



# WATER and ENERGY for FOOD

Environmental, Social, and Governance Guidelines



Government of the Netherlands



## ABOUT WATER AND ENERGY FOR FOOD (WE4F)

WE4F is a joint international initiative of the Federal Ministry for Economic Cooperation and Development (BMZ) and the European Union), the Ministry of Foreign Affairs of the Netherlands, Sweden through the Swedish International Development Cooperation Agency (Sida), and the U.S. Agency for International Development (USAID). WE4F aims to:

- Increase food production along the value chain through a more sustainable and efficient usage of water and/or energy.
- Increase income for the base of the pyramid women and men in both rural and urban areas.
- Sustainably scale innovators' solutions to meet the challenges in the WE4F nexus.
- Promote climate and environmental resilience and biodiversity through the sustainable, holistic management of natural resources, and ecosystems.

### About this Document

This document outlines the guiding principles for ESG integration in the WE4F program. WE4F believes that integrating guiding principles into our daily work will allow us:

- to set out precautionary measures to avoid or mitigate unintended negative impacts on poverty reduction, environment and climate, human rights, conflict and context-sensitivity, and gender equality.
- to set out strategies and processes that will have a net positive impact on poverty reduction, environment and climate, human rights, conflict and context-sensitivity, and gender equality.

## GUIDING PRINCIPLES FOR ESG IN WE4F

*The guiding principles mentioned below are based on the United Nations Principles for Responsible Investment (UNPRI). However, these principles have been evolved and customized to align with WE4F's vision and goals as follows:*

- **Principle 1: WE4F will be an active issue manager and incorporate ESG issues into decision-making processes, operating structures and practices.**
  - WE4F will integrate ESG issues into all key activities of the program, from the call for innovation, due diligence, innovator's need diagnostics & acceleration work planning to technical assistance, investment facilitation, public private partnership and ecosystem building. While also incorporating it as part of WE4F monitoring, evaluation and learning.
- **Principle 2: WE4F will work together with all stakeholders to enhance our effectiveness in implementing the principles related to ESG.**
  - WE4F will hold discussions with ESG experts in order to mainstream the conversation around ESG in the WEF nexus.
  - WE4F's Steering Committee lays out the vision for all internal stakeholders on objectives and ambitions related to ESG integration.
  - The regional innovation hubs will support the selected innovators to ensure implementation of activities related to ESG integration.
- **Principle 3: WE4F will promote acceptance and implementation of the principles related to ESG within the WEF and larger international development ecosystem.**
  - WE4F will build partnerships with like-minded organizations and nexus actors who align with our mission of integrating ESG principles into their business practices and decisions.
  - WE4F will seek collaboration with organizations having experience in ESG application in portfolio development
  - WE4F will share successful case studies as well as lessons learned, related to ESG integration, with the larger international development ecosystem.
  - WE4F will share our activities and progress towards implementing the principle in the annual report.
  - WE4F will contribute to regional, supra-regional, and global policy level by sharing the progress and outcomes of programmatic activities related to ESG integration.

- Wherever relevant and applicable, WE4F will liaise with local government ministries/agencies to promote the integration of ESG issues.
- **Principle 4: WE4F will seek appropriate disclosure, on ESG issues, by the innovators in which we invest.**
  - WE4F would require that each of the selected innovators must undergo a self-assessment on social and environmental compliance and disclose any social and environmental risks before being onboarded in the program.
  - WE4F would seek to strengthen the ESG disclosure system of the program by integrating learning from experienced organizations
  - WE4F would require innovators to disclose their contributions, at the application stage, related to other ESG parameters like gender integration, poverty reduction, livelihood creation for youth, and environment
  - WE4F would seek self-declaration from the onboarded innovators about complying with all legal and governance related rules and regulations within the existing law.
- **Principle 5: WE4F will work with a “no one size fits all” approach so as to provide an equitable platform for all the selected innovators to progress on ESG related parameters.**
  - WE4F will analyze ESG integration levels of each of the selected innovators and bucket them into beginner/intermediate/advanced so that the specific needs of innovators are addressed, and progress can be customized.
  - However, innovators must meet a minimum set of requirements, set by WE4F, related to gender mainstreaming, poverty reduction, and environmental sustainability to be eligible for selection and subsequent support.

## Gender Integration

WE4F requires the Hub and innovators to keep in mind the basic principles while working on gender integration below:

- Gender is often assumed to mean only “women.” However, since gender concerns the relationship between men and women, failing to understand the social structures that govern the way men and women interact can undermine actions directed at women or render them ineffective (Reference: *Sida-Gender Toolbox*).

- Any gender integration process should begin by analyzing the situation related to gender equality in the given context.
- Based on gender analysis, Hubs, innovators and implementing partners must identify methods/approaches to integrate the gender dimension in their activities in order to achieve the expected results.

## Environmental Sustainability

WE4F requires that each innovator must undergo an environmental self-assessment that includes an analysis of:

- The opportunities for the innovator to enhance environmental sustainability focusing on sustainable management of natural resources, in particular, water, biodiversity and climatic resilience.
- Potential risks from the innovator side to the environment/climate (safeguard, or do-no-harm dimension), and
- The risks from climate change/environmental degradation on the innovator's operations.

Based on the analysis, each innovator will be supported to develop a risk assessment and mitigation plan.

## Base of the Pyramid (BOP) Impact and Poverty Reduction

WE4F requires that Hubs and innovators integrate the guiding principles mentioned below while designing and implementing models to serve the BoP population:

- When working with the BoP, it is important to keep in mind that while we often think of poverty in terms of limited resources, there are multiple dimensions that a business should take into account: resources, opportunities and choice, power and voice, and human security (Reference: *Sida – Poverty Toolbox (Multi-Dimensional Poverty Analysis/MDPA)*).
- To effectively serve BoP populations, innovators should consider not only their customers' ability to afford a product or service, but also focus on how constraints related to insecurity, marginalization, control of household, or community resources affect their ability to access a product or service and use it to improve their standard of living. (Reference: [\*Innovator Guidebook: Navigating Business Models for the Base of the Pyramid in Water and Energy for Food\*](#))



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