



BUSINESS RESILIENCE IN THE PANDEMIC AND BEYOND

Adaptation, innovation, financing
and climate action from
Eastern Europe to Central Asia



Glossary and Acronyms

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This is a joint publication of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), with contributions from the International Monetary Fund (IMF).

Contributors

Business resilience in the pandemic and beyond: Adaptation, innovation, financing and climate action from Eastern Europe to Central Asia is a joint publication of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), with contributions from the International Monetary Fund (IMF). The team was led by Debora Revoltella, Barbara Marchitto (EIB), Ralph De Haas (EBRD), Jaewoo Lee, Petia Topalova (IMF) and advised by Sergei Guriev (Sciences Po). Chapter contributors are as follows:

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB, EBRD or IMF.

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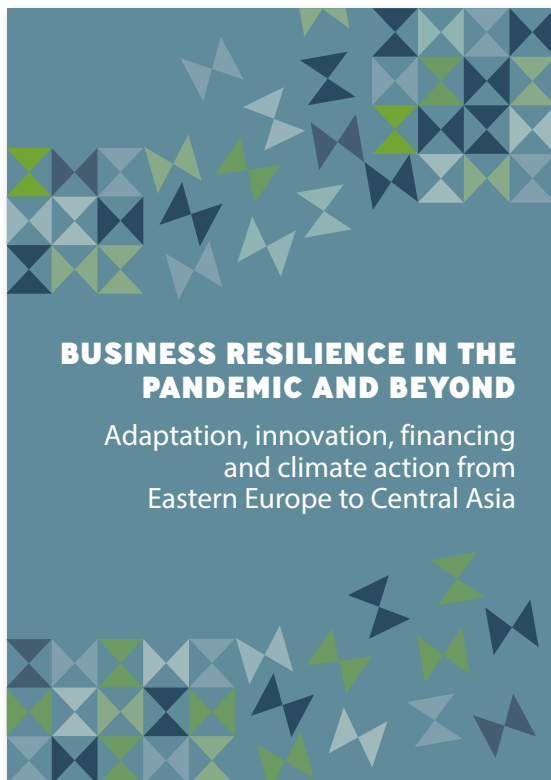
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GLOSSARY AND ACRONYMS

Bankruptcy	A legal process for liquidating a firm's assets to pay off its debts. Chapter 1 uses the term bankruptcy and insolvency interchangeably, where insolvency is a financial state where the firm cannot meet its debt payments on time.
BIS	Bank for International Settlements
Business environment	The various domains that affect the day-to-day experiences of firms. Examples include accessing finance, meeting regulatory requirements, infrastructure, corruption, etc.
Business obstacles	Firms are asked to rate an individual business environment obstacle on a 5 point scale. If the firm chooses a 4 or a 5, then that obstacle is a "major obstacle" for the firm.
CA	Central Asia
Capital structure	The mix of debt, equity, and other financing instruments used by a firm to finance its operations.
Carbon emissions	Emissions stemming from the burning of fossil fuels and the manufacture of cement; they include carbon dioxide produced during consumption of solid, liquid, and gas fuels as well as gas flaring.
Carbon intensity	Carbon emissions per unit of energy
CEE	Central and Eastern Europe
Central and Eastern Europe (CEE)	This region includes the following countries: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.
Central Asia (CA)	This region includes the following countries: Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan and Uzbekistan.
Climate change	Long-term shifts in temperatures and weather patterns. These shifts may be natural, but since the 1800s, human activities have been the main driver of climate change, primarily due to the burning of fossil fuels (like coal, oil and gas), which produces heat-trapping gases.
Combustible fuels	Coal, oil and gas
Competitiveness	At the firm level, competitiveness can be thought of as the ability to sustain market position by supplying quality products on time—at competitive prices—and the ability to adapt quickly to changes in the external environment. It requires continuous increases in productivity, by shifting from comparative advantages, such as low cost labour, to competitive advantages—competing on efficiency and quality, delivery, and flexibility.
COP	Conference of the Parties
Corporate distress	Situation under which a firm may face serious difficulties to maintain its operations endangering its survival.
Corporate ESG Responsibility composite indicator	An indicator based on ESG-related questions in the Enterprise Surveys, inspired by the Sustainability Accounting Standards Board (SASB) standards.
Corporate policy support	Aid schemes granted by national authorities to firms to mitigate economic shocks and save businesses.
Corporate responsibility	The ethics which drive an organisation's activities and how it operates so that it's viable over the long term. These two factors are intrinsically linked because a business that damages the systems on which it depends will ultimately be unsustainable. In 'doing the right thing' by their stakeholders and sharing the same values, organisations will themselves see benefits from brand enhancement and reputation to building employee engagement. It therefore makes good business sense to operate sustainably.
COV-ES	COVID-19 Follow-up Enterprise Surveys
COVID-19 Follow-up Enterprise Surveys	The report also uses the first round of the COVID-19 Follow-up Enterprise Surveys (covering more than 16 000 firms), carried out by the World Bank to illustrate how firms have reacted and adapted during the crisis.

Credit gaps	A credit gap refers to the difference between the desirable level of credit and the actual level.
Credit-constrained firms	Credit-constrained firms are firms that need loans but were either discouraged from applying or rejected - see Box 1 in Chapter 4 for a comprehensive explanation.
Decarbonisation	Process of reducing carbon dioxide (CO ₂) emissions resulting from human activity in the atmosphere, with the eventual goal of eliminating them. It is achieved by switching to usage of low carbon energy sources.
Digitalisation	Digitalisation is the use of digital technologies to change a business model; it is the process of moving to a digital business. In particular, firms can be considered digital if they have their own website, are able to sell their products online, or they can implement remote working conditions.
Discouraged firms	Discouraged firms need loans but have refrained from applying because of what they perceive as complex application procedures, unfavourable interest rates, high collateral requirements, insufficient loan amounts, fear of being rejected or other unspecified reasons.
Eastern Neighbourhood (EN)	This region includes the following countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.
EBRD	European Bank for Reconstruction and Development
ECA	Eastern Europe and Central Asia
EIB	European Investment Bank
EIF	European Investment Fund
Emissions-intensive sectors	Sectors with above-median average carbon emissions per unit of value added: paper and paper products, printing and publishing, coke and petroleum, chemical products, rubber and plastic products, non-metallic mineral products, basic metals, land transport, water transport and air transport.
EN	Eastern Neighbourhood
Energy efficiency	Proxied by the reverse of energy intensity. Energy efficiency improves when a given level of service is provided with reduced amounts of energy inputs or services are enhanced for a given amount of energy input.
Energy intensity	Quantity of energy required per unit output or activity, so that using less energy to produce a product reduces the intensity. At the level of an economy, energy intensity is measured as units of energy per unit of GDP. At the firm level, energy intensity is calculated as units of energy per unit of sales.
Enterprise Survey (ES)	The Enterprise Survey provides a rich source of information about firms and their business environment. The questionnaire includes firm characteristics, annual sales, costs of labour and other inputs, performance measures, access to finance, workforce composition and participation in the labour market. There is also a special module on the green economy. The Enterprise Survey provides a representative sample of the non-agricultural, formal private sector for firms with at least five employees and operating in the manufacturing or services sectors.
ES	Enterprise Survey
ESG	Environmental, social and governance
ESG practices	A set of environmental, social and governance standards for a company's operations. 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 a company's leadership, executive pay, audits, internal controls, and shareholder rights. In Chapter 3, environmental criteria include environmental awareness, green management and green measures; social criteria include gender, education and skills and training; and governance criteria include corporate governance, general management practices, internal controls and audit, business ethics, compensation and innovation.
EU	European Union

Exporters	Firms that export at least 10% of their sales.
Extreme weather events	The most commonly considered examples of extreme weather events include heat waves, cold snaps, heavy rainfall or snowfall, ice or hail storms, droughts, hurricanes, storm surges, and tornadoes.
Financial autarky	Firms in financial autarky are those that have no liability relationship with the banking sector - see Box 1 in Chapter 4 for a comprehensive explanation.
Financial deepening	Increase in the supply of financial services in the economy
Financial lifelines	Liquidity provided to a firm that faces a sudden shortage or unavailability of liquidity to continue its operations.
Firm adaptation	Adaptation strategy concerns specific ways in which the firm makes adjustments, as it seeks to survive and capitalise on external circumstances. Such adjustments can be made in a variety of product, market and resource management areas.
Firm resilience	A firm's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances.
Foreign direct investment (FDI)	Investments made by a foreigner (either individuals or business entities) in a domestic firm (in the form of equity capital, reinvested earnings and intra-company loans), acquiring more than 10% ownership and implying a significant degree of influence on the management of the firm.
Foreign-owned firms	Firms with at least 25% foreign ownership.
Fossil fuel subsidies	A fossil fuel subsidy is any government action that lowers the cost of fossil fuel energy production, raises the price received by energy producers, or lowers the price paid by energy consumers. The most obvious subsidies are direct funding and tax giveaways, but there are many activities that count as subsidies – loans and guarantees at favourable rates, price controls, governments providing resources like land and water to fossil fuel companies at below-market rates, research and development funding, and more.
GDP	Gross domestic product
Global value chains (GVCs)	Global value chains refer to international production sharing, a phenomenon where production is broken into activities and tasks carried out in different countries. Firms belonging to GVCs are both importing and exporting. Global value chains can be measured through the backward participation rate, which is the share of exported value added that is imported for further processing from another country and by the forward participation rate, that is the share of exported value added that will be used for further processing by another importing country.
Global warming	A gradual increase in the overall temperature of the earth's atmosphere generally attributed to the greenhouse effect caused by increased levels of carbon dioxide, CFCs, and other pollutants.
Green economy	A green economy is defined as low carbon, resource efficient and socially inclusive. In a green economy, growth in employment and income are driven by public and private investment in such economic activities, infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services.
Green investment	Investment that increases energy or resource efficiency or reduces carbon emissions and pollution. Measures that result in an increase in the firm's energy efficiency and/or a reduction in pollution or other negative environmental impacts, even if this is achieved as a by-product of achieving other objectives.
Green management	Refers to the way firms address environmental issues and monitor energy usage and pollution. Green management practices assess whether firms have clear, measurable and realistic environmental objectives and whether their managers have the right incentives and expertise to achieve those targets.
GVCs	Global value chains
ICT	Information and communications technology

IEA	International Energy Agency
IMF	International Monetary Fund
Importers	Firms that import at least 10% of their sales.
Informal sector	This term refers to firms operating informally, which means unregistered firms.
Innovation	Introduction of new or improved products, services or processes, or investing in Research and Development.
Internal funds	These are sources of financing internally generated by a firm and not coming from any external - to the firm - source such as a bank.
IPCC	Intergovernmental Panel on Climate Change
ISIC	International Standard Industrial Classification (UN)
Large firm	A firm with at least 100 full-time employees
Liability dollarisation/ euroisation	Denomination of the liability side of an enterprise or a bank in a currency - US dollar or euro - other than that of the country in which they are held.
LMI	Lower-middle-income countries
Lower-middle-income (LMI) countries	This country group is defined following the latest available World Bank income classification and applying it to the set of economies covered by ES - see for details https://datatopics.worldbank.org/world-development-indicators/the-world-by-income-and-region.html
Management practices	Refer to practices used to address problems arising in operations or production process, to monitor the performance indicators, to implement production targets (such as volume, quality, efficiency, waste or on-time delivery) and to incentives staff and managers' performance.
Medium-sized firm	A firm with 20-99 full-time employees
Middle East and North Africa (MENA)	This region in this publication includes the following countries: Egypt, Jordan, Morocco, Lebanon, Palestine and Israel.
OECD	Organisation for Economic Co-operation and Development
Old firm	A firm that is 5 years old or older.
Productivity	The effectiveness of productive effort, as measured in terms of the rate of output per unit of input. It is defined as value added per employment.
R&D	Research and development
Renewables	Types of energy from renewable resources that are naturally replenished on a human timescale. They include sources such as sunlight, wind, rain, tides, waves, and geothermal heat.
RUS	Russia
SASB	Sustainability Accounting Standards Board
SE	Southern Europe
Small firm	A firm with fewer than 20 full-time employees
SMEs	Small and medium enterprises, defined in the Enterprise Survey as firms with fewer than 100 full-time employees.
Southern Europe (SE)	This region includes the following countries: Cyprus, Greece, Italy, Malta and Portugal.
TFP	Total factor productivity
Trade barriers	Barriers or obstacles that make difficult and/or can reduce or restrict international trading activity and volumes either through non-tariff or tariff measures, and also other characteristics such as distance between countries, whether they share their official language and whether they have a common border.
Trade integration	The share of international trade, both export and import, as a proportion of the country's GDP.
TUR	Turkey
UMI	Upper-middle-income countries

UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
Upper-middle-income (UMI) countries	This country group is defined following the latest available World Bank income classification and applying it to the set of economies covered by the Enterprise Survey – see for details https://datatopics.worldbank.org/world-development-indicators/the-world-by-income-and-region.html
WB	Western Balkans
WBG	World Bank Group
Western Balkans (WB)	This region includes the following countries: Albania, Kosovo, Montenegro, the Republic of North Macedonia and Serbia.
Young firm	A firm that is younger than 5 years old