GLOSSARY

Relevant modules	Category	Term	Definition	Source	Link
General terms		Financial instruments	In this Guide we financial instruments refer to a broad set of mechanisms and tools used to mobilize, allocate, or manage capital for investment. In the context of climate and urban development finance, these may include grants, loans, guarantees, equity, de-risking tools, results-based financing, or blended finance approaches - thus they may be repayable or non-repayable forms of finance. They can be provided by public, private, or philanthropic actors and are often tailored to specific project types, risk profiles, or investment readiness levels. Financial instruments may serve to leverage additional funding, reduce financial risks, or incentivize sustainable outcomes, depending on their structure and use.		
		Blended finance	Blended finance is a financing approach that strategically combines public or philanthropic funds (such as grants or development assistance) with private capital to mobilize additional investment for development goals, such as the SDGs or climate action. By using public funds to de-risk projects, blended finance makes investments more attractive to private actors while enabling larger-scale impact.	Net Zero Cities	Link
		Innovative finance	Innovative finance includes mechanisms and solutions, which increase the volume, efficiency, and effectiveness of financial flows, that mobilise, govern, or distribute funds beyond official development assistance (ODA) (DESA- UNEN, 2021). Innovate finance solutions create scalable and effective ways of channelling both private money from the global and local financial markets and public resources towards sustainable investments.	UN	Link
All	**Sectors**	Transportation and mobility	Systems and infrastructure enabling the movement of people and goods, including public transit, roads, cycling, and electric mobility.		
		Buildings and energy efficiency	Design, construction, and retrofitting of buildings to reduce energy consumption and improve performance.		
		Energy generation and systems	Production and distribution of energy from renewable and conventional sources, including grid infrastructure and storage.		
		Water, waste and wastewater	Management of water supply, sewage, stormwater, and solid waste (including recycling) to ensure sustainability and public health.		
		Urban development and management	Planning and governance of urban areas, focusing on infrastructure, services, housing, and livability.		
		Green spaces and nature-based solutions	Use of natural systems (e.g., parks, wetlands) to address urban challenges like heat, flooding, and air quality.		
		Disaster risk management	Strategies and actions to reduce the impact of natural and human-made hazards, including preparedness, mitigation, and response systems.		
Financial Instruments	**Maturity**	Mature	Evidence for implementation is high	Adapted from CCFLA's Financial	Link
		Emerging	Moderate evidence for implementation, instrument and mechanism is tried and tested	Instrument Toolkit taxonomy and	Link
		Pilot	Low implementation status, limited evidence is available	NAP Global Network Inventory of	
	Instrument type	Debt	Debt instruments are agreements between a lender and a borrower in which the agreement lender receives fixed payment(s), usually with interest. Borrowing can be done through bonds or bank loans, or other sources. These borrowed funds can come either from a private or public source.	Investopedia	Link
		Public	Public finance instruments refer to financial instruments directly issued or managed by public institutions (e.g., national governments, local governments, development banks, climate funds).	OECD	Link
		Equity	Equity finance is a type of financing that is the purchase of a share in the ownership of a company or project. It is often called shareholders' equity or owners' equity on a balance sheet, represents the amount of money that belongs to the owners of a business after all assets and liabilities have been accounted for.	Investopedia	Link
		Grant	Grants are non-repayable funds disbursed by the government or international financing institutions. The eligibility criteria are always defined by the donors.	ICLEI's Climate Finance Glossary	Link
		Risk transfer or mitigation	Risk transfer or mitigation financing instruments are financial tools designed to reduce, share, or manage the financial risks associated with climate and green investments—especially those related to revenue uncertainty, project failure, or extreme events.	ACT Alliance	Link
		Market based	Market-based instruments (MBIs) are financial or policy tools that use market signals and price mechanisms to encourage behavior that supports environmental and climate goals.	Climate Policy Info Hub	Link
	Modality	Non-repayable	Instruments, such as grants, provided without the obligation to repay, typically used for public goods or to support early-stage initiatives.		
		Repayable	Instruments, such as loans investments, that must be paid back, often with interest or returns, depending on the structure, terms and conditions set by the finance provider.		
		De-risking	Financial instruments like guarantees or insurance that reduce the risk for private investors, encouraging investment in high-risk or new markets.		
		Results-based	Financing tied to the achievement of specific outcomes or performance indicators, with disbursement made after pre-agreed results of climate activity are achieved and verified.		
	Source of finance	Public [Domestic]	Direct funding from national, regional or local government budgets (within the country), including ministries, state agencies and municipalities.		
		Public [International]	Finance from foreign governments or international public institutions, multilateral organisations, such as development banks or climate funds.		
		Public [Municipal own source revenue (OSR)]	Funds provided directly by a city or local government's budget, generated by own revenues, such as taxes, fees, or service charges.		
		Private	Funding from the private sector, including businesses, investors, or financial institutions or households. Type of instruments mobilising provate finance include loans, equity, and direct investments made by corporations and households.		
		Mixed (public and private)	Blended finance combining public and private resources.		
Financial Instruments and Blending	**Category of blending**	Structured funds and facilities	Collective investment vehicles pool financial resources from different investors in financial or nonfinancial assets or both	OECD	Link
		Insurance	Risk-transfer mechanisms that protect investors or projects from specific risks (e.g., weather events, political instability), making investments more attractive and bankable.	InsuResilience	Link

		Grants	Grants are non-repayable funds disbursed by the government or international financing institutions. The eligibility criteria are always defined by the donors.	ICLEI's Climate Finance Glossary	Link
		Loans and debt financing instruments	Money lent with the expectation of repayment, often with concessional (below-market) terms.	WRI	Link
		Guarantees	Risk-mitigation tools in which a public or development finance institution commits to cover losses if a borrower defaults, encouraging private lenders to finance riskier projects.	NAP Global Network	Link
		Outcome funding/ Results-based financing	Financing models where payment is made only upon delivery of agreed results or outcomes, aligning incentives and attracting private investment in social or environmental goals.	World Bank	Link
		Equity financing	Equity finance is a type of financing that is the purchase of a share in the ownership of a company or project. It is often called shareholders' equity or owners' equity on a balance sheet, represents the amount of money that belongs to the owners of a business after all assets and liabilities have been accounted for .	Investopedia	Link
		Not blending instrument	Financing instruments or mechanisms that cannot be blended.		
Financial Instruments and Readiness & Risk Assessment	**Investment readiness and risk**	Low risk, high readiness	The project is mature, well-structured, and highly bankable, with minimal risks across technical, financial, environmental, and social dimensions. Best suited for commercial financing instruments such as loans and equity investments, typically with low risk appetite investors like commercial banks, institutional investors, and infrastructure funds.		
		Medium risk and readiness	The project shows moderate preparation and viability, but some uncertainties or barriers remain that may require targeted support. Best suited for blended finance solutions combining concessional loans, guarantees, or risk-sharing instruments with commercial capital, different types of bonds and public-private partnerships.		
		High risk, low readiness	The project is in an early or untested stage, with significant risks and limited readiness, requiring substantial development and risk mitigation. Best suited for grant funding, technical assistance, or early-stage concessional capital and loans, typically from philanthropic donors, climate finance facilities, or international funds.		
Case Studies	**Case study type**	Blending instruments	Includes case studies where multiple financing instruments were blended (mixed) to finance the project.		
		Innovative financial instruments	Includes case studies where innovative financial instruments were used (identified as innovative by GGGI).		
		Private finance	Includes case studies where private finance was utilized.		
International Financing and TA Programmes	**Type of assistance**	Finance provision	Type of programme that provides capital and financing for different project stages (e.g. planning, implementation, maintenance).		
		Capacity building & technical assistance	Type of programme that provides technical assistance in a form of knowledge or assistance, or capital that can be utilised for capacity building.		