

9. GLOSSARY

Bequest Value: the value that people place on knowing that future generation will have the option to enjoy something.

Cap-and-trade: In cap-and-trade scheme in the context of emission trading the state establishes a defined maximum level of total emissions of a certain pollutant (cap) which is divided among the polluters as emission rights. As the rights may be traded among the polluters, they may decide if they prefer to take measures to reduce their emissions or to buy additional rights from other participants of the trading scheme. This allows those companies who can reduce their emissions in a cheapest way to trade their rights, which makes emission trading particularly efficient. Cap-and-trade schemes may also be established for the extraction of natural resources.

Carbon offset: A carbon offset is an emission reduction credit from another organization's project that results in less carbon dioxide or other greenhouse gases in the atmosphere than would otherwise occur. (David Suzuki Foundation; http://www.davidsuzuki.org/Climate_Change/What_You_Can_Do/carbon_offsets.asp, on 26. 7. 2008)

Certification: Certification is the verification of conformity with some given and documented benchmarks – whether they are called standards, norms or other – and conducted by independent bodies, which are also called “third parties”. (Rametsteiner 2000) (see also sustainable forest management certification, timber certification, eco-label)

Compensating variation: the amount of additional money an individual would need to reach its initial utility after a change in prices, or a change in product quality, or the introduction of new products. Compensating variation can be used to find the effect of a change in the quantity of an environmental good on an individual's net welfare.

Conservation bank: A land account that is drawn on to compensate for adverse environmental impacts elsewhere (White, n.d.)

Consumer surplus: the difference between the price actually paid, and the maximum amount that an individual is willing to pay for a good. This measure approximates, and is bounded by, the more technically precise measures of economic benefit: compensating variation or equivalent variation.

Contractual nature conservation, nature conservation contracts: Satisfaction of needs for nature conservation, based on contracts (Rosenberg, n.d.); payments for nature conservation or environmental services are provided on voluntary basis and for clearly defined measures or ceased management.

Demand curve: the graphical representation of the demand function.

Demand function: the mathematical function that relates price and quantity demanded for goods or services. It tells how many units of a good will be purchased at different prices. The market demand function is calculated by adding together all of the individual consumers' demand functions.

Discount rate: the rate used to reduce future benefits and costs to their present time equivalent.

Eco-label: An eco-label is a voluntary trademark that is awarded to products deemed to be less harmful to the environment than other products within the same category. (Rametsteiner 2000) For the assessment of eco-labels a life-cycle approach or a single-

issue approach may be used. (see also certification, sustainable forest management certification, timber certification)

Eco-sponsoring: Eco-sponsoring is a business relationship between a sponsor who provides financing, resources or services for environment-related activities and a sponsored party which offers benefits for the company in return.

Ecosystem function: can be defined as “the capacity of natural processes and components to provide goods and services to satisfy human needs, directly or indirectly. (de Groot *et al.* 2002).

Ecosystem functions – the physical, chemical, and biological processes or attributes that contribute to the self-maintenance of the ecosystem; in other words, what the ecosystem does. Some examples of ecosystem functions are wildlife habitat, carbon cycling, or trapping nutrients.

Ecosystem goods and services: represent the benefits human population derived directly or indirectly from ecosystem functions (Constanza *et al.* 1997)

Ecosystem services: the beneficial outcomes, for the natural environment, or for people, that result from ecosystem functions. Some examples of ecosystem services are support of the food chain, harvesting of animals or plants, clean water, or scenic views. In order for an ecosystem to provide services to humans, some interaction with, or at least some appreciation by, humans is required.

Existence value: the value that people place on knowing that something exists, even if they will never see or use it on site.

Externality is defined as an unintended action caused by an economic agent that influences the utility of another agent (external) without being fully or directly reflected by market prices (Merlo & Croitoru 2005).

Forest products or goods are commodities of tangible materials, often perishable goods, removed from the forest to supply existing or potential customers/markets. (Jäger 2005).

Forest services are components of forest, directly or indirectly enjoyed, consumed or used to yield human well-being (Boyd *et al.* 2007).

Forest is land with tree crown cover of more than 10 percent and an area of more than 0.5 ha (FAO 2001)

Market forest goods: are physical objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets; they are in demand because they may be used to satisfy the needs or wants of households or the community or used to produce other goods or services (OECD 2000).

Net economic benefit: the net economic benefit is the total economic benefit received from a change in the state of a good or service, measured by the sum of consumer and producer surpluses, less any costs associated with the change.

Net present value: the current value of net benefits (benefits minus costs) that occur over time. A discount rate is used to reduce future benefits and costs to their present time equivalent.

Non-market forest goods and services: cover those goods and services provided to the community as a whole free of charge, or to individual consumers either free of charge or at a fee which is well below 50 per cent of production costs (OECD 2000)

Non-use values: values that are not associated with the actual use, or even the option to use a good or service.

Non-wood forest products (NWFP): are goods of biological origin other than wood derived from forest, other wooded land and trees outside the forest. The term NWFP excludes all woody raw materials. Consequently, timber, chips, charcoal and fuel wood, as well as small woods such as tools, household equipment and carvings are excluded (FAO 1999).

Opportunity Cost: The value of the best alternative to a given choice, or the value of resources in their next best use.

Option value: the value that people place on having the option to enjoy something in the future, although they may not currently use it.

Payments for environmental services: Payments for environmental services is a method of internalizing the positive externalities associated with a given ecosystem or a specific resource use. (Pagiola 2004)

A payment for environmental services is a voluntary transaction where a well-defined environmental service (ES) (or a land-use likely to secure that service) is being 'bought' by a (minimum one) ES buyer from a (minimum one) ES provider if and only if the ES provider secures ES provision (conditionality). (Wunder 2005)

Seed money: Seed money, seed funding or seed capital is the initial capital needed to pursue a business idea or to develop an innovation before they yield profit.

Shadow price: estimates of the marginal social costs or benefits when market prices are distorted in some way, either through market failure (presence of externalities), or due government intervention in the market.

Sponsorship: any commercial agreement by which a sponsor, for the mutual benefit of the sponsor and sponsored party, contractually provides financing or other support in order to establish an association between the sponsor's image, brands or products and a sponsorship property in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits. (European Sponsorship Association, on the basis of ICC Code of Sponsorship Definition; <http://www.sponsorship.org/faq.asp> on 23. 7. 2008) see also eco-sponsoring

Subsidy: A grant paid by a government to a private person or company to assist an enterprise deemed advantageous to the public. (following Merriam-Webster Online Dictionary)

Sustainable forest management certification: Sustainable forest management certification is the certification of conformity with standards of sustainable forest management. (Rametsteiner 2000) (see also certification, timber certification, eco-label)

Tax: A pecuniary burden laid upon individuals or property to support the government. (Bryan A. Garner, ed., Black's Law Dictionary, 8th ed., West Group, 2004)

Territorial marketing: In territorial marketing the territory is the common reference to create a consistent portfolio of products and services, and to bundle marketing efforts for their coordinated promotion, (Pettenella et al. 2007)

Timber certification: Timber certification or wood certification denote the certification of timber that originates from a forest which is managed in conformity with sustainable forest management standards. (Rametsteiner 2000) (see also certification, sustainable forest management certification, eco-label)

Total economic value: the sum of all types of use and non-use values for a good or service.

Use value: value derived from actual direct or indirect use of a good or service.

Willingness to Pay: the amount—measured in goods, services, or monetary units—that a person is willing to give up to get a particular good or service.