



Glossary of Financial Terms



Co-funded by the European Union under project ID 1012128. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the granting authority can be held responsible for them.

Technical information

Project Acronym	PROSPECT CUBE
Project Name	Capacity Building for Local and Regional Authorities
Grant Agreement No.:	101212861
Topic:	LIFE-2024-CET-LOCAL
Type of Actions:	LIFE-PJG (LIFE Project Grants)
Project Coordinator:	Institute for European Energy and Climate Policy (IEECP)
Website url:	https://h2020prospect.eu/

About the project

PROSPECT aims to strengthen the capacity of local and regional authorities (LRAs) across Europe to implement sustainable energy and climate actions by reducing reliance on public funding and increasing the use of innovative financing schemes (e.g., one-stop-shops, energy agencies, energy communities). The project offers a peer-to-peer Capacity Building Programme (CBP) tailored to the needs and time constraints of LRAs, available in multiple languages and structured in adaptable learning modules. Through large-scale outreach, including very small and remote LRAs, PROSPECT CUBE acts as an entry point to EU programmes and financing opportunities for authorities with limited experience in the field.

PROSPECT CUBE builds upon two successful Horizon 2020 initiatives: PROSPECT (2017–2020) and PROSPECT+ (2022–2025).

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1. Introduction

The transition towards climate-neutral and energy-efficient communities requires not only ambitious plans and strategies, but also a strong understanding of the financial mechanisms that can support their implementation. Local and regional authorities (LRAs), energy agencies, practitioners and other stakeholders are increasingly confronted with a wide range of innovative financing instruments, funding mechanisms, investment models and enabling structures that can accelerate the delivery of sustainable energy projects.

1.1. About this Glossary

This glossary has been developed as a practical reference resource to support participants of the PROSPECT Academy and other stakeholders actively engaged in the clean energy transition, particularly at the local and regional level. It covers key concepts related to the innovative financing schemes and enabling structures addressed by the PROSPECT Capacity Building Programme.

To ensure consistency and relevance, the glossary was reviewed and refined throughout its development process. Terms not directly related to financing schemes or enabling structures were excluded, while additional concepts associated with sustainable energy finance, investment readiness, project development and implementation were incorporated. Where appropriate, cross-references between related concepts were introduced to help users better understand the relationships between financing instruments, investment models and enabling structures.

As the PROSPECT Capacity Building Programme continues to evolve, the glossary will be periodically reviewed and updated to reflect emerging topics, new learning resources and the evolving needs of participants and stakeholders. The most recent version is made available through the PROSPECT CUBE website as part of the project's learning resource portfolio ([link](#)).

1.2. How to use this Glossary

Terms are presented alphabetically and include concise definitions of concepts related to sustainable energy financing, investment readiness, project development and enabling structures. The glossary is intended to complement the PROSPECT Academy learning materials and handbooks, providing users with a quick reference to key concepts encountered throughout the learning journey.

1.3. What this Glossary covers?

At its current state, the Glossary comprises approximately 100 terms and definitions covering financing terminology and implementation-related concepts associated with:

Innovative financing schemes

- Energy Performance Contracting (EPC),
- Third-Party Financing (TPF),
- Guarantee Funding,
- Soft Loans,
- Green Bonds,
- Citizen Financing - Crowdfunding,
- Internal Contracting (Intracting),
- Revolving Funds,
- Incentives for e-Mobility,
- Blended Financing,
- White Certificates and
- European Local ENergy Assistance (ELENA)

Enabling structures

- One-Stop Shops (OSS),
- Energy Agencies and
- Energy Communities

2. Glossary of Financial Terms

Term	Definition
Additionality	Additionality refers to the requirement that a supported measure delivers energy savings or investment that would not have occurred under business-as-usual conditions, legal obligations or normal market practice. In financing schemes, it demonstrates that a public incentive or dedicated financial support played a real triggering role in the project.
Aggregator	An aggregator is an intermediary that bundles multiple small projects, assets or energy savings into a larger portfolio. By creating scale, aggregators can reduce transaction costs, improve bankability and, in some models, take on portfolio-level performance or market responsibilities.
Asset	An asset is a resource with economic value owned or controlled by an individual, corporation or public authority that can generate revenues and provide future economic benefit. Assets can be short or long-term, depending on when they could or are expected to be used. Assets contribute to increase an organisation's value and benefit its operation.
Bankability	The term bankability refers to the willingness of financial institutions to finance a project or proposal. In other words, a project is considered bankable if banks and financial institutions are inclined to finance it. Different criteria are considered by investors for a project to be bankable, such as adequate planning, demonstration of political will and rational risk allocation as well as a coordinated enabling environment and a solid return on the investment.
Blended finance	Blended finance refers to the strategic combination of public, philanthropic or concessional funding with commercial finance in one financing structure. It is used to improve project affordability, reduce risks and crowd in private investment that would not otherwise be mobilised.
Bond	Bonds are investment securities through which an investor lends money to a borrower for a defined period, usually in exchange for regular interest payments and repayment of the principal at maturity. They are used by companies, public authorities, states and governments to raise capital for projects, investments and operations. In this glossary, bonds are a core financing term and should be read together with more specific instruments such as green bonds, climate bonds and municipal bonds.
Capital Expenditures (CAPEX)	Capital Expenditures (CAPEX) are costs that occur when purchasing, improving or maintaining physical assets of an investment project. Examples include costs of planning processes, installation or equipment.
Carbon credit	A tradable certificate representing the reduction or removal of one tonne of CO ₂ equivalent emissions.
Carbon pricing	An economic instrument that assigns a cost to greenhouse gas emissions to incentivise reductions.
Cash flow	The term cash flow describes the net amount of cash and cash equivalents that is generated or consumed by a company, organisation or individual in a given time period. A cashflow statement reports on the sources and usage of cash by an organisation over a period of time.

Citizen finance	Citizen Finance is an innovative financial scheme that uses citizens' investment for funding a project. In this financing scheme, citizens or communities pool together their own financial resources to implement a project aimed at their own common good. Citizen financing is also sometimes referred to as citizen funding or public financing and can be organised in different ways, e.g. crowdfunding, cooperatives, etc.
Climate bond	A climate bond is a type of green or thematic bond issued to finance projects that specifically contribute to climate change mitigation, climate change adaptation or climate resilience. It is therefore closely related to green bonds, but has a more explicit focus on climate-related outcomes.
Climate finance	Financial resources dedicated to supporting mitigation and adaptation actions addressing climate change, sourced from public, private, and international mechanisms.
Commercial loan	A commercial loan is a debt-based funding arrangement between a business and a financial institution. Commercial loans are typically extended to businesses to fund large capital expenditures, short-term funding needs or day-to-day operational costs.
Contract for Difference (Cfd)	A Contract for Difference (Cfd) is a financial support mechanism that stabilises revenues for energy producers by compensating the difference between a fixed "strike price" and the market price. When market prices fall below the strike price, the producer receives a payment; when they exceed it, the producer pays back the difference.
Cooperative	A cooperative is an autonomous association of persons who voluntarily cooperate for their mutual social, economic and cultural benefit. In the energy sector, cooperatives can support collective ownership, citizen participation and local investment in renewable energy or energy efficiency projects. Their legal form, governance requirements and regulatory treatment may differ across EU Member States. Cooperatives may raise equity from members or citizens and may also access debt capital, cooperative banks, public support schemes or subsidised loans.
Credit enhancement	Financial mechanisms (e.g. guarantees, insurance) used to improve the creditworthiness of a project or borrower to attract financing.
Crowdfunding	Crowdfunding refers to a collective effort by people who network and pool their money together, usually via de the internet, in order to invest in and support efforts initiated by other people or organisations. A crowdfunding campaign usually collects small contributions from a large number of citizens, typically through an intermediary web-based platform.
Debt capital	Debt capital refers to funds or assets generated by borrowing from a lender for fixed periods of time. In other words, any form of capital an organisation raises by taking out loans. In debt financing, an organisation borrows money to be paid back in the future with interest.
De-risking mechanism	A financial or policy instrument designed to reduce investment risks and improve the attractiveness of projects for private investors.
Discounted payback period	The discounted payback period is the time taken to recover the initial cost of investment, but it is calculated by discounting all the future cash flows. This method of calculation does take the time value of money into the account.

Discounted Cash Flow (DCF) analysis	A financial evaluation method that estimates the value of an investment by calculating the present value of expected future cash flows, discounted to reflect the time value of money and investment risk.
Discount rate	The discount rate refers to the interest rates applied to calculate the present value of future cash flows. As part of a Discounted Cash Flow (DCF) analysis, the discount rate is used to calculate the Net Present Value (NPV) and contributes to accounting for the time value of money and the riskiness of an investment as well as making different investments more comparable.
ELENA	ELENA, the European Local ENergy Assistance facility, provides technical assistance for the preparation of large-scale sustainable energy investment programmes. It supports activities such as feasibility studies, energy audits, business planning, financial structuring, procurement preparation and other development costs needed to bring projects to financing and implementation. ELENA is one specific form of Project Development Assistance; see also Project Development Assistance (PDA).
Emissions Trading System (ETS)	An Emissions Trading System (ETS) is a market-based policy mechanism where emission allowances are issued and traded to meet greenhouse gas reduction targets. In a financing context, ETS-related revenues or carbon price signals can help support low-carbon investment, while the mechanism is conceptually linked to market-based instruments such as carbon credits and, more indirectly, to energy saving certificate schemes.
E-mobility incentives	E-mobility incentives are financial or fiscal measures that support the uptake of electric mobility solutions, including electric vehicles, charging infrastructure and related services. They may include grants, rebates, tax incentives, preferential loans, leasing support or other schemes designed to reduce upfront costs and improve investment attractiveness.
Enablers	Enablers are organisational, technical, regulatory or financial mechanisms that make projects easier to prepare, finance and implement. In the PROSPECT context, typical enablers include One-Stop Shops (OSSs), Energy Agencies, Energy Communities, project aggregation and technical assistance.
Energy community	An energy community is a locally rooted organisation or partnership in which citizens, Small-Medium Enterprises (SMEs) and/or public authorities jointly develop, own, manage or benefit from energy-related activities. Energy communities typically combine participation, local value creation and environmental or social objectives with energy production, sharing or efficiency actions.
Energy savings	The reduction in energy consumption achieved through the implementation of energy efficiency measures, often used as the basis for calculating financial returns in performance-based schemes.
Energy efficiency financing	Financial mechanisms specifically designed to support investments in reducing energy consumption.
Energy Efficiency Obligation Scheme (EEO)	An Energy Efficiency Obligation Scheme (EEO) is a policy mechanism that requires energy suppliers, distributors or other obligated parties to achieve a defined amount of energy savings among end-users. In a financing context, EEOs can mobilise resources for energy efficiency measures and may be linked to tradable energy savings certificates, such as white certificates.

Energy Performance Contracting (EPC)	Energy performance contracting (EPC) is an innovative financing scheme offered by a contractor (usually an Energy Service Company) to clients who are interested in performing energy efficiency improvements but have limited financial means or technical capacities to implement the necessary measures. In the EPC model, an ESCO finances the project and implements energy efficiency investments. The project is based on the guaranteed energy savings that will be generated in the future, which are stated in EPC contract.
Energy Service Company (ESCO)	An Energy Service Company (ESCO) is a company that offers energy services which may include the implementation of energy efficiency projects. The three main characteristics of an ESCO are: (1) they guarantee energy savings and/or the same level of energy service at lower costs; (ii) their remuneration is directly tied to the energy savings achieved; and (iii) they can finance or assist in arranging financing for energy projects by providing a savings guarantee.
Environmental performance	The expected environmental impact of the proposed solution, including energy efficiency improvements, greenhouse gas emissions reduction, and contribution to sustainability objectives.
Equity capital	Equity capital refers to the funds paid into a business by investors in exchange for shares of this business. From a valuation perspective, it represents the amount of money that would be returned to a company's shareholders if all the assets were liquidated and all corporate liabilities set. This is the core funding of a business, to which debt capital may be added.
ESG criteria	ESG (Environmental, Social, Governance) criteria represent the standards used to evaluate the sustainability and ethical impact of investments.
Feed-in Tariff (FiT)	A Feed-in Tariff (FiT) is a policy mechanism that guarantees renewable energy producers a fixed price for the electricity they generate over a specified period. FiTs provide long-term revenue certainty, thereby reducing investment risk and supporting the deployment of renewable energy technologies.
Financial close	The point at which all financing agreements are finalised, and funds are secured for a project.
Financial statements	Financial statements are a collection of written reports that convey an organisation's financial results, financial positions and cashflow. In general, this includes a balance sheet, income statement and cashflow statement. Financial statements are used by investors, market analysis and creditors to evaluate an organisation's earnings potential and financial position.
Financing schemes	Financing schemes are the mechanisms through which financial institutions provide funds for the realisation of activities, purchases or investments of an organisation. Through financing schemes, future expected money flows are put to use for projects that start in the present.
First-Loss capital	Capital that absorbs initial losses in an investment structure, thereby protecting other investors and encouraging private participation.
Fiscal space	The financial capacity of a government to allocate resources without compromising fiscal sustainability.
Funding sources	Funding sources refer to the budgetary resources for the development and implementation of programmes and projects. Types of funding sources include grants, bonds, awards, private donations or internal capital allocated within an organisation.

Grant	A grant is a non-repayable financial contribution provided by a public or private entity for a specific purpose, such as supporting an energy efficiency, renewable energy or sustainable mobility project. Unlike loans, grants do not have to be repaid, provided that the funding is used according to the agreed objectives, eligibility rules and conditions.
Green bonds	Green bonds are bonds in which proceeds are exclusively applied to finance or re-finance, in part or completely, new or already existing green projects. As any bonds, green bonds are financial assets used for raising capital from investors through debit capital markets. The difference between green bonds and other regular bonds is the label “green”, which assures the bonds will exclusively finance projects that result in environmental benefits. Green bonds can be issued by city governments, utilities companies (water, transport, energy, etc), corporations or states or development banks.
Green finance	Financial investments flowing into sustainable development projects and initiatives that encourage environmental sustainability, including energy efficiency and renewable energy.
Green leasing	A leasing arrangement that incorporates sustainability criteria, often linked to energy-efficient assets.
Guarantee funds	Guarantee funds are a type of collective investment scheme that ensures the payback of a pre-determined percentage of the invested capital on a specific date in the future. In this scheme, loans are provided to the borrower by a commercial lender or financial institution. Should the loans default or the borrower fail to meet the payment under the established conditions, another entity - the guarantor - absorbs the credit risk and/or covers the loss. Guarantee funds are, therefore, a way of transferring the credit risk from a creditor to another entity.
Guarantee instrument	A financial commitment that covers part of the losses in case of project default, reducing lender risk.
Impact investing	Impact investing refers to investments made with the intention to generate measurable positive impacts alongside financial returns. These impacts may be environmental, social, economic or community-related, depending on the objectives of the investment and the context in which it is implemented.
Innovative financing	Innovative financing refers to a range of non-traditional activities aimed to raise additional funds for the development and implementation of an investment project. Innovative financing instruments contribute to attract financing from other public or private investors to areas of strong interest of public authorities and organisations. In the field of sustainable energy, innovative financing schemes for the implementation of energy efficiency and/or renewable energy production projects include: Citizen finance; Energy Performance Contracting (EPC); Internal Contracting (Intracting); Green bonds; Guarantee funds; Soft loans; Revolving Funds; Third-party financing, etc.
Institutional investors	Large financial entities (e.g. pension funds, insurance companies) that invest capital in infrastructure and energy projects.
Internal Contracting (Intracting)	Developed for financing energy-saving measures in the building sector, intracting involves booking saved electricity or heating costs from energy improvement measures to a separate account to reinvest in further measures. With an initial investment, a self-reinforcing financial resource cycle is set up.

	Even with a tight budget, significant contributions to climate protection can be made.
Internal Rate of Return (IRR)	The Internal Rate of Return (IRR) corresponds to the discount rate that sets the net present value of all cashflows of an investment project equal to zero. It is expressed as percentage that indicates the expected annual rate of return to be earned on a project. In general, investments with higher IRRs are more attractive to financial institutions.
Investment size	Investment size refers to the total amount of investment necessary for the implementation of a project, considering all the foreseen measures and components.
Levelized Cost of Energy (LCOE)	The Levelized Cost of Energy (LCOE) is the average cost of producing energy over the lifetime of an asset, calculated by dividing total lifecycle costs by total energy output. It is widely used to assess the cost competitiveness of energy technologies and can support investment appraisal and comparison between project options.
Leasing	Leasing is a financing arrangement in which a user pays over time for the right to use an asset that remains owned by a provider or financier during the contract period. Depending on the model, leasing can reduce upfront CAPEX, shift expenditure towards OPEX and sometimes include operation or maintenance services.
Letter of Intent (LoI)	A Letter of Intent (LoI) is a document outlining a preliminary commitment of two parties to do business with another before an agreement is finalised. A LOI can be used to clarify the terms of a prospective deal, to officially declare a partnership or negotiation and to declare a mutual understanding of fundamental terms of an agreement. Letters of intent can be used by different parties for many purposes, and are commonly present in major business transactions and project financing proposals.
Leverage	Leverage refers to an investment strategy in which borrowed funds are used to undertake and increase the potential return of a project. Organisations use leverage to launch new projects, finance the purchase of inventory and expand their operations. The term “leverage ratio” refers to a set of ratios that highlight an organisation’s financial leverage in terms of its assets, liability and equity.
Lifecycle Costing (LCC)	An evaluation approach that considers the total cost of an asset or project over its entire lifetime, including investment, operation, maintenance, and end-of-life costs.
Loan	A loan is a type of credit in which a sum of money is lent from one party to another in exchange for future payment of the value. In taking a loan, the borrower incurs a debt, which has to be paid back often with interest and/or finance charges within a given period of time.
Market analysis	A market analysis is a quantitative and qualitative assessment of a market, demonstrating its dynamics and attractiveness within the industry from the financial viewpoint. Market analysis are often a key part of a project proposal and provide a holistic picture of the market in which a project or programme should be implemented. The assessment can include topics such as demographics and segmentation, market needs, competition, risks and barriers and regulatory aspects.

Maturity	Maturity is the date on which a loan, bond or other financial instrument must be fully repaid. It indicates the final repayment point of the financing arrangement and is an important parameter for assessing repayment schedules, refinancing needs and investment risk.
Measurement and Verification (M&V)	A process used to quantify the energy savings achieved by a project, typically following standardised methodologies, and often required in performance-based financing schemes such as EPC.
Most Economically Advantageous Tender (MEAT)	A public procurement award criterion used to identify the best value offer by assessing bids based on a combination of price and qualitative factors, rather than lowest cost alone. MEAT enables contracting authorities to consider lifecycle costs, technical quality, environmental performance, and social value when selecting a contractor.
Municipal bonds	Municipal bonds are debt securities issued by municipalities, local authorities or other subnational public entities to raise funds for capital investments and public-interest projects. Investors lend money to the issuing authority and receive interest payments, while the proceeds can be used for infrastructure, energy, climate or community investment projects.
Municipal finance	Financing mechanisms used by local governments to fund infrastructure and public service projects.
Net Present Value (NPV)	The Net Present Value (NPV) is used to determine today's value of future cash flows, through the application of a discount rate. A positive NPV indicates that the earnings expected from an investment exceed the anticipated costs.
One-Stop-Shop (OSS)	A One-Stop Shop (OSS) is a single entry point - physical, digital or hybrid - that provides coordinated access to information, technical support, financial advice and administrative guidance. In energy renovation and climate projects, OSSs help users navigate fragmented processes and develop bankable projects more efficiently.
On-bill financing	On-bill schemes are an innovative mechanism of financing energy efficiency. Through On-bill financing, the up-front costs of energy efficiency measures can be brought down to zero by adding a periodical line item to the customer's utility bill. Based on the cooperation between energy utilities and financial institutions, On-Bill schemes are a method of financing energy efficiency through utility bills as a repayment vehicle.
Operational Expenditures (OPEX)	Operational Expenditures (OPEX) are the costs that occur in the daily operation of an investment project. Examples include maintenance costs, staff costs, costs for external sub-contracting, etc.
On-tax financing	On-tax financing is a repayment mechanism in which investment costs are recovered through a property tax or similar municipal tax charge. It is particularly suited to building renovation programmes because repayments can be linked to the property over a longer period.
Ownership of assets	The term refers to the rights and control over the assets concerned by an investment project, such as property, cash and investments, inventory, equipment, etc. To be bankable, it is important that a project proposal includes detailed information on who has the ownership over the assets in the foreseen investment project.
Pay-for-Performance	A financing model where payments are directly linked to achieved outcomes (e.g. energy savings).

Power Purchase Agreement (PPA)	A Power Purchase Agreement (PPA) is a long-term contract under which a buyer agrees to purchase electricity from a producer at a pre-agreed price or pricing formula. PPAs are commonly used to finance renewable energy projects by securing predictable revenue and supply conditions.
Price/Cost	The financial value of a bid, including the total cost of delivering the proposed solution, often considering both upfront investment (CAPEX) and ongoing operational costs (OPEX).
Profitability	Profitability is a measure of the ability of an organisation to produce return on an investment based on its comparison with an alternative investment. In other words, it refers to an organisation's capability to generate profits from its operations. The two key aspects of profitability are the revenues and expenses of an organisation.
Project aggregation	The bundling of multiple small projects into a single investment portfolio to improve scale and attract financing.
Project Development Assistance (PDA)	Project Development Assistance (PDA) refers to financial and technical support provided to develop projects to a stage where they are ready for financing and implementation. It may cover feasibility studies, energy audits, technical design, business planning, financing structuring, procurement preparation and stakeholder coordination. ELENA is one specific PDA facility; see also ELENA.
Project finance	A financing structure where lenders rely primarily on the projected cash flows of a project rather than the balance sheet of the sponsor.
Project financing readiness assessment	The project financing readiness assessment aims at supporting mentees of the PROSPECT+ Capacity Building Programme in assessing the financial maturity of their planned or ongoing local sustainable energy projects.
Investment pipeline	An investment pipeline is a structured set of planned or developing projects that are being prepared for financing and implementation. It helps public authorities and project promoters prioritise opportunities, assess readiness, aggregate demand and engage potential funders or investors.
Project preparation facility	A mechanism that provides technical and financial support to develop projects to a bankable stage.
Public investment programme	A structured plan of public sector investments aligned with policy priorities and budget constraints.
Public-Private-Partnerships (PPPs)	Public-Private-Partnerships (PPP) are instruments of collaboration between a government agency and a private institution to finance, build and operate projects. Public-private partnerships can contribute to make possible the implementation of public projects or allow for these to be completed sooner.
Refinancing	Refinancing means replacing an existing loan or financing arrangement with a new one, usually to obtain better terms, reduce financing costs, extend repayment periods, change the financing structure or adapt to new project conditions.
Results-Based Financing (RBF)	A financing approach where payments are made only after predefined results or performance indicators are achieved.
Revenue	Revenue refers to income generated by an investment project or service. In energy projects, revenue streams may include payments from energy sales, service fees, tariffs, incentives or other income sources. Energy savings are not usually revenue in the strict accounting sense, but they can create avoided costs or cash-flow benefits that support repayment and improve project affordability.

Revolving Funds	Revolving Funds refer to a pool of capital replenished by the cost-savings from energy efficiency and renewable energy projects or by the interests paid by the sustainability measures financed by the fund. These cost-savings or interest revenues continuously finance new investments in similar projects, resulting in a sustainable funding cycle.
Risk profile	A risk profile is a quantitative evaluation of an organisation's willingness and ability to take risks as well as of their reliability. A risk profile is important for determining the allocation of investment assets of an organisation, as well as to mitigate potential risks and threats of the development and implementation of a project.
Risk-sharing mechanism	An arrangement where financial risks are distributed among different stakeholders (public/private) involved in a project.
Savings guarantee	A contractual commitment, usually provided by an ESCO, that a project will achieve a specified level of energy savings, often linked to financial performance and risk allocation.
Simple payback period	Simple payback period refers to the time required to recover the initial outlay of an investment through the cash inflows generated by this investment. The Simple Payback Period is usually expressed in years and calculated as the total cost of the investment divided by the expected annual energy savings. Investments with a shorter payback period are more attractive for financial institutions.
Social value	Social value refers to the broader socio-economic benefits generated by a project, such as local job creation, community engagement, social inclusion, affordability benefits and contribution to local development. In a financing context, it is relevant where investment decisions consider measurable social impacts, community finance, impact investing or social procurement criteria.
Soft loans	Soft loans are loans offered on more favourable terms than standard market financing, such as below-market interest rates, longer repayment periods, grace periods or interest holidays. They are often used to improve affordability and access to finance for energy and climate projects.
Special Purpose Vehicle (SPV)	A legal entity created to isolate financial risk and manage specific projects, commonly used in PPPs and large infrastructure financing.
Sustainable finance	Financing that integrates environmental, social, and governance (ESG) considerations into investment decision-making processes.
Technical assistance	Support provided to project developers or public authorities in the form of expertise, studies, or advisory services to prepare, structure, and implement projects, often funded through dedicated programmes (e.g. ELENA).
Third-Party Financing (TPF)	Third-Party Financing (TPF) is a financing arrangement in which an external party provides or mobilises capital for a project, rather than the project owner financing the full investment upfront. Depending on the structure, TPF may involve loans, equity, leasing, guarantees, blended finance or ESCO-led arrangements. It is often used to overcome upfront investment barriers and can be combined with performance-based contracts such as EPC.
Transaction costs	Costs associated with the preparation, negotiation, and implementation of a project or financing arrangement, including legal, administrative, and advisory expenses.

Vendor financing	Vendor financing is an equipment-driven financing model in which a technology supplier offers or arranges financing for the acquisition of its products. It allows the buyer to repay over time, usually through instalments, while performance risk transfer remains more limited than in service-based models.
White Certificate	A White Certificate is a tradable certificate that represents verified or standardised energy savings achieved through eligible efficiency measures. White Certificate schemes are usually embedded in national energy efficiency obligation frameworks and can provide an additional revenue stream for qualifying projects.



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