

THE BUSINESS CASE FOR G-ESG APPROACHES:

Lessons from Four Cacao Enterprises in the Philippines



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MENNONITE ECONOMIC DEVELOPMENT ASSOCIATES (MEDA)

The Mennonite Economic Development Associates (MEDA) is an international economic development organization that creates business solutions to poverty. MEDA's programs and investments contribute to the transformation of agricultural systems to create and maintain decent job opportunities for women and youth. Since 1953, MEDA has advanced agricultural transformation in 80 countries.

RESILIENCE AND INCLUSION THROUGH INVESTMENT FOR SUSTAINABLE AGRIKULTURA (RIISA) PROJECT

The Resilience and Inclusion through Investment for Sustainable Agrikultura (RIISA) Project is an initiative led by MEDA in the Philippines. The project is focused on building more gender-inclusive, sustainable livelihoods, and profitable agri-businesses for smallholder farmers in the cacao sector in Mindanao. The project aims to directly support 5,400 smallholder farmers, with 40% of them being women. Additionally, it seeks to indirectly support 25,000 small-scale farmers through cooperatives, associations, public institutions, and small and medium-sized enterprises (SMEs) in the cacao sector.

RIISA - STRATEGIC LEARNING AGENDA (RIISA-SLA)

Funded by MEDA, the Philippines Partnership for Sustainable Agriculture (PPSA), was tapped to develop the Strategic Learning Agenda (SLA) of MEDA's RIISA project. The SLA serves as a framework for co-developing a strategic learning agenda and disseminating learning products related to Gendered-Environmental, Social, and Governance (G-ESG) factors and other project results. This is accomplished through various learning activities and platforms designed to catalyze positive change within the cacao sector. The SLA also seeks to facilitate collaboration and knowledge sharing among key stakeholders in the sector.

PHILIPPINES PARTNERSHIP FOR SUSTAINABLE AGRICULTURE (PPSA)

The Philippines Partnership for Sustainable Agriculture (PPSA) is a multi-stakeholder partnership platform initiated by Grow Asia, a regional platform for inclusive and sustainable agriculture development in Southeast Asia catalyzed by the World Economic Forum and the ASEAN Secretariat. Grow Asia's goal is to reach smallholder farmers in ASEAN through its country chapters like the PPSA to build regional and country partnerships and broker market-driven solutions for more inclusive, resilient, and sustainable food systems in Southeast Asia.

ACRONYMS

AGC - Auro Group of Companies
B2B - Business-to-Business
BSP - Business Service Provider
DCCIDC - Davao City Cacao Industry Development Council
DRCIDC - Davao Regional Cacao Industry Development Council
DTI - Department of Trade and Industry
ESAP - Environmentally Sustainable Agricultural Practices
E-GEM - Environment and Gender Equality Mainstreaming
FODCI - Filipinas Oro De Cacao Inc.
GAC - Global Affairs Canada
GECs - Gender Equality Champions
G-ESG - Gendered-Environmental, Social, and Governance
GESI-HR - Gender Equality and Social Inclusion-Human Rights
GLI - Gender Lens Investing
GPD - Gender Power Dynamics
LAST - Lomerados Agri-Supply Trading
LGBTQ - Lesbian, Gay, Bisexual, Transgender, and Queer
KII - Key Informant Interview
LAECS - Laquihon Agro-Environmental Consultancy Services
MEDA - Mennonite Economic Development Associates
PPSA - Philippines Partnership for Sustainable Agriculture
PWD - Persons with Disabilities
RIISA - Resilience and Inclusion through Investment for Sustainable Agrikultura
SLA - Strategic Learning Agenda
SMEs - Small and Medium-sized Enterprises

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I. Introduction

This study outlines the progress of the Mennonite Economic Development Associates (MEDA) Resilience and Inclusion through Investment for Sustainable Agrikultura (RIISA) project in promoting Gendered-Environmental, Social, and Governance (G-ESG) considerations among cacao-based small and medium-sized enterprises (SMEs) and cooperatives in the Philippines. The project seeks to close gaps in women's inclusion in the Philippine cacao sector by integrating G-ESG principles and driving systems change in the cacao market through the creation of decent work and enhanced environmental sustainability.

In the Philippines, SMEs are drivers of job creation and economic growth through their role in facilitating fairer income distribution, dispersing economic activities to rural regions, and contributing to poverty reduction. Collectively, micro enterprises and SMEs generated 5,607,748 jobs, accounting for approximately 65 percent of the country's total employment.¹ Cacao is a multi-million dollar industry with growing demands both globally and domestically. However, the industry faces challenges in production and supply, combined with environmental risks and market pressures. Cacao enterprises also encounter barriers in adopting sustainability standards due to limitations in resources, capacities, and infrastructure. Integrating G-ESG approaches is emerging as an innovative solution to respond to these issues strategically. As the industry continues to grow, embracing G-ESG approaches will be crucial for SMEs to unlock their full potential as drivers of decent work creation, ensuring that all stakeholders—including smallholder farmers and vulnerable communities—can benefit from sustainable and inclusive growth.

With the goal of strengthening the sector through investment in the creation of decent work opportunities, MEDA, supported by Global Affairs Canada (GAC), initiated the RIISA project. The project has shown progress in improving business operations and decent work opportunities for SMEs, cooperatives, smallholder farmers, and producers by increasing income, integrating G-ESG principles into business operations, improving environmentally sustainable and inclusive business performance, and promoting G-ESG practices within the wider cacao market system.

This study adopts a qualitative approach to explore the positive impacts of G-ESG integration within four cacao-based SMEs. To capture real-life insights and individual experiences of the impact of G-ESG integration on SMEs beyond the broader project data, key informant interviews (KIIs) were conducted with RIISA partner SMEs and other stakeholders including business service providers (BSPs) and industry stakeholders to understand factors that create an enabling environment for G-ESG adoption.

¹ Department of Trade and Industry. (2022). MSME statistics. Retrieved from <https://www.dti.gov.ph/resources/msme-statistics/>

To ensure the reliability of the findings, this study employed a data triangulation process where the data from the KIIs were validated against the secondary data and resources. These sources included the RIISA project's annual report, financial assessments, and Environmentally-integrated Gender Equality Mainstreaming (E-GEM) reports on the SMEs, along with other relevant literature.

Advancing sustainability in cacao SMEs through G-ESG approaches

Investors are increasingly seeking ethical and sustainably produced cacao. The application of ESG standards can therefore help cacao enterprises communicate a competitive advantage while simultaneously making a positive impact.

What is ESG?

- The E in ESG, environmental criteria, includes the energy a company takes in and the waste it discharges, the resources it needs, and the consequences for living beings as a result. Not least, E encompasses carbon emissions and climate change. Every company uses energy and resources; and every company affects, and is affected by, the environment.
- S, social criteria, addresses the relationships a company has and the reputation it fosters with people and institutions in the communities where it does business. S includes labour relations and diversity and inclusion. Every company operates within a broader, diverse society.
- G, governance, is the internal system of practices, controls, and procedures a company adopts to govern itself, make effective decisions, comply with the law, and meet the needs of external stakeholders. Every company, which is itself a legal creation, requires governance.²

What is Gendered-ESG?

Gendered-ESG refers to the integration of gender considerations into ESG criteria, policies, and practices. Research reveals evidence of the interconnections between gender equality and ESG. When effectively integrated, gender equality becomes a driver for the acceleration of ESG initiatives.

Research finds that the subcategories of ESG (environmental, social, and governance) are interconnected, with women affecting and being affected by these areas.³ Under governance, when women hold leadership positions, they gain influence over decision-making, internal control systems, and various governance activities. A greater gender balance in management positions creates a culture and leadership behaviours that

² Henisz, W., Koller, T., & Nuttall, R. (2019, November 14). Five ways that ESG creates value. McKinsey & Company. Retrieved from <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value>

³ iSAW International. (n.d.). Gender Equality: A Catalyst for Accelerating ESG and Beyond. Retrieved from: <https://isaw.org/download/ESG%20Gender%20Equality%20REPORT.pdf>

positively influence decisions across all dimensions of ESG. This includes setting new environmental standards, empowering partnerships with social stakeholders, and improving trust levels among those stakeholders.

Objectives of this study

One of the key strategies employed by MEDA to achieve the goals of the RIISA project is the implementation of a Strategic Learning Agenda (SLA). The SLA focuses on co-developing a learning agenda and disseminating learning products on G-ESG practices and other project results.

This study is a product of the SLA and underscores the important role of SMEs in the cacao industry in promoting sustainability and providing support to smallholder farmers and small-scale producers. It emphasizes the need for G-ESG approaches and practices in advancing decent work and RIISA's efforts in mainstreaming G-ESG through its various initiatives. This study aims to achieve the following objectives:

- Build a case for G-ESG approaches/practices and emphasize its value addition in creating an enabling environment for decent work opportunities and economic growth.
- Promote the adoption of G-ESG approaches among cacao-based enterprises.

Key learnings emerging from the project include:

- SMEs in the cacao industry have opportunities to strengthen their capacities through targeted support in technology, training, and access to information. By investing in these areas, SMEs can effectively integrate sustainable practices and contribute to long-term economic growth and resilience.
- There is a growing recognition among SMEs of the importance of structured interventions and governance improvements. By formalizing support mechanisms and implementing effective monitoring systems, SMEs can improve the effectiveness and sustainability of their efforts towards G-ESG principles.
- Despite challenges, SMEs are increasingly aware of their environmental impact and market expectations. By navigating these pressures thoughtfully, SMEs can position themselves as leaders in sustainable agriculture, balancing profitability with long-term environmental responsibility.

This study explores the value of integrating G-ESG approaches for SMEs in the Philippine cacao industry and how it contributes to the creation of decent work opportunities.

II. Project reach and SME progress in G-ESG integration

Through the project, ten SMEs were provided with business development services, including a [Gender Equality Mainstreaming \(GEM\)](#) assessment and facilitation of G-ESG Action Planning to support improvements in their business performance.⁴ GEM is MEDA's practical manual and toolkit for assessing gender equality, and identifying, implementing, and measuring gender equality mainstreaming strategies within companies. The framework builds upon ESG investment standards by mainstreaming gender across ESG criteria.



Figure 1. The RIISA project's business clients
(Source: RIISA FY 3 Annual Report (April 1, 2023 to March 31, 2024))

Complementary to these services, funds were allocated to each SME to support the application of relevant G-ESG practices. Ten cooperatives also underwent G-ESG assessments, and bird biodiversity assessments were conducted among eleven cooperatives and associated farming communities. Concurrently, the promotion of MEDA's Environmentally Sustainable Agricultural Practices (ESAP) was facilitated among ten cooperatives. The cooperatives also received matching funds to implement relevant G-ESG practices.

⁴ RIISA FY 3 Annual Report (April 1, 2023, to March 31, 2024).

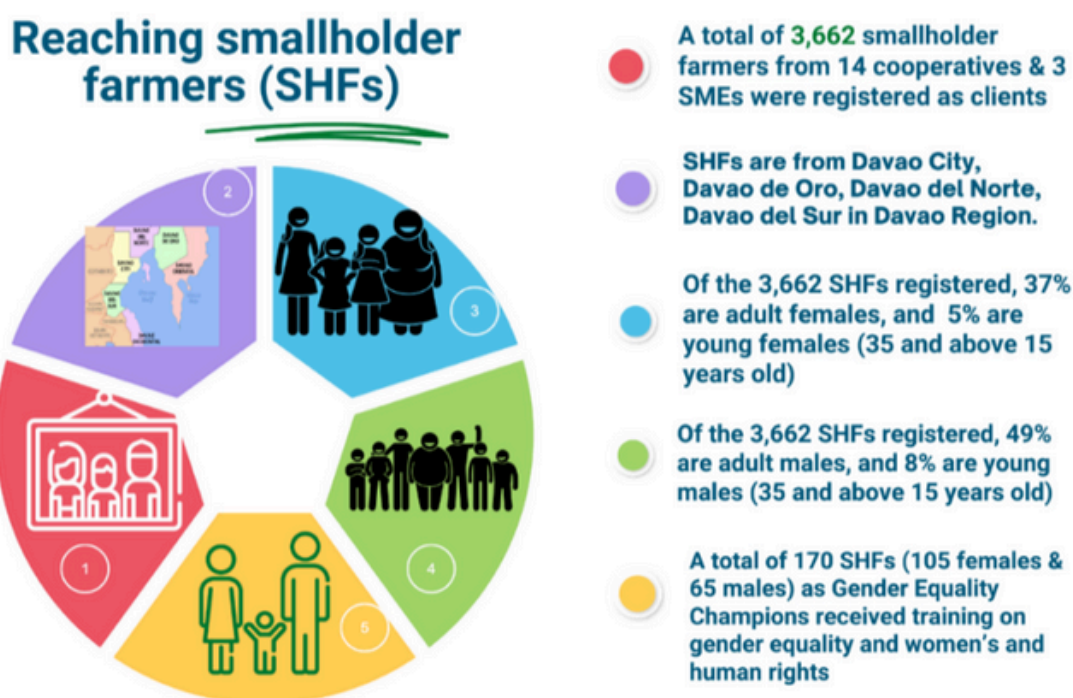


Figure 2. Smallholder farmers reached by the RIISA project
Source: RIISA FY 3 Annual Report (April 1, 2023 to March 31, 2024)

The narratives gathered from four of the ten SMEs involved in the project and selected for this study highlight the project's progress and demonstrate the positive impact of integrating G-ESG practices into business operations.

- **SME partners of the RIISA project:** The researchers identified and selected the SMEs and/or their corporate social responsibility subsidiaries that received support from the RIISA interventions. They were selected based on their availability and level of engagement with the RIISA initiatives. Selected SMEs included:
 - **Auro Chocolate:** Auro Chocolate is an internationally awarded tree-to-bar chocolate brand that promotes sustainability by working directly with local farmers to create fine Filipino cacao beans, ingredients, and retail products with unique and bold tropical flavours.
 - **Kennemer Foods International, Inc.:** Kennemer Foods International, Inc. is a Philippine agribusiness company specializing in the growing, sourcing, and trading of high-quality agricultural crops such as fermented cacao beans sourced from smallholder farmers.
 - **Lomerados Agri-Supply Trading:** Lomerados is a single proprietor company registered with the Department of Trade and Industry (DTI) to sell high-quality agricultural supplies and provides technical and extension services focusing on

cacao farm management services at a profit. It buys wet beans and sells fermented and dried cacao beans, and is engaged in cacao production by adopting abandoned cacao farms to improve their productivity.

- **M&D Prize Food Philippines Inc.**: M&D Prize Food Philippines Inc. is a registered corporation focused on consolidating, processing, and distributing premium cacao beans. Operating as a business-to-business (B2B) company, it caters to both local and international buyers.
- **Business service providers**: This category includes organizations offering specialized services and support to business clients of the RIISA project. The selection process focused on identifying key players who offered services to cacao enterprises to ensure an in-depth understanding of the industry's ecosystem. Business service providers included:
 - **Grameen Foundation**: With a global presence in 15 countries and over 25 years of experience, Grameen empowers women and girls to claim their full power, thereby ending poverty and hunger. Grameen's agriculture-focused programs (Together, We Grow) aim to enhance the incomes, food security, and resilience of women and rural households.
 - **inBEST Ventures**: inBEST Ventures is a business development and impact investment management company that promotes Gender Lens Investing (GLI) for growing MSMEs and cooperatives in the Philippines. It was founded by two impact investment professionals with a total of 30 years of experience in business development and impact investment management programs for MSMEs, cooperatives, and development finance institutions.
 - **Laquihon Agro-Environmental Consultancy Services (LAECS)**: Laquihon Agro-Environmental Consultancy Services (LAECS) is a dedicated team of experts focused on sustainable agriculture and rural development, primarily working with smallholder farmers, associations, and cooperatives throughout Mindanao and across Asia. Specializing in cacao production and sustainable practices, LAECS collaborates extensively with government, non-governmental organizations, and the private sector.
 - **Villgro Philippines**: Villgro Philippines has over five years of proven expertise in mentoring and funding women entrepreneurs and other underrepresented founders who are addressing the most urgent social issues, through innovative market-based models, experienced mentors, and learning resources. A gender

smart incubator certified by ygap and the Sasakawa Peace Foundation, Villgro Philippines continues to facilitate gender-inclusive support to impact businesses in the key areas of affordable healthcare, agriculture and fisheries, climate change, education and employment, and women and girls in the country, and outwards across South and Southeast Asia.

- **Industry stakeholders:** This category included representatives from cacao industry development councils in the region and government representatives who could provide insights into industry challenges and needed support for the sector. Industry stakeholders included:
 - **Davao City Cacao Industry Development Council (DCCIDC):** DCCIDC is the government-recognized city-level policy and development program advocate for the sustainable and inclusive development of the cacao industry in Davao City.
 - **Department of Trade and Industry Region XI:** The Department of Trade and Industry Region XI is the primary arm of the Philippine government in Region XI that coordinates, promotes, facilitates and regulates the country's trade, industry, and investment activities.
 - **Davao Regional Cacao Industry Development Council (DRCIDC):** DRCIDC is an organization which was formed to increase private sector participation in developing government programs, activities, and initiatives that address the needs and requirements of value chain players.

III. Consolidated results

Progress towards achieving increased integration of G-ESG considerations into the operations of businesses and financial intermediaries serving SMEs and cooperatives is evident among the project's cohort. The cohort consisted of small and medium-sized enterprises in the Davao region supported by the RIISA project. Cohort 1 SMEs (e.g., M&D Prize Food) have partially received their matching grants to support the implementation of their G-ESG-focused project proposals and action plans during the reporting period from April 1, 2023 to March 31, 2024.

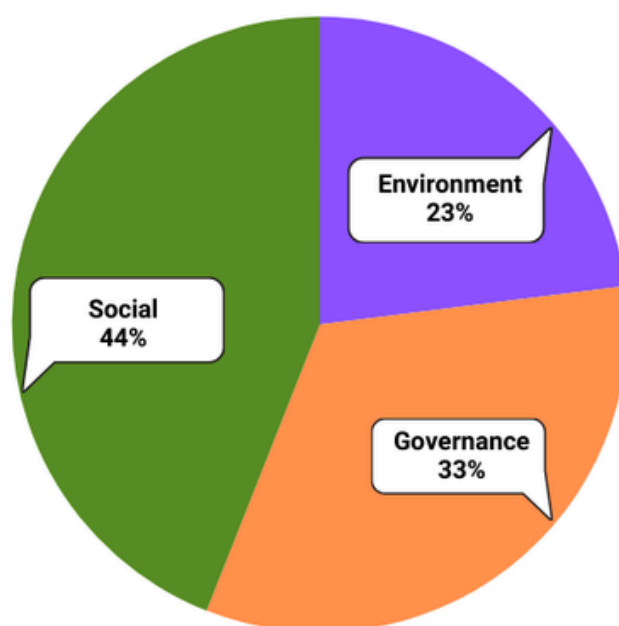


Figure 3. Percent of G-ESG strategies, programs, and activities integrated in Cohort 1 SME business action plans (Source: RIISA FY 3 Annual Report; April 1, 2023, to March 31, 2024)

Action plans for Cohort 1 SMEs reveal a conscious effort to integrate G-ESG components. At the beginning of the project, G-ESG was a new concept for these SMEs. The review revealed that 23 percent of their strategies, programs, and activities prioritized environmental concerns, 44 percent focused on social initiatives, and 33 percent emphasized governance practices within their business operations. Before the RIISA Project extended business development services to SME clients, there was no integration of gender in ESG practices.

For Cohort 2, consisting of ten SMEs, project partner BSPs (Villgro Philippines and inBEST Ventures) assisted these businesses in assessing their business processes and practices using MEDA's Environment and Gender Equality Mainstreaming (E-GEM) tool which is a part of the broader Gender Equality Mainstreaming (GEM) Framework. The results of the assessments informed targeted G-ESG recommendations for the cohorts. With the support of the BSP, they facilitated the development and documentation of the businesses' action plans. In addition to climate resilience, the provided technology also improves G-ESG capacity by addressing the needs of women and youth employees, further enabling the hiring of women and youth, promoting women's empowerment, and integrating youth into cacao farming.

Notably, the integration of G-ESG has contributed to the following outcomes:

Improved governance practices

In governance, SMEs have shown commitment to adopting G-ESG practices. Their current practices aim to enforce mechanisms and policies that safeguard employees' rights and ensure their safety and well-being. As a case in point, The Kennemer Group is currently working on formalizing and legitimizing general policies and G-ESG mechanisms, including its governance structures and operational practices.

The Kennemer Group, which includes its subsidiaries—Kennemer Foods International, Kennemer Eco Solutions, and Agronomika Finance—has established an Impact and Sustainability Office to address and assess issues such as child labour, forced labour, and gender equity, to understand how the company aligns with international standards. This initial risk assessment phase enables Kennemer to identify its current position and areas for improvement. With policies already in place, the company is focused on setting actionable corporate targets and designing strategic programs to ensure these policies are effectively implemented. Supported by external expertise, Kennemer is also developing strategies to create meaningful, measurable impacts across the organization.

Recognizing the importance of monitoring both its impact and progress, the company has appointed dedicated staff to oversee its G-ESG performance and has established several internal committees and ESG champions to ensure effective monitoring and compliance. While G-ESG integration is still in progress, Kennemer is also developing a policy statement that includes standard operating procedures and guidelines for implementation.

Enhanced social protection and governance structures

Increased commitment of the four SMEs interviewed to employee welfare and social protection in the workplace has led to improved working conditions through an inclusive hiring approach that prioritizes women, minority groups, members of the Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) community, Indigenous Peoples (IPs), and Persons with Disabilities (PWDs). The SMEs are actively promoting gender balance across all levels by implementing multiskilling initiatives that allow both genders to perform a variety of tasks, and they are promoting capable women to higher management roles. Efforts to enhance governance include achieving gender

parity within leadership, to extend decision-making opportunities to women. Enhanced workplace safety measures have been introduced as well, as detailed in the individual SME experiences below. These advancements in social protection may be attributed to SMEs' growing understanding of the value and necessity of gender integration training for employees, prompting them to incorporate this training into their programs.

Inclusive hiring practices

A positive trend in inclusive workplace practices is reported by SMEs, with increasing commitment to diversifying their workforce by actively considering the hiring of locals and increasing employment opportunities for women and other minority groups. These efforts aim to promote gender equality and empowerment in the workplace.

Increasing yield to boost cacao farmers' income

The project's focus on improving cacao productivity, which is seen as one of the primary solutions to industry challenges in the sector, is reflected in its efforts to promote environmentally sustainable and agricultural practices (ESAP). ESAP practices are categorized into four key areas: (a) soil health management and biodiversity conservation, (b) shade management, (c) safety and health of farmers, and (d) mindset change. These practices not only enhance environmental sustainability but also positively impact crop yields, farmer well-being, and gender inclusivity.

ESAP encourages sustainable practices, including organic farming and includes a broader range of approaches focused on improving cacao yield in the immediate term. These efforts align with the objectives of supporting Gender Equality and Social Inclusion (GESI) and promoting environmental sustainability—laying the groundwork for potential financial benefits in the future.

IV. Real-life insights: How SMEs are transforming workplace welfare through the integration of G-ESG considerations

The case of Auro Chocolate: Commitment to employee welfare

Auro Chocolate, through its affiliated enterprise Filipinas Oro De Cacao Inc. (FODCI), is a women-owned enterprise under the Auro Group of Companies (AGC). The company is dedicated to producing high-quality, sustainably sourced chocolate products, working closely with smallholder farmers to ensure ethical sourcing and production standards. Alongside its project partners, Auro identified a need to address gender-based issues within its cooperatives, including the high incidence of gender-based violence and sexual harassment, with a goal of creating a safer, more inclusive workplace and improving employee welfare overall.



Photo: The Women of FODCI; Source: [The Independent Investor](#)

In response, the project provided training on gender equality, women's rights, and human rights to 75 smallholder farmers, comprising 64 percent women, 36 percent men, 19 percent youth, and 5 percent members of Indigenous Peoples (IP) groups. Conducted by the BSP partner Grameen Foundation using the Gender Power Dynamics

(GPD) methodology, this training engaged ten cooperatives in Cohort 2 and focused on foundational concepts of Gender Equality and Social Inclusion-Human Rights (GESI-HR), including an understanding of gender norms, power dynamics, and the rights of women and children. This initiative also encouraged participating SMEs to adopt similar gender training programs within their organizations to support employee welfare.

Auro further demonstrated its commitment to employee welfare through health and wellness seminars organized by its Human Resources Department in collaboration with MediCard Philippines Inc., a local healthcare provider. These seminars addressed mental and physical health and included gender-specific health provisions such as annual cervical screenings for women employees as part of Auro's medical benefits package. FODCI also organized a women's health and family planning seminar, along with a women empowerment talk, demonstrating a proactive approach to assessing and addressing gender-specific needs within the workplace.

Auro's focus on inclusive health and wellness programs, alongside its commitment to decent work principles, has created a more supportive and inclusive workplace, where employees feel increasingly valued and supported. Although long-term data is still in progress, these early efforts indicate a positive shift toward improved gender equity and inclusion at Auro Chocolate and its affiliated enterprises.

The impact of these interventions is beginning to take shape, with the number of Gender Equality Champions (GECs) across all of the RIISA project cohorts reaching 170, consisting of 62 percent women and 38 percent men. The organization of Gender Equality Champions (GECs) is currently limited to cooperatives, with no participation from Auro or its partner smallholder farmers at this stage. Nevertheless, the FODCI case exemplifies the project's progress toward promoting gender equality within the cacao value chain.

"We're looking into a more gender-sensitive approach in our programs, such as when inviting professionals or resource persons to assist us in program implementation. For instance, if the program focuses on women's health, we aim to engage experts who specialize in that area."

Marcelo Manaig, Jr.
Sustainability and Community Development Supervisor
Auro Chocolate

The case of Lomerados: Improving resilience and sustainability with gender-inclusive renewable energy tools

Lomerados Agri-Supply Trading (LAST) is a single-proprietor company that specializes in high-quality agricultural supplies and technical services for cacao farm management. It purchases wet beans, processes them into fermented and dried cacao, and revitalizes abandoned cacao farms to enhance productivity. The company has demonstrated a commitment to using renewable energy tools and integrating gender-inclusive practices into its operations. LAST offers a gender-inclusive portable power tool that runs on renewable energy, which is used by both women and men, including young women and young men, to maintain their cacao farms more efficiently.

LAST aims to achieve more efficient and sustainable farming tools that could cater to the diverse needs of both men and women employees, especially in the context of climate change and the challenges it poses for the agricultural sector. To meet this need, LAST introduced the renewable energy-powered tool through the support of the RIISA project, which not only supports farming efforts, but also helps ensure that women and youth have equal access to modern agricultural technologies.

Although it is still too early to report concrete results, LAST is expecting that the increased use of this tool, along with additional equipment and storage facilities, will enable them to meet growing buyer demand and enhance overall operational capacity.





This, in turn, will lead to more stable employment for staff members. Moreover, LAST expects that the improved capacity will better support the needs of women and youth employees, contributing to stable employment and new job opportunities.

In addition to the gender-inclusive tool, LAST also reported that the support received through the RIISA project has significantly improved its operational resilience. The company benefited from infrastructure upgrades, including solar dryers, warehouses, and moisture meters, which are vital for mitigating the risks associated with unpredictable weather patterns. These technologies not only prepare LAST to address climate shocks, but also strengthen the company's gendered-ESG capacity which ensures that the specific needs of women employees are met in the workplace.

"Ever since karamihan sa employees ko are babae, especially those that select beans are the wives of my regular employees. Sa tulong ng RIISA project na-improve yung capacity ng operations namin, especially sa pag-adapt at pagiging resilient sa climate change."

(Ever since most of my employees are women, especially those that sort beans are the wives of my regular employees. With the help of the RIISA project, we have improved the capacity of our operations, especially in adapting to and being resilient against climate change.)

Charismae Bacalso
Owner
Lomerados Agri-Supply Trading

The case of M&D Prize Food: Women in leadership



Photo: M&D Prize Food staff (Source: Rajkumar Nair)

M&D Prize Food is a registered corporation focused on consolidating, processing, and distributing premium cacao beans. The company is dedicated to growing into a gender-inclusive workforce, with a balanced representation of women in various roles throughout the business. While it is not explicitly claimed that gender parity within the company is a direct result of any specific project, M&D Prize Food has made intentional efforts to increase the representation of women in leadership roles.

Forty-five percent of M&D Prize Food's full-time employees are women, and the company has made efforts in leadership gender parity. Seventy-five percent of leadership roles and 80 percent of positions on the board of directors are held by women. The company's owner, Rajkumar Nair, believes women excel in management and decision-making roles, which is why leadership positions are predominantly occupied by women. The company's commitment to gender equality extends to farming tasks as well, with women taking on a wide range of responsibilities, though physically demanding activities like heavy lifting are generally not assigned to them.

The results of these efforts are clear in M&D Prize Food's workforce composition and leadership structure. The company's approach has made improvements in creating an inclusive, culturally-aware environment, with women playing key roles in local negotiations.

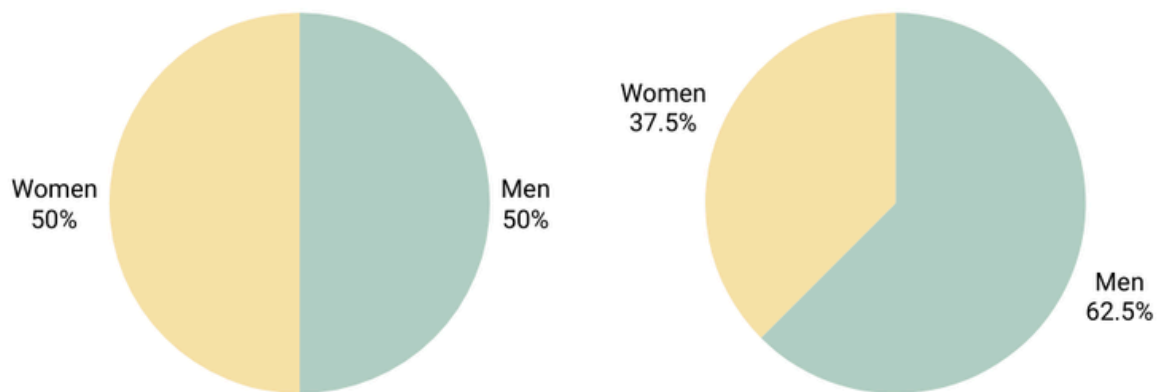


Figure 4. Gender Breakdown of Full-Time Employees at M&D's Baguio Marahan Farms

"We have a good breakdown of men and women in the company. Most leadership positions are held by women. I rely on them for negotiations and interactions in the local context. They are locals who communicate and understand the culture better. My wife, who is also the operations manager, handles all local engagements."

Rajkumar Nair
Owner
M&D Prize Food

The case of Kennemer: Sustainable growth for partner farmers

Kennemer Foods International, Inc. is a Philippine agribusiness company specializing in the growing, sourcing, and trading of high-quality agricultural crops, such as fermented cacao beans from smallholder farmers.

Through its subsidiary, Kennemer Eco Solutions, the company is committed to promoting sustainable growth for its partner farmers. With the support of the RIISA project, Kennemer is expanding its carbon credits initiatives to benefit smallholder farmers by diversifying their crops, including fruit and forest trees intercropped with cacao. This initiative supports carbon sequestration and provides additional income streams for farmers. To support these efforts, Kennemer supplies its cacao farmer-suppliers with environmentally sustainable production inputs, such as biofertilizers, to increase cacao yields. In terms of governance, Kennemer collaborates with cacao cooperatives, including one of RIISA's project cooperative clients, on carbon trading, which helps diversify income sources for farmers. This partnership also provides crucial support, including training, extension services, micro-financing, and community livelihood programs. Through these combined efforts, farmers are equipped with the skills and resources necessary to thrive while promoting environmentally sustainable practices.



Photo: KenEco engaging with communities (Source: MEDA PH)

The project has also facilitated training to improve production and quality standards across SMEs and smallholder farming communities, contributing to the overall resilience and sustainability of agricultural practices in the targeted areas. Kennemer's approach to developing a stable cacao supply chain has led to improved marketing opportunities for farmers. Although not directly attributed to the project, farmers working with Kennemer have reported **improved selling prices** for their cacao due to increasing demand and competition for high-quality cacao. Moreover, the grant received by Kennemer enabled the development of a program that incorporates carbon credits into farmers' revenue streams, promoting sustainable cacao farming and strengthening the cacao supply chain in the Paquibato District of Davao City.

“Our training includes proper use of resources and proper budgeting. So we're having farmer training on entrepreneurship, farmer training in improved production, farmer training in sustainable farming. For our employees, we also have benefits such as what is provided also, not only by law, but also through the efforts of the company. So most of them are really stable jobs with proper wages. A lot of our farmers have feedback that our involvement led to more buyers and improved their prices because there's more competition in the market for their supply.”

Jojo Joson
General Manager
Kennemer Eco Solutions

V. Future considerations for scaling G-ESG integration among cacao enterprises

“Interventions should be informed by the needs of the industry. By focusing on addressing those needs, even small projects can make a huge impact.”

Dante Muyco
Regional Chairperson
Regional Cacao Industry Development Council

Challenges and future considerations

Although the SMEs interviewed are making good progress in integrating G-ESG principles in their operations, they also faced some challenges in adopting these principles. The main challenges identified include the following:

1. Limited resources and capacities

SMEs in the Mindanao region reported a lack of necessary technology, training, and information to effectively integrate sustainable practices into their operations. Limited enterprise capability hinders their ability to implement sustainable practices and grow their businesses sustainably. In turn, this also limits their support for smallholder cacao farmers and producers.

This limitation is compounded by other uncontrollable factors, such as the perennial nature of cacao farming, which is seasonal and cannot support farmers' year-round needs, especially during the off-season of cacao, and during the months of January to April when production is low and prices are at their lowest. This seasonal dependency impacts the incomes of cacao enterprises as well as income stability for farmers and producers, affecting their ability to invest in sustainable practices.

Poor accounting and management systems are also prevalent, leading to inadequate business planning and financial instability. This deficiency in basic business skills also hinders their ability to invest in and integrate G-ESG principles effectively.

SMEs need support in capacity strengthening and education to integrate G-ESG considerations into their business operations. This includes ensuring compliance with local labour standards, such as fair wages, safe working conditions, and gender equality.

2. Challenges in governance and interventions

Given that SMEs are focused on business survival, long-term sustainability and best practices are often overlooked and considered a low priority. Interventions for farmers and employees are frequently informal due to limited governance capacities. This lack of structure in support programs often reduces their effectiveness and sustainability as there are no effective systems in place to measure improvements resulting from interventions and technical support. This poses a challenge to assessing the impact of sustainability initiatives and implementing necessary adjustments. Thus, support for SMEs should include technical assistance, infrastructure development, and governance improvements in management, administration, and finance.

3. Environmental risks and market pressures

SMEs are highly vulnerable to the impacts of climate change and unpredictable weather, which can disrupt their operations and reduce agricultural yields. This environmental uncertainty further complicates efforts to adopt G-ESG principles. Compounding this issue is the competitive nature of the market, which puts pressure on SMEs to prioritize profitability over sustainability. This makes it challenging for SMEs to prioritize long-term sustainability over immediate financial gains. The combination of these challenges leads to low productivity and, consequently, low incomes for both SMEs and farmers. As a result, the economic strain further limits their capacity to adopt sustainable practices. Cacao stakeholders believe that increased government involvement and support to facilitate interventions is a way to overcome these challenges.

4. Education and skills gap

In addition to environmental and market pressures, limited education and skills of farmers and producers pose another challenge, as they significantly influence SMEs' recruitment decisions and limit employment viability. Investing in training for farmers and producers is a practical approach to improving employment opportunities. Empowering these stakeholders through capacity strengthening facilitates the adoption of sustainable practices, thereby augmenting productivity and income levels for both farmers and producers and cacao-based enterprises.

This ripple effect underscores how skilled farmers and producers can elevate productivity and profitability for SMEs, enabling better support mechanisms for them in return.

Given the significant role that cacao farming plays in the local economy, it is important to ensure decent working conditions for both wage workers and entrepreneurs. Addressing challenges in decent work through G-ESG capacity strengthening and strategic interventions is crucial for improving productivity, income stability, and sustainable growth in the cacao industry. This calls for collective action and commitment amongst governments, the private sector, and organizations that champion sustainability standards to address challenges on decent work and find innovative solutions to break the cycle of job insecurity, workers' vulnerability, and low pay.

On a positive note, there is a consensus on the need to improve farmers' economic conditions and efficiency within SMEs that involves the inclusion of women, who are playing a significant role in the cacao value chain. A G-ESG approach that applies a gender lens to make ESG considerations more socially inclusive in SME operations promotes inclusive growth and shared responsibility within cacao communities and enterprises.

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Appendices

A. Methodology

Data collection

This study employs a qualitative methodology to evaluate the positive outcomes of G-ESG integration and its role in creating an enabling environment for decent work among four cacao-based SMEs. Key Informant Interviews (KII) were conducted with stakeholders involved in the RIISA project including SMEs, business service providers (BSPs), and industry stakeholders. Interview questions focused on informants' experiences and insights on different aspects of G-ESG integration.

Data tools

This study employed both structured and unstructured interviews, combining predetermined questions with open-ended questions. It also integrated data from surveys conducted by the RIISA Project team to explore the perspectives of the targeted informants in greater depth. Prior to data collection, the interview tools underwent a content validity check, with the instruments validated by experts from the MEDA team in the Philippines and its global headquarters in Canada to ensure effectiveness and relevance. The tools were pre-tested to evaluate the reliability and validity of the survey instruments before the actual data collection began.

Sampling frame and profile

For the Key Informant Interviews (KIIs) targeting SMEs and cooperatives, the sampling frame included:

- SME partners of the RIISA project: The researchers identified and selected the SMEs and/or their corporate social responsibility subsidiary that had received G-ESG support from RIISA interventions. It is important to note that during the data collection period, several SMEs had not yet fully received the business development services provided by the BSPs. Business action plans that incorporate G-ESG as an approach have not yet been fully implemented, or their implementation is still ongoing.

Limitations of the study

The availability of the SMEs interviewed was a key factor that influenced the overall scope of the research. The sample size represents only 10% of the target SMEs based on the list provided by MEDA—which limited the range of insights. At the time of data collection, it was not yet possible to fully assess the long-term impact or progress. However, the effects of G-ESG integration are expected to become more evident as the project progresses and SMEs continue to implement these practices, towards the later stages of the project.

I. Data analysis

Data analysis conducted for the study included the following processes:

1. **Data preparation:** Consolidating all data from the interviews and other resources, and undergoing data cleaning to ensure accuracy and relevance.
2. **Data segmentation:** Organizing and categorizing the data by grouping similar items together according to recurring themes and identified patterns found within specific criteria or parameters.
3. **Analytical framework:** The analytical framework employed a Thematic and Narrative Analysis, to explore G-ESG practices and decent work initiatives

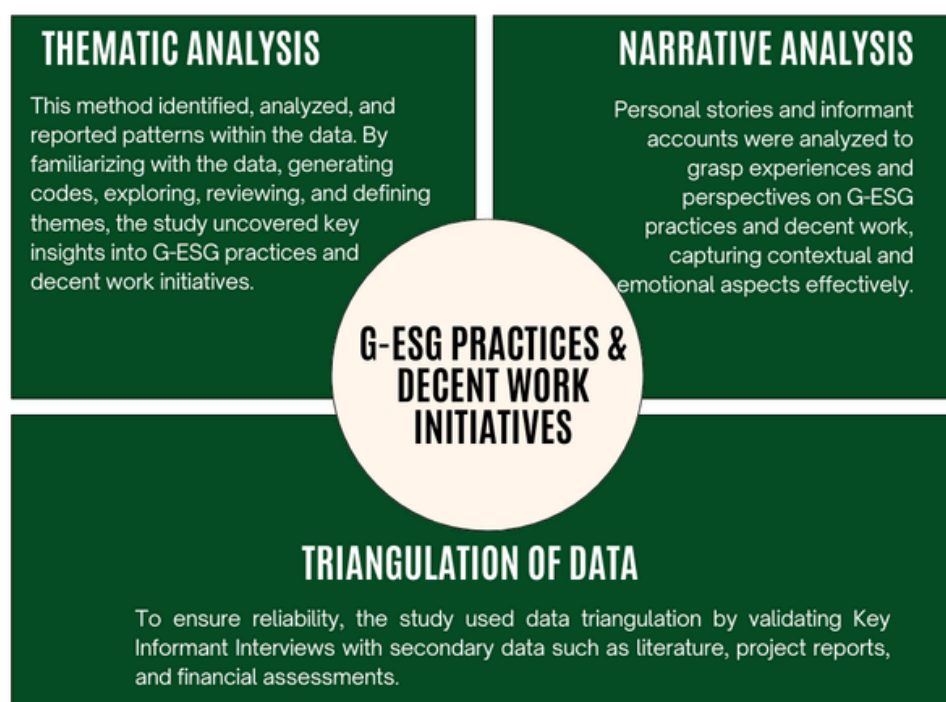


Figure 5. Analytical Framework

II. Thematic analysis

This method was employed to identify, analyze, and report patterns within the data. Through a detailed process of familiarizing with the data, generating initial codes, searching for themes, reviewing themes and trends, and defining and naming themes, the study was able to uncover key insights into G-ESG practices and decent work initiatives.

III. Narrative analysis

Personal stories and accounts shared by informants were analyzed to understand their experiences and perspectives on G-ESG practices and decent work. This method helped capture the contextual and emotional aspects of the participants' responses.

IV. Triangulation of data

To ensure the reliability of the findings, this study employed a data triangulation process where the data from the KIIs were validated against the secondary data including related literature, the RIISA project annual report, financial assessment, and Environmentally integrated Gender Equality Mainstreaming (E-GEM) reports on SMEs and other relevant documents.



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