

HESG Fund – Frequently Asked Questions

What is the Hydropower Sustainability ESG Assessment Fund (HESG Fund)?

A fund to help hydropower developers and operators evaluate and demonstrate their environmental, social and governance (ESG) performance. The initiative is managed by IHAS and funded by the [Swiss government's State Secretariat for Economic Affairs \(SECO\)](#).

What does the fund cover?

The fund covers up to 50% of the cost of an independent project assessment against the HESG or HS Standard requirements. The limit for each project is 25,000 Swiss Francs. The fund shall co-finance [independent accredited assessors](#) to conduct an assessment with the HESG, or the HS Standard.

The HESG Fund does not cover project construction, Environmental and Social Impact Assessment, or any similar costs.

What is a project assessment with the HESG or HS Standard?

An assessment is an independent auditing exercise to verify if a project fulfils the requirements set in the HESG or HS Standard. In an assessment, an accredited assessor carries out a site inspection, a review of project documentation, and interviews with stakeholders. The outcome is an official report that identifies where the project meets good practice requirements, as well as significant gaps and respective management plan.

Learn more here:

- [Assessment process](#)
- [HESG](#)
- [HS Standard](#)
- [Published assessments](#)

Why should I do an assessment with HESG or HS Standard?

An HESG or HS Standard assessment demonstrates a projects commitment to sustainability – to financiers, to civil society, governments, and industry peers. The requirements are aligned with IFC Performance Standards and World Bank Environmental and Social Safeguards.

An HESG or HS Standard assessment is required to achieve climate-aligned financial mechanisms through the Climate Bond Initiative certification.

In addition, meeting HS Standard requirements allows a project to be Certified Sustainable. This is an expectation of the [International Hydropower Association](#), as well as [a requirement of industry leaders like GE Renewables](#).

How to apply?

Project Proponents should submit a proposal, in English, by email to: sustainability@hydropower.org.

The submission shall include:

1. the proposal document, which must follow the provided [proposal template](#)
2. a detailed budget
3. a quotation from the Accredited Assessor, which should be [negotiated previously](#)
4. draft work plan, with tentative assessment schedule

Project proponents are strongly encouraged to contact [Accredited Assessors](#) before submitting the proposal. Accredited Assessors will be able to discuss a detailed budget and assessment logistics, considering the project complexity, location, and any sensitive social or environmental issues.

Which projects can apply?

Any hydropower projects that fulfil the selection criteria in the following countries: Albania, Algeria, Armenia, Azerbaijan, Bangladesh, Bolivia, Bosnia-Herzegovina, Burundi, Cambodia, Colombia, Democratic Republic of Congo, Egypt, Ethiopia, Georgia, Ghana, Haiti, Honduras, Indonesia, Kenya, Kosovo, Kyrgyz Republic, Lao People's Democratic Republic, Malawi, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, North Macedonia, Pakistan, Peru, Rwanda, Serbia, South Africa, Tajikistan, Tanzania, Tunisia, Ukraine, Uzbekistan, Vietnam, Zambia and Zimbabwe.

What are the selection criteria?

Proposals are selected according to the following criteria:

- The project is located in a target country (listed in the previous question)
- The HESG assessment is official, according to the Hydropower Sustainability Council's Terms & Conditions;
- Projects where the HESG assessment is intended to clear the way for access to climate/green bond financing with good chances to succeed and/or projects where the HESG assessment is intended to achieve certification against the Hydropower Sustainability Standard, provided they follow the harmonisation procedure will be given preference;
- The project sponsor demonstrates the need for the assessment through objectives that include, but may not be limited to:
 - Enhance relationship and communication with stakeholders
 - Improve the socio-environmental management of the project
 - Increasing transparency and commitment to sustainability
- The project fits into national and/or regional policies and plans for hydropower project planning, implementation and operations;
- The project sponsor adopts a sustainability perspective to increase benefits to society;
- The project sponsor has a strong track record in and/or is openly committed to hydropower sustainability;
- The costing of the HESG assessment is supported by a detailed budget and a quote from an accredited assessor.
- Project installed capacity;
- Assessment readiness.

What is the process for getting my project certified against the Hydropower Sustainability Standard?

A project that meets all minimum good practice requirements of the HESG or HS Standard may apply for certification. Following the assessment, the steps include:

- **Assessment:** Projects that want to be assessed for the Standard Certification should involve a minimum of two Assessors (1 Lead Assessor, 1 Assessor). Please note that the report format for the Standard Certification has slight differences with the HESG report template. A harmonisation process can be followed, as described in the [Hydropower Sustainability Assurance System](#). For more information on the report template, please download the Standard Assessment Tool for the [Preparation](#), [Implementation](#) or [Operation](#) Stages.
- **Public comment period:** The Project proponent will submit the preliminary Standard Assessment Report for a 60-day public consultation period. The leading Accredited Assessor for the project will

consider all comments and may update the assessment if needed. The assessment report will then be considered concluded.

- **Application:** The project proponent submits an application to the HS Secretariat for the HS Certification, following the publication of the Final Assessment Report. Applications are submitted electronically via the HS website using the [HS Certification Application Form](#). Project Proponents must complete and submit the form based on the findings of the Final Assessment Report. The cost of application is £2,500, paid to the HS Secretariat.
- **Certification:** Should the Project meet the minimum requirements for HS Certification and all process requirements are confirmed as met, the HS Secretariat notifies the [Governance Committee](#) of its intention to certify the project. The HS Secretariat will then issue the certification if no objection or concern is raised by the Governance Committee. If no issues are raised, the project will be certified. The cost of certification is £5,000, paid to the HS Secretariat.

Important Note: The HESG Fund only covers the project assessment (see process described above) and not the subsequent Standard certification process.

What if my project does not meet the minimum requirements for certification against the Hydropower Sustainability Standard?

The project proponent who wishes to apply for certification against the HS Standard must resolve all identified gaps and follow the Gap Management Plan provided by the Accredited Assessor in the assessment report. After resolving all gaps, the project proponent will need to re-engage with the accredited assessor to confirm that the gap has been. This may involve additional costs for the project proponent.

Following the gap resolution, the project proponent should follow the certification steps described above.

What is the process for preparing my project for climate/green bond financing?

The HESG or HS Standard assessment report can be used to access climate/green bond financing. The Climate Bonds Standard criteria for hydropower includes official HESG assessment carried out by an Accredited Assessor. Project must comply with the following conditions to achieve Climate Bond certification:

1. Number significant gaps:
 - a. Maximum 10 gaps
 - b. Maximum 2 gaps in each section
2. Timeframe:
 - a. Majority of gaps closed within 12 months
 - b. All gaps closed within 24 months
3. Deal breaker:
 - a. Requirement for Free, Prior and Informed Consent must be met
 - b. Power density >5 W/m² or GHG footprint <100 gCO₂e/kWh (projects pre-2020)
 - c. Power density >10 W/m² or GHG footprint <50 gCO₂e/kWh (projects during/post-2020)

If the HESG assessment has identified any significant gaps against the international good practice, then an Environmental and Social Action Plan (ESAP) must be established to address those gaps including details on how and when these gaps will be closed.

For more information on the requirements and the process for issuers, please visit the Climate Bonds Initiative's [website](#).

Relevant resources:

- HESG: <https://www.hydrosustainability.org/esg-tool>
- Assessment process: <https://www.hydrosustainability.org/project-assessments>
- Published project assessments: <https://www.hydrosustainability.org/published-assessments>
- Accredited Assessors (bios and emails): <https://www.hydrosustainability.org/accredited-assessors>
- [Proposal template in word](#)