,000 in sales</b> . September
2023	3rd Place Award. <b>Premio Road to Innovate. Central American Regional Event</b> in Guatemala, sponsored by Friedrich Naumann Stiftung INNOVATE Entrepreneurship Programme 2024. Participation Marcio Fernando Paz. November
2023	Agreement to commit to SDGs as organizational policy. November
2023	Invitation by the Secretary of Economic Development (SDE) to participate as an <b>Exhibiting Company in the Shanghai Fair, China</b> . Selected as 1 of 20 exhibiting companies nationwide. Rebeca Paz participated. November
2024	<b>Financing Line</b> granted by Bosques & Co. A financing line of \$15,000 to invest in the expansion of the company's production capacity. January
2024	<b>Second production line expand</b> . April-June

2024 Selected as one of 6 companies to participate as a **representative of Honduras at the LAC FLAVOR 2024 Fair in Manaus, Brazil**. Nomination and selection by the IDB (Inter-American Development Bank) and the Secretary of Economic Development (SDE). Marcio Paz participation. June

**SDG#15: Life on Land and Del Lago Orgánico S de RL de CV**

SDG#15, Life on Land, has as its main objective “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss” (United Nations, n.d.). When shaping DLO’s vision and mission, the family gave relevance to SDG#15 through their actions to conserve the ecosystem within the farm and its surroundings.

Finca La Fé is located near Lake Yojoa, the only natural lake in the country, a region known for its abundant biodiversity in terms of flora and fauna. Such setting generates the awareness of safeguarding the natural environment surrounding the lake, contributing to conserve a freshwater ecosystem (SDG#15.1). The farm is surrounded by livestock farms, where deforestation has been evident and widespread. By preserving the natural ecosystem, the farm has become a small lung in the area. In the process of organizing the farm, the natural wealth is visualized through a rich diversity of trees, plants, birds, and terrestrial animals. Such context has heightened in the family the need to conserve and protect life on land.

In 2016, support was requested from the Honduran Coffee Institute (IHCAFE) and the Forest Conservation Institute (ICF) to be the recipient of a certification known as the Special Agroforestry Sustainability Plan (PESA). It was then possible to determine that Finca La Fé has a natural wealth of more than of 40 species of trees, between 45-50 species of birds, and more than 30 species of land animals. Unfortunately, the PESA project was short-lived, and certification was not achieved. However, a family decision was made to declare 15 hectares of forest as a protected nature reserve area. The goal would be to safeguard this area to protect the natural environment, aligning our vision with SDG#15.4 (ensure the conservation of mountain ecosystems, including their biodiversity) and SDG#15.5 (protect biodiversity and its natural habitat). For DLO, it is a priority to preserve and encourage protective agriculture practices, including zero deforestation, zero agrochemicals, zero burning and zero herbicides and pesticides.

Since there are no official organization in Honduras that grant a certification of protected areas, the Paz family decided to look after their natural environment and establish a series of objectives, including zero deforestation and protection of the natural ecosystem (UNECE, n.d.), which is fully in line with the targets and indicators of SDG#15.

DLO was born with a strong ethos around organic agriculture. **DLO** produces its own biofertilizers. The Paz family completed training by the Cooperativa Orgánica Marcala S.A (COMSA) and received a Diploma in Organic Agriculture and immediately implemented their learning into their processes. Supported by religious beliefs, the family commitment was imprinted from the beginning by understanding the importance of what God gave them to steward and doing a small part for humanity.

From the beginning the Paz family sought support from governmental institutions with little success as no support or guidance was provided. However, this did not stop them and out of their personal conviction and resources family members bricolage their approach. The idea of continuously seeking

certifications was spearheaded by Marcio Paz who transmitted that feeling to his children, who have supported the idea wholeheartedly.

We understand that there is a lot to do but we try to communicate the issue of conservation on our networks or in any program, forum, or event where we are invited... Our staff takes care of the environment, the forest, the animals. They no longer burn cultivated areas [traditional method in the region] and we have tried to instil healthy agricultural practices (M. Paz, personal communication, June 1, 2024).

This approach has allowed DLO to integrate SDG#15.1 (conservation, restoration, and sustainable use of terrestrial land) and SDG#15.4 (ensure the conservation of mountain ecosystems, including their biodiversity) and SDG#15.5 (protect biodiversity and natural habits).

DLO is currently trying to get involved with the REHNAP (Honduran Network of Private Natural Reserves), an institution that has gradually achieved notoriety in the country. Through REHNAP, DLO plans to bring forward professional training and association with people who wish to preserve their heritage and establish themselves as a Natural Reserve for the country, supporting further their idea to upkeep SDG#15.

### Business Model and SDG#15 Life on Land

In November 2023 members of the family decided to shape their commitment in alignment with international initiatives. After studying the UN SDGs, they revised their approach and rationale on how and what to focus on. They used the IRIS+ tool (<https://iris.thegiin.org>) as a practical guide to rebuilt their business model, indicators, metrics and benchmarks to be able to systematically direct DLO to work toward their goals. Within SDG#15, table 2 shows the management indicators defined for the coming years.

Table 2. SDG#15 indicators for DLO

Target	Impact Category	Impact Theme	Strategic Goal	Key Indicator
15.1 15.2 15.c	Agriculture and Biodiversity and Ecosystems	Sustainable Agriculture and Biodiversity & Ecosystem Conservation	Improving Climate Resilience through Agriculture	Area and percent of land managed using resilient soil health practices
15.4 15.c	Agricultural and Biodiversity and Ecosystems	Sustainable Agriculture and Biodiversity & Ecosystem Conservation	Improving Ecosystem Health through Agriculture	Area of land directly managed by the organization with an improved biodiversity footprint
15.4 15.5 15.c	Biodiversity and Ecosystems	Biodiversity & Ecosystem Conservation	Improving Biodiversity through Terrestrial Ecosystem Protection and Restoration	Protected area or restored natural ecosystems  Number of species present in the area



			directly controlled (species richness)	
15.9 15.c	Biodiversity and Ecosystems	Sustainable Agriculture and Biodiversity & Ecosystem Conservation	Improving Biodiversity through Nature-Based Solutions and Green Infrastructure	Area and percent of area directly controlled with improved biodiversity footprint

Given the lack of governmental or international support within Honduras, restructuring the business model to manage several SDGs would be supported by internal funding.

In 2023, Rebeca participated in representing the company in a Triple Impact Sustainability competition (Social, Economic and Environmental) promoted by the Bank of Central America (BAC), winning first place for their work with impact and the family feel proud because what they are doing in conservation issues has been recognised and rewarded. Recently, in May 2024, an advertisement sponsored by BAC was made where Rebeca shows the impact of the farm.

In 2024 they destined five percent of their budget to work on the triple organizational impact and promote their approach via social media networks and other communication channels.

**Reporting and Measurement**

As a family in business, members consciously monitor the environmental impact of their projects through defined and strategic activities.

1. The farm has been organized and sectioned by crop areas with natural separations such as road, trees and others, thus help to achieve SDG#15.1
2. Two large areas of 15 hectares and five hectares have been defined as internal reserves where cultivation is not carried out and the conservation of the environment is maintained. This helps the family business in meeting SDG#15.1, SDG#15.2, SDG#15.4, and SDG#15.5.
3. In the crop areas, zero deforestation is respected, which relates to SDG#15.3, and agricultural management practices respect the non-use of agrochemicals, burning, use of herbicides, etc., so that the species of birds, insects and terrestrial animals have a healthy environment and at the same time the agricultural product maintains its healthy and natural conditions. This helps the family business to align itself with SDG#15.1, SDG#15.2, SDG#15.4, and SDG#15.5.

Whilst the crop cultivation and reserve areas have been assigned with specific boundaries DLO is yet to achieve the desired SDG#15 metrics. DLO is committed to formalize the registry of species of birds, terrestrial animals, trees, and other fauna in the second half of 2024. This helps the family business to contribute to achieving SDG#15.5 – protect biodiversity and natural habits; and SDG#15.9 – integrate ecosystem and biodiversity in government planning.

The family has committed to manage the environmental impact and conservation challenges based on their conviction to steward the resources they have been entrusted with. This commitment, to having a healthy natural environment, impacts on their objective to produce healthy and nutritious products. The Paz family does not, and cannot, see it as two different or separate things. Integrity, as

a core value, underpins such commitment, which makes a difference in the way DLO manages their immediate environment to benefit their country and region.

### **Business and Greater Good**

One of the family dreams is to certify their forest as a Natural Reserve Park and establish it as a natural sanctuary in the Lake Yojoa area, aiming to fulfil SDG#15.5 and SDG#15.9. DLO aspires to be known as the business by which others benchmark themselves both in the area and in the country in terms of sustainable agricultural practices with a focus on conservation, giving priority to the flora and fauna. DLO aims to become a centre for visitors to learn about the coexistence between indigenous crops and conservation, therefore helping to meet SDG#15.c, which aims to 'increase the capacity of local communities to purpose sustainable livelihood opportunities' (United Nations, n.d., para.8). In doing so, they aim to educate the consumer that the production and consumption of healthy products goes hand in hand with conservation.

The Paz family want their story to transcend not only in Honduras, but worldwide. They have always maintained the concept in the family that DLO is "A World Class Company" and that they are building the foundation for their family business to meet this goal.

### **Challenges of working with SDG#15 Life on Land**

The biggest challenge of working on the SDGs and especially SDG#15 is record keeping. SDG#15 requires the scientific and technical contribution of specialists to support them in the identification of the entire environment.

The institutional limitations in Honduras are evident and limiting. There are no governmental or official institutions that can provide guidance on SDGs guidelines. Prior initiatives have failed or are outside of official priority activities. The Paz family have had to look for independent institutions or professionals but due to the high costs associated with such assistance this has been outside of the family businesses financial capacity.

2024 has been set as a starting point due to growth in sales and the opportunity to start exporting. This will generate the possibility of being able to self-finance their SDG objectives. The Paz family will continue investigating other options at a local and international level that can support them on such a journey. "I am not discouraged, in fact it is another opportunity that will fill us with pride when we start it," says Rebeca Paz, who is deeply in love with the natural environment DLO has established itself in (R. Paz, personal communication, June 1, 2024). As a family they continue to work in an orderly and schematic manner so as not to lose sight of what environmental responsibility means for generations to come.

"They [birds, squirrels, and other fauna] were here before us... and even if they generate some minimal damage to the crop, it is nothing. They continue to deserve respect for their lives" declares Marcio Paz regarding the importance that the family gives to the issue of respect for the ecosystem environment at Finca La Fé (M. Paz, personal communication, June 1, 2024).

### **What next for Finca La Fé, Del Lago Orgánico and SDG#15**

For DLO, 2024 has been set as the year to capitalise on their exponential sales growth, led by the export of products manufactured in May. The Paz family have prepared to make an investment in

processing equipment to meet the demands associated with sales growth and export orders. However, at the farm level they have decided to no longer expand on cultivation areas and instead preserve the ecosystem that Finca La Fé benefits from. Whilst the current cultivation area can generate only a minimum percentage of raw materials for their final products it can still generate the financial flow that they need to self-finance the implementation of SDGs and especially SDG#15.

The Paz family have reached out to local producers of plantain, cacao, coffee, sweet potato, taro, cassava, etc. who will provide them with the raw materials. DLO will work with them with a focus on the issue of sustainable agricultural practices and to educate them around the conservation of terrestrial life in their farms and future projects. DLO as a family business wish to promote the same principles of zero deforestation, zero agrochemicals, zero burning, zero herbicides and taking care of life that they abide by.

DLO will strongly promote a campaign called 'Preserving the Life of Our Ecosystems'. In doing so they plan for their consumers to become more aware of the importance of producing healthy products, while taking care of life on land, applying ecological principles to take care of the immediate environment. The campaign will be a great challenge but at the same time it is, according to Rebeca Paz, "a challenge to be transcendental and become agents of change in the country and for new generations...". The Paz family believes they will be able to achieve this as they plan to integrate further their religious faith into DLO operations. Their commercial and conservation approach is based on the Bible, specifically in Proverbs 16:3 (Contemporary English Version) "Share your plans with the Lord, and you will succeed."

Family businesses like DLO, showcase that the production of international commodities such as cacao and coffee, can also integrate a strong intergenerational motivation to steward natural resources (Arias & Discua Cruz, 2018; Discua Cruz, Centeno Caffarena, & Vega Solano, 2020) and integrate their approach with strong religious convictions shared within and across generations (Discua Cruz & Cavalcanti Junqueira, 2023). Such an intergenerational approach, where several generations agree on the international initiatives to follow and how best to do it, can support the successful implementation and continuity of the UN SDGs over time.

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HONDURAS: DEL LAGO ORGANICO

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