

Transforming for competitiveness





**Glossary of terms and acronyms** 

# EUROPEAN INVESTMENT BANK INVESTMENT REPORT 2023/2024

# Transforming for competitiveness

## Glossary of terms and acronyms



#### Investment Report 2023/2024: Transforming for competitiveness.

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#### About the report

The annual EIB report on investment and investment finance is a product of the EIB Economics Department. The report provides a comprehensive overview of the developments and drivers of investment and investment finance in the European Union. It combines an analysis and understanding of key market trends and developments, with a thematic focus explored in greater depth. This year, the focus is on Europe's transition to an innovative and green future. The report draws extensively on the results of the annual EIB Investment Survey (EIBIS) and the EIB Municipality Survey, combining internal EIB analysis with contributions from leading experts in the field.

#### About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and to help define its positioning, strategy and policy. The director of Economics Department, Debora Revoltella, heads a team of 40 economists.

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## **Glossary of terms and acronyms**



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## Table of contents

	Preface	vii
	Key findings	1
Part I	Sustaining investment in challenging times	
	1. The macroeconomic environment	25
	2. Government investment	55
	3. Corporate investment	93
Part II	Accelerating transformation for competitiveness	
	4. Innovation in the global context	143
	5. Investing in green transformation	187
	Data annex	223
	Glossary of terms and acronyms	229

### Glossary of terms and acronyms

3D printing Also known as additive manufacturing. Variety of processes in

which material is joined or solidified under computer control to create a three-dimensional object, with material being added together (such as liquid molecules or powder grains being fused

together), typically layer by layer.

Adaptation Addresses the risks posed by climate change rather than the

underlying causes (as in "climate change adaptation").

Al Artificial intelligence. A system's ability to correctly interpret

external data, to learn from such data, and to use such learning to achieve specific goals and tasks through flexible adaptation.

AMECO The annual macroeconomic database of the European Commission's

Directorate-General for Economic and Financial Affairs.

Augmented (or virtual) reality Presentation of information integrated with real-world objects,

using a head-mounted display.

Automation Substitution of human labour with work performed by machines,

to achieve higher quality and quantity of output at lower costs.

Big data Extremely large data sets that may be analysed computationally

to reveal patterns, trends and associations, especially relating to

human behaviour and interactions.

Biotech Biotechnology. The manipulation of living organisms or their

components to produce useful, usually commercial products.

BLS Bank lending survey. The euro area bank lending survey provides

information on bank lending conditions in the euro area. It supplements existing statistics with information on the supply of, and demand for, loans to enterprises and households. The BLS provides input for monetary and economic assessments carried out by the Governing Council of the European Central Bank (ECB), which feed into the monetary policy decision-making process.

bn Billion (1 000 million).

BNEF Bloomberg New Energy Finance.

Bureau van Dijk's Orbis database Database of private and listed company information from around

the world that includes, among others, companies' financial accounts, ownership structures and mergers and acquisitions

activity.

Business angel An individual who provides capital for startups, usually in exchange

for convertible debt or ownership equity.

CEE Central and Eastern Europe, including Bulgaria, Croatia, the Czech

Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania,

Slovakia and Slovenia.

Carbon capture and storage A group of technologies that can remove almost 100% of the

carbon dioxide from large-scale point sources of carbon, such as energy-intensive industries (like steel, cement and refining) and

fossil fuel power.

Circular economy A systemic approach to economic development designed to

benefit businesses, society and the environment. In contrast to the "take-make-waste" linear model, a circular economy is regenerative by design, and aims to gradually uncouple growth

from the consumption of finite resources.

GLOSSARY OF TERMS AND ACRONYMS

Climate change adaptation Describes measures to deal with the impact of changing weather

patterns or extreme weather events.

Climate change mitigation Describes measures to address the underlying causes of climate

change.

Cohesion regions Regions are grouped based on the 2021-2027 cohesion policy.

Transition regions and less developed regions, together referred to as cohesion priority regions, have more extensive options for co-financing. More developed regions, also referred to as non-cohesion (priority) regions, have more limited options for

co-financing.

Depreciation A reduction in the value of an asset over time, due in particular

to wear and tear; a decrease in the value of a currency relative to

other currencies.

Digital A firm is identified as having adopted an advanced digital

technology if at least one digital technology specific to its sector was implemented in parts of the business and/or if the entire business is organised around at least one digital technology.

Disposable income The amount of money that can be spent after current personal

taxes. Refers to income from wages and salaries, self-employed income, income from unincorporated enterprises, social benefits, etc., after taking into account net interest and dividends received

and the payment of taxes and social contributions.

Drones Powered, unmanned aerial vehicles that can fly autonomously or

be piloted remotely, can be expendable or recoverable, and can

carry a lethal or non-lethal payload.

EBA European Banking Authority.

ECB European Central Bank.

EIB European Investment Bank.

EIBIS EIB Investment Survey.

EIF European Investment Fund.

Energy intensity Energy consumption divided by activity, such as energy/GDP.

EPO European Patent Office.

ESAF EIF SME Access to Finance index, a composite indicator that

summarises the state of SME financing for each of the EU Member States and covers different aspects of SME access to finance.

ESIF European Structural and Investment Funds. These are the

European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

European Green Deal A set of policy initiatives by the European Commission with the

overarching aim of making the European Union climate neutral

by 2050.

European Union The 27 Member States of the European Union (taken as a whole

when used for data comparison with other groups).

Eurostat The statistical office of the European Union.

External finance In the EIB Investment Survey, this consists of: bank loans, excluding

subsidised bank loans, overdrafts and other credit lines; other terms of bank finance, including overdrafts and other credit lines; newly issued bonds; newly issued equity, including quoted or unquoted shares; leasing or hire purchase; factoring/invoice discounting; loans from family/friends/business partners; grants (financial support or subsidies from regional or national government); and funding

provided by the public sector.

FDI Foreign direct investment.

Finance constrained In the EIB Investment Survey, a firm is considered finance constrained

if it was: (i) rejected when seeking any external financing for an investment; (ii) quantity constrained (dissatisfied with the terms and the amount received from the latest request for external financing); (iii) price constrained (the firm did not apply because it thought the conditions of external financing would be too expensive); or (iv) discouraged from seeking any external financing (the firm did not apply because it thought the application would

be turned down).

GDP Gross domestic product. The total value of goods produced and

services provided in a country over one year.

GFCF Gross fixed capital formation. The net increase in physical assets

(investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital, and also does not include land purchases. It is a component

of the expenditure approach to calculating GDP.

Global financial crisis Referring to the worldwide financial crisis of 2007-2008.

Human capital The knowledge, skills, competencies and other attributes embodied

in individuals or groups of individuals acquired during their lives and used to produce goods, services or ideas in market circumstances.

IEA International Energy Agency.
IMF International Monetary Fund.

Infrastructure As defined for the EIB Infrastructure Database, infrastructure

includes the following sectors for macroanalysis

Infrastructure sector Based on the NACE classification of economic activities, this

includes firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).

Institutional sectors The general government, corporations and households are the

three institutional sectors in this report.

In the EIB Investment Survey, intangible investment consists of investment in research and development (including the acquisition

investment in research and development (including the acquisition of intellectual property); software, data, IT networks and website activities; employee training; and improvements to organisation and business processes (including restructuring and streamlining).

In the European System of Accounts, intellectual property products include fixed assets (intended to be used for more than one year)

include fixed assets (intended to be used for more than one year) such as findings from research and development, or from mineral exploration and evaluation; computer software and databases; or

entertainment and literary or artistic originals.

Internal finance In the EIB Investment Survey, internal finance consists of internal

funds or retained earnings (such as cash or profits).

IPCC Intergovernmental Panel on Climate Change.
IRENA International Renewable Energy Agency.

Large companies Firms with at least 250 employees.

Low-carbon economy An economy based on low-carbon power sources (not based on

fossil fuels).

Mark-up The ratio of the cost of a good or service to its selling price,

expressed as a percentage of the cost.

Medium-sized firms Firms with between 50 and 250 employees.

Micro firms Firms with less than ten employees.

MWh Megawatt hour.

NACE "Nomenclature statistique des activités économiques dans la

Communauté européenne" (Statistical Classification of Economic Activities in the European Community). The industry standard

classification system used in the European Union.

Non-digital Firms that have not yet implemented (or have not heard of) any

of four sector-specific advanced digital technologies from recent  $% \left( 1\right) =\left( 1\right) \left( 1\right) \left$ 

years (see also "Digital").

NUTS "Nomenclature des unités territoriales statistiques" (Nomenclature

of territorial units for statistics). A hierarchical system for dividing

up the economic territory of the European Union.

OECD Organisation for Economic Co-operation and Development.

Patent Documents issued by an authorised agency, granting exclusive

right to the applicant to produce or use a specific new device, apparatus or process for a limited period. The protection conferred by a patent gives its owner the right to exclude others from making, using, selling, offering for sale or importing the patented invention for the term of the patent (usually 20 years from the filing date) in

the country or countries concerned by the protection.

PATSTAT EPO Worldwide Patent Statistical Database. Contains bibliographical

data relating to more than 100 million patent documents from

leading industrialised and developing countries.

Pandemic emergency purchase

programme

A non-standard monetary policy measure initiated by the European Central Bank in March 2020 in response to the COVID-19 outbreak.

It is a temporary asset purchase programme of private and public

sector securities.

PCT Patent Cooperation Treaty. Provides a unified procedure for filing

patent applications to protect inventions in each of its contracting

states.

Percentile A value on a scale of 100, used to compare scores in a data set.

For example, scores in the  $50^{\text{th}}$  percentile of a set are higher than

49% of the other scores in that set.

Physical risks Typically defined as risks arising from the physical effects of climate

change and environmental degradation. They can be categorised either as acute (if they arise from climate and weather-related events and acute destruction of the environment) or chronic (if they arise from progressive shifts in climate and weather patterns

or a gradual loss of ecosystem services).

Platform technologies Technologies that connect customers with businesses, or customers

with other customers.

PPP Refers either to: (i) public-private partnership or (ii) purchasing

power parity.

Private equity A form of equity investment in private companies not listed on

the stock exchange.

Production processes Processes related to actual production, such as those performed

by machinery and equipment.

Public sector purchase programme The programme under which the ECB purchases bonds issued by

governments, international organisations, multilateral development banks and recognised agencies. One of the ECB's asset purchase

programmes.

R&D Research and development.

Recovery plan for Europe A European Union economic recovery package, boosted by the

NextGenerationEU fund, to support Member States adversely

impacted by the COVID-19 pandemic.

RRF (Recovery and Resilience

Facility)

A large grant and loan facility offered by the European Union to

Member States. Part of the recovery plan for Europe.

SAFE Survey on Access to Finance for Enterprises. A survey on the access

to finance of small and medium-sized enterprises conducted by

the ECB and the European Commission.

SE Southern Europe, including Cyprus, Greece, Italy, Malta, Portugal

and Spain.

Securitisation The conversion of an asset, especially a loan, into marketable

securities, typically in order to raise cash by selling it to other

investors.

Services sector Based on the NACE classification of economic activities, this

includes firms in group G (wholesale and retail trade) and group

I (accommodation and food service activities).

Small firms Firms with between 10 and 49 employees.

Smart grids Electricity supply networks that use digital communications

technology to detect and react to local changes in usage.

SMEs Small and medium-sized enterprises. Firms with fewer than 250

employees.

SME securitisation Transactions backed by SME loans, leases and other products.

Sovereign debt crisis Also known as the European sovereign debt crisis. A multiyear

debt crisis in the European Union that began in 2009.

Special purpose vehicle A subsidiary company with an asset/liability structure and legal

status that makes its obligations secure, even if the parent company

goes bankrupt.

Tangible investment As defined in the EIB Investment Survey, tangible investment

includes investment in land, business buildings and infrastructure,

or machinery and equipment, for example.

Total factor productivity

The efficiency in combining production factors to create added

value.

Transition risks Risks that arise from the potential for loss resulting from a shift

towards a lower-carbon economy, driven by policy, regulations, low-carbon technology advancement, consumer sentiment and preferences, and liability risks, impacting the value of certain assets.

UK United Kingdom.

US (or USA) United States of America.

Venture capital A type of private equity focused on startup companies with high

growth potential.

WNE Western and Northern Europe, including Austria, Belgium,

Denmark, Finland, France, Germany, Ireland, Luxembourg, the

Netherlands and Sweden.