



**SOURCEBOOK**  
**ON SUSTAINABLE FINANCING FOR BIODIVERSITY,**  
**ECOSYSTEMS & PROTECTED AREAS**  
**IN THE WESTERN BALKANS**

**GLOSSARY:**  
**KEY TERMS & DEFINITIONS**

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<b>2030 Agenda</b>	The 2030 Agenda for Sustainable Development, including its 17 Sustainable Development Goals (SDGs) and 169 targets, was adopted on 25 September 2015 by Heads of State and Government at a special UN summit. It commits to eradicate poverty and achieve sustainable development by 2030 world-wide.
<b>Adaptation (see Climate adaptation)</b>	In the specific context of climate change, measures to adjust to actual or expected future climate change, seeking to reduce the vulnerability of human or natural systems to the harmful effects of climate change (e.g. sea-level rise, more intense extreme weather events, or food insecurity). It also encompasses making the most of any potential beneficial opportunities associated with climate change (for example, longer growing seasons, increased yields, or reduced seasonal water stress).
<b>Agri-environment measures</b>	As defined by the EU, agri-environment measures are designed to encourage farmers to protect and enhance the environment on their farmland by paying them for providing environmental services. Farmers commit themselves, for a minimum period of at least five years, to adopt environmentally-friendly farming techniques that go beyond legal obligations. In return, they receive payments that compensate for any additional costs and income foregone.
<b>Aichi Biodiversity Targets</b>	The Aichi Biodiversity Targets are included in the Strategic Plan for Biodiversity 2011–2020, adopted by the Conference of the Parties to the Convention on Biological Diversity in 2010. They comprise 20 time-bound, measurable targets on biodiversity conservation, to be met by the year 2020.
<b>Angel investor</b>	An individual who uses their own funds to provide financial (and sometimes other types of) backing for small start-ups or entrepreneurs, often in exchange for ownership equity in the company.
<b>Asset class</b>	A grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations. There are usually understood to be four classes of assets: stocks or equities, bonds or fixed-income instruments, money market or cash equivalents, and real estate or other tangible assets (such as commodities, futures, other financial derivatives, and even cryptocurrencies).
<b>Biodiversity</b>	The variability among living organisms from all sources including, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part. This includes diversity within species, between species, and of ecosystems.
<b>Biodiversity banking</b>	See habitat banking.
<b>Biodiversity businesses</b>	Commercial enterprises that generate profits via activities which conserve and positively affect biodiversity, use biological resources sustainably, and share the benefits arising from this use equitably.
<b>Biodiversity offsets</b>	Conservation actions intended to compensate for the residual, unavoidable impact on biodiversity caused by projects. They usually involve investing in rehabilitation or conservation of equivalent resources, habitats or even species at another site. The aim is to ensure at least no net loss of biodiversity and, where possible, a net gain. Offsets are usually pursued as a last resort, only at the end of the mitigation hierarchy, after on-site environmental harm has been reduced and alleviated as much as possible.
<b>Biodiversity-based products</b>	Products that depend on, or are derived from, biological resources (including species, genes and ecosystems) as a main input or raw material.
<b>Biodiversity-friendly products</b>	Products that are harvested, produced and/or processed in such a way as to do no harm to biodiversity or, preferably, to promote its conservation, sustainable use, and equitable sharing of benefits among stakeholders.
<b>Biotrade</b>	Collection, production, transformation and commercialisation of goods and services derived from biodiversity under the criteria of environmental, social and economic sustainability.
<b>Blended finance</b>	The use of development finance from governments, development banks or other agencies at concessional terms (for example below the market rate or in combination with technical assistance) to catalyse and mobilise commercial finance.
<b>Brand</b>	A particular identity, storyline and - usually - mblem which is associated with a particular product, site, and/or region.
<b>Capital markets</b>	A market in which buyers and sellers trade financial securities and other instruments (such as stocks, shares, bonds, debentures and other long-term investments). They provide a mechanism for channelling the wealth of savers and investors to those who require capital, such as companies or governments. Examples include the stock market, bond market, currency and foreign exchange markets.
<b>Cause-related marketing</b>	A mutually beneficial collaboration between a for-profit companies and charities, foundations or other not-for-profit/public interest organisations, designed to promote the former's sales and the latter's cause. It often involves sharing a portion of the revenues generated from the commercial sale of goods and services, or introducing an additional fee, donation or surcharge to a product price.

<b>Certification</b>	The process of measuring, testing and verifying that a good or service has met specified requirements in its production, sale or delivery. It is usually carried out on a periodic and renewable basis by an independent third-party agency and awarded according to strict and well-defined criteria.
<b>Chapter 27 on Environment</b>	The section of the EU acquis dealing with Environment, comprising over 200 major legal acts covering horizontal legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals and genetically modified organisms (GMOs), noise and forestry. Compliance with the acquis requires significant investment.
<b>Climate adaptation</b>	Measures to adjust to actual or expected future climate change, seeking to reduce vulnerability of human or natural systems to harmful effects of climate change (e.g. sea-level rise, more intense extreme weather events, or food insecurity). It also encompasses making the most of any potential beneficial opportunities associated with climate change (for example, longer growing seasons, increased yields, or reduced seasonal water stress).
<b>Climate mitigation</b>	Measures to reduce, stabilise, or prevent emissions of heat-trapping greenhouse gases in the atmosphere, for example by reducing sources of these gases (e.g. burning of fossil fuels for electricity, heat or transport), enhancing the “sinks” that accumulate and store these gases (e.g. oceans, forests, wetlands, grasslands and soils), or adopting new and improved technologies (e.g. renewable energy, upgrading old or inefficient equipment, improving design and planning).
<b>Concession</b>	A contractual right to carry out a business or other activity in a defined area, such as to explore or develop its natural resources or to offer commercial services (restaurants, gift shops, guided tours, hotels). The process of selection for concession is usually done through a competitive bidding process.
<b>Conservation banking</b>	See Habitat banking.
<b>Conservation easement</b>	A voluntary, legal agreement that permanently limits uses of land in order to protect its conservation values.
<b>Conservation trust fund</b>	Private, legally independent institutions established to catalyse resources and provide stable, sustainable, long-term sources of funding for protection and sustainable management of natural resources in areas of high biodiversity. They serve as mechanisms to mobilise funds from a range of different donors, governments and the private sector, in order to achieve conservation goals.
<b>Convention on Biological Diversity</b>	The Convention on Biological Diversity is an international legally-binding treaty with three main goals: conservation of biodiversity, sustainable use of biodiversity, and fair and equitable sharing of benefits arising from the use of genetic resources. It was opened for signature at the Earth Summit in Rio de Janeiro in 1992, and entered into force in 1993.
<b>Corporate environmental and social responsibility</b>	Corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with the stakeholders on a voluntary basis.
<b>Crowdfunding</b>	A way of raising funds through a collective effort, usually asking for donations to a particular cause to be made online. It typically works on the basis of a large number of people each contributing a small amount of money. There are usually considered to be four categories of crowdfunding: donation-based or charity-based, reward-based, debt-based, and equity (see definitions below).
<b>Debentures</b>	A long-term security yielding a fixed rate of interest, issued by a company and secured against assets.
<b>Debt financing</b>	Money that must be repaid, usually with interest, with terms that stipulate the size of the loan, interest rate, and maturity or renewal date. May take the form of loans from a bank or other financial intermediary, or securities such as government and corporate bonds, certificates of deposit, and collateralised securities.
<b>Debt-for-nature swaps</b>	Debt-for-nature swaps are financial transactions in which a portion of a developing nation’s foreign debt is forgiven in exchange for local investments in environmental conservation measures.
<b>Disaster risk reduction</b>	The concept and practice of reducing disaster risks through systematic efforts to analyse and manage the causal factors of disasters, including through reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.
<b>Eco-certification</b>	The process of measuring, testing and verifying that a good or service has met certain environmental performance and impact criteria in its production, sale or delivery. It is usually carried out on a periodic and renewable basis by an independent third-party agency, and awarded according to strict and well-defined criteria. Most certification services are associated with a logo (an ecolabel).

<b>Eco-labelling</b>	An ecolabel identifies overall environmental preference of a product (i.e. good or service) within a product category based on life cycle considerations and is awarded by an impartial third party to products that meet established environmental leadership criteria.
<b>Ecological fiscal transfers</b>	The incorporation of environmental criteria (such as protected areas, watershed management areas, or biodiversity richness) into the criteria or formula used to determine fiscal revenue redistribution from national to sub-national levels. They serve as a way of rewarding and compensating local conservation costs.
<b>Ecosystem</b>	A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit. This can refer to any functioning unit at any scale (e.g. a grain of soil, a pond, a forest, a biome, or the entire biosphere). Humans are an integral part of ecosystems.
<b>Ecosystem-based adaptation</b>	The use of biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change (e.g. sustainable agriculture, integrated water resource management, coastal wetland restoration, sustainable forest management). See Adaptation, Climate adaptation.
<b>Ecosystem services</b>	The benefits that people derive from ecosystems. They include provisioning services such as food and water; regulating services such as flood and disease control; cultural services such as recreational and cultural benefits; and supporting services such as nutrient cycling that maintain the conditions for life on Earth.
<b>Ecotourism</b>	Responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education.
<b>Endangered species</b>	A species of wild animal or plant that faces a very high risk of extinction in the wild throughout all or a significant portion of its range.
<b>Endowment funds</b>	Funds that invest a capital amount and spend only the interest earned.
<b>EU acquis</b>	The current body of common rights, obligations and rules that are binding on all EU countries, as EU Members. It is divided into 35 different policy fields or chapters for the purpose of negotiations between the EU and the candidate member states, each of which is negotiated separately.
<b>EU Nature Directives</b>	The body of EU-level laws protecting nature and biodiversity. These include, most importantly, the Birds Directive (1979) and Habitats Directive (1992).
<b>European Green Deal</b>	A strategy for growth and set of policy initiatives, launched 2019, which lays out a roadmap for making the EU's economy sustainable. Its aims include becoming climate neutral by 2050; protecting human life, animals and plants, by cutting pollution; helping companies become world leaders in clean products and technologies; and ensuring a just and inclusive transition.
<b>Environmental, social &amp; governance (ESG) criteria</b>	A set of standards for a company's operations used by investors and in capital markets to evaluate corporate behaviour and screen potential investments for their environmental, social and governance impacts. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with its leadership, executive pay, audits, internal controls, and shareholder rights.
<b>Equity financing</b>	Funding from investors or shareholders in exchange for the share of ownership in the company (purchase of stock and shares). Investors are not repaid, but are looking to support the company and will eventually sell their stake, ideally at a premium.
<b>Financial return</b>	The profit earned on investment over a period of time. It is usually expressed as a percentage proportion of the original investment.
<b>Fiscal balance</b>	The difference between a government's revenues and expenditures. When the balance is negative, the government has a fiscal deficit. When the balance is positive, the government has a fiscal surplus.
<b>Fiscal decentralisation</b>	The transfer of expenditure responsibilities and revenue assignments to lower levels of government.
<b>Fiscal earmarking (also known as hypothecation)</b>	Setting aside some or all of a public revenue source from a specific tax for a particular expenditure purpose (such as environmental conservation).

<b>Fiscal instrument</b>	Fiscal instruments are budget, taxation, public expenditure, public works, and public debt. They are used to influence the economy, using spending and taxation as to encourage or restrict private expenditures on consumption and investment.
<b>Grants</b>	Non-repayable funds or products disbursed or given by one party (grant makers) to a recipient. Grant makers are often government departments, corporations, foundations, trusts or development donors, recipients are often non-governmental or civil society organisations, educational institutions, businesses, or individuals.
<b>Green bond</b>	A fixed income, tradable capital market instrument targeted specifically at raising funding for environmental projects. Bonds are usually issued by sovereign governments, states, municipalities or corporate entities to raise upfront funds, backed up by the promise to repay the investor the value of the bond plus periodic interest payments.
<b>Green budgeting</b>	Using the tools of budgetary policy-making to help achieve environmental goals. This includes evaluating environmental impacts of budgetary and fiscal policies and assessing their coherence towards the delivery of national and international commitments. Green budgeting can also contribute to informed, evidence-based debate and discussion on sustainable growth.
<b>Green project</b>	A project with a goal to improve a specific environmental challenge.
<b>Habitat</b>	The locality or environment in which an animal lives.
<b>Habitat banking</b>	A system of trade or exchange in which credits can be earned from creating, restoring, enhancing or conserving specified natural habitats, as well as purchased in order to compensate or offset the negative impacts of development activities on biodiversity and ecosystems.
<b>Habitat degradation</b>	A decline in habitat quality for a species, e.g. related to changes in food availability, cover, or climate.
<b>Habitat fragmentation</b>	The process and result of breaking areas of contiguous habitats into distinct patches.
<b>Habitat loss</b>	An area that has become totally unsuitable for a species.
<b>Hypothecation (also known as fiscal earmarking)</b>	Setting aside some or all of a public revenue source from a specific tax for a particular expenditure purpose (such as environmental conservation).
<b>Impact investment</b>	Investments made into companies, organisations and funds with the explicit intention of generating a measurable, beneficial social or environmental impact alongside a financial return. The bulk of impact investing is done by institutional investors, but a range of socially-conscious or ethical financial service companies, web-based investment platforms, and investor networks now offer individuals an opportunity to participate.
<b>Institutional investors</b>	Large institutions, such as banks, insurance companies, pension funds, labour union funds, hedge funds, mutual funds, exchange-traded funds and endowments that buy and sell securities for their investment portfolios. Institutional investors may invest either on behalf of others or in their own capacity.
<b>Interest rates</b>	The proportion of a loan or deposit that is charged as interest to the borrower, normally expressed as an annual percentage.
<b>Millennium Ecosystem Assessment</b>	Based on a call by the United Nations Secretary-General in 2000, the MA was initiated with the objective to assess the consequences of ecosystem change for human well-being and the scientific basis for action needed to enhance conservation and sustainable use of those systems and their contribution to human well-being. More than 1,360 experts worldwide were involved.
<b>Mitigation banking</b>	See Habitat banking.
<b>Mitigating measures</b>	Measures aimed at the elimination, reduction or control of the adverse environmental effects of a project. They include restitution for any damage to the environment caused by those effects through replacement, restoration, compensation, or any other means.
<b>Mitigation (see Climate mitigation)</b>	In the specific context of climate change, measures to reduce, stabilise or prevent the emission of heat-trapping greenhouse gases in the atmosphere, for example by reducing sources of these gases (e.g. burning fossil fuels for electricity, heat or transport), enhancing the “sinks” that accumulate and store these gases (e.g. oceans, forests, wetlands, grasslands and soils), or adopting new and improved technologies (e.g. renewable energy, upgrading old or inefficient equipment, improving design and planning).

<b>Mitigation hierarchy</b>	In the specific context of environment, biodiversity and ecosystem conservation, the mitigation hierarchy is defined as: avoidance (measures taken to avoid creating impacts from the outset), minimisation (measures taken to reduce the duration, intensity and/or extent of impacts that cannot be completely avoided), offset (measures taken to compensate for any significant residual, adverse impacts that cannot be avoided, minimised and/or rehabilitated or restored, in order to achieve no net loss or preferably a net gain of biodiversity), and compensation (measures to recompense, make good or pay damages for loss of biodiversity caused by a project that can fall short of achieving no net loss or a net gain).
<b>Mutual funds</b>	Professionally-managed investment programme which pools investors' funds and invests it in a diversified portfolio of equities, bonds and other securities. Each shareholder participates proportionally in the gains or losses of the fund.
<b>Natura 2000</b>	A network of core breeding and resting sites for rare and threatened species, and some rare natural habitat types which are protected in their own right. It stretches across all 28 EU countries, both on land and at sea. The aim of the network is to ensure the long-term survival of Europe's most valuable and threatened species and habitats, listed under both the Birds Directive and the Habitats Directive.
<b>'No net loss' principle</b>	To avoid a net loss of biodiversity and ecosystem services, damages resulting from human activities must be balanced by at least equivalent gains.
<b>Offshore investment</b>	The keeping of funds in a jurisdiction other than one's country of residence. The term may be used to describe foreign banks, corporations, investments, and deposits. Offshore jurisdictions are a commonly accepted means of reducing the taxes levied in most countries to both large and small-scale investors alike.
<b>Opportunity cost</b>	A benefit, profit, or value of something that must be given up to acquire or achieve something else. Since every resource can be put to alternative uses, every action, choice, or decision has an associated opportunity cost.
<b>Paris Agreement on Climate Change</b>	Agreement reached in 2015 by the Parties to the United Nations Framework Convention on Climate Change. It sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2 °C and pursuing efforts to limit it to 1.5 °C. It also aims to strengthen countries' ability to deal with the impacts of climate change and support them in their efforts.
<b>Payments for ecosystem services (PES)</b>	Transfers of cash or other resources between ecosystem service beneficiaries and providers. They are a way of operationalising a 'user pays' approach in relation to ecosystem services. As well as generating funding, they serve as incentives to encourage land and resource managers to conserve biodiversity and ecosystems in the course of their economic activity.
<b>Performance-based budgeting</b>	An advanced programme budget, commonly used by government bodies and agencies to show the link between taxpayer funds and the outcome of services provided by federal, state, or local governments.
<b>Perverse subsidy</b>	Subsidies aimed at supporting or stimulating a particular sector or activity that have adverse social, economic and/or environmental effects over the long run. Examples include subsidies to encourage (unsustainable) production and exploitation of agriculture, fossil fuels, water and fisheries.
<b>Polluter pays principle</b>	The polluter should bear the cost of measures to reduce pollution according to the extent of either the damage done to society or the exceeding of an acceptable level (standard) of pollution. The 'polluter pays' principle is part of the 1992 Rio Declaration on Environment and Development, agreed at the United Nations Conference on Environment and Development (UNCED, commonly known as the Earth Summit).
<b>Private investor</b>	Individuals and companies that invest their own money in a company.
<b>Programme budgeting</b>	A budget designed for a specific activity or programme.
<b>Protected Area</b>	A clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve long term conservation of nature with associated ecosystem services and cultural values.
<b>Public financial management</b>	The set of laws, rules, systems and processes used by sovereign nations (and sub-national governments) to mobilise revenue, allocate public funds, execute public spending, account for funds, and audit results. The broad objectives of public financial management are to achieve overall fiscal discipline, allocate resources to priority needs, and allocate public services efficiently and effectively.
<b>Public investor</b>	Governments (at national, sub-national and municipal levels) as well as government-initiated organisations (such as development banks and multilateral finance institutions).

<b>Restoration</b>	(Of ecosystems) All of the key ecological processes and functions are re-established and all of the original biodiversity is re-established.
<b>Retail investor</b>	An individual, non-professional investor who purchases securities for his or her own personal account rather than for an organisation or for others. Retail investors usually operate through traditional or online brokerage firms or other types of investment accounts.
<b>Revolving funds</b>	A fund that can be continuously renewed and replenished with new income on a regular basis.
<b>Securities</b>	Any financial asset that has value and can be traded. Securities are generally classified as either equities (such as stocks and shares) or debts (such as bonds and debentures).
<b>Sinking funds</b>	Funds that draw down a fixed amount of funding over a specified time period.
<b>SMART indicators</b>	An acronym that stands for Specific, Measurable, Achievable, Relevant, and Time-Bound. The intention is to make clear what needs to be accomplished, when it needs to be accomplished, and how you will know when you are successful.
<b>Socially responsible investing (SRI)</b>	The practice of investing money in companies and funds that generate positive returns and long-term impact on society, environment, and doing business.
<b>Species banking</b>	A system of trade or exchange where credits can be earned from creating, restoring, enhancing or conserving natural habitats of specified species, and also purchased in order to compensate or offset the negative impacts of development activities on the specified species and/or their habitat.
<b>Subsidy</b>	Funds or other benefits (usually in the form of a cash payment or a targeted tax cut) granted usually by the state or a public body to encourage particular industries, sectors or activities, or to keep the price of a commodity or service low. A subsidy is typically given to remove some type of burden, and it is often considered to be in the overall interest of the public, given to promote a social good or an economic policy.
<b>Surcharge</b>	An extra fee or charge added on to the cost of goods or services by producers and retailers, and paid by customers and consumers. In the environmental context, additional revenues are raised to support conservation, including covering the costs of complying with environmental standards and mitigating negative impacts, and offsetting the regulatory fees imposed by the government.
<b>Sustainable development</b>	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
<b>Sustainable Development Goals</b>	The 17 goals underpinning the 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015. They represent an urgent call for action by all countries in a global partnership, and recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.
<b>Sustainable use</b>	The use of biodiversity, ecosystems and renewable natural resources in a way and at a rate that does not lead to their long-term decline, thereby maintaining their potential to meet the needs and aspirations of present and future generations.
<b>Threatened species</b>	A plant or animal species generally perceived as likely, in the near future, to become endangered within all or much of its range.
<b>Trust funds</b>	A legal entity that holds property or assets on behalf of another person, group or organisation. It can include money, property, stock, a business, or a combination of these.
<b>Trustee</b>	A person or firm that holds and administers property or assets for the benefit of a third party.
<b>User pays principle</b>	‘User pays’, or ‘beneficiary pays’, is a pricing approach based on the idea that the most efficient allocation of resources occurs when consumers pay the full cost of the goods and services that they consume.
<b>User fees</b>	A fee or a charge paid to a facility owner for using the facility. People pay user fees for the use of many public services and facilities. In the environmental context, user fees, inter alia, include entry fees and activity related fees in national parks and protected areas.
<b>Venture capital</b>	Equity funding for a new or expanding business that comes from outside investors (such as individuals, venture capital firms, investment banks and any other financial institutions). As well as cash funding, venture capital can also include managerial and technical expertise.



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