Investment Activity un the Conditions of Global World Crisis, Features, and Prospects

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Abstract: - In the context of global competition and technological progress, an increasing number of factors influence the economies of the world. With the outbreak of the war in Ukraine, there have been dramatic changes in global investment trends. The war has repercussions far beyond its immediate surroundings, causing a cost-of-living crisis that affects billions of people around the world while rising energy and food prices depress real incomes and exacerbate debt tensions. Investor uncertainty and risk aversion could put significant pressure on FDI flow this year. The impact on investment flows to developing countries in 2022 and beyond is difficult to predict. **The research aims** to establish the regularity of the state of investment activity in the context of the global world crisis and to determine the features and prospects of investment activity development. This can be done by conducting a regression analysis to reflect the dependence of the impact of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index between the results of legal adaptability and corporate performance. To check the level of investment activity it is necessary to analyze the state of FDI flows by regions, economies, and countries. **Research methods:** method of information synthesis; regression analysis; systematization, generalization, comparative analysis. **Results.** It has been established that as a result of regression analysis, the value of the coefficient of determination indicates that the regression model explains 78% of the dependence of the level of investment activity in 25 economies of the world between the results of legal adaptability and corporate activity. This indicates that there are still a small number of other factors influencing the level of investment activity that is not included in the regression model. It has been determined that global FDI flows recovered to USD 972 billion in the first half of 2022. However, most of the increase was in the first quarter, while global FDI flows decreased by 22% in the second quarter of 2022 compared to the previous quarter. This was caused by rising inflation and interest rates, and rising energy prices, due to Russia's full-scale invasion of Ukraine.

The study found that FDI flows recovered significantly in all regions of the world. It was found that FDI increased sharply in some European countries after the negative inflows recorded in the second half of 2022, the latter was also driven by significant growth in Australia, Germany, Mexico, Spain, and Sweden, whose FDI inflows increased by more than USD 15 billion. It has been revealed that the United States was the leading recipient and investor of FDI worldwide in 2021.

Key-Words: - investment activity, investments, global world crisis, economy.

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1 Introduction

Accelerated globalization of economic processes is manifested in the large-scale expansion of investment cooperation in the framework of the internationalization of world capital markets. The importance of foreign investments for the economies of all countries of the world, especially developing countries, is sharply increasing due to the need for their structural and technological modernization in the context of economic globalization (Umarov et al., 2020).

At the beginning of the XXI century, humanity was swept by a wave of major global changes. Current investment trends in productive capacity, in the Sustainable Development Goals (hereinafter - SDGs), and climate change mitigation and adaptation are not unanimously positive. While global FDI flows rebounded strongly in 2021, industrial investment remains weak and well below pre-COVID-19 levels, especially in the poorest countries. The current state of SDG investments - project financing for infrastructure, food security, water, sanitation, and health - is increasing, but not enough to achieve the SDGs by 2030. Investments in climate change mitigation, especially in renewable energy, are growing rapidly, but most of them remain in developed countries, and investments in adaptation continue to lag far behind. Worryingly, some new indicators suggest that the war in Ukraine could become an obstacle to the energy transition by increasing fossil fuel production in countries that had previously committed to reducing emissions (UNCTAD, 2022).

The war in Ukraine has further complicated the mobilization of domestic resources in developing countries, which has already been worsened by the COVID-19 pandemic and by the increasing frequency of natural disasters in the context of climate change (European Investment Bank, 2022). In the face of rising and unsustainable debt levels, without adequate multilateral restructuring mechanisms, countries are forced to reduce their fiscal space at a time when they should be increasing it. Although countries face differentiated challenges related to the cost of living crisis, it is important to create preconditions for investors to invest in the long term (UNCTAD, 2022).

The research aims to establish the regularity of the state of investment activity in the global world crisis and to determine the features and prospects of investment activity. This can be done by conducting a regression analysis to reflect the dependence of the impact of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index between the results of legal adaptability and corporate performance. Furthermore, it is necessary to analyze the state of FDI flows by regions, economies, and countries to check the level of investment activity.

1. To analyze the state of quarterly trends in global FDI flows from Q1 2018 to Q2 2022
2. To analyze FDI flows by region and economy for 2017-2022.
3. To analyze the state of foreign investment in countries for 2017-2022.
4. To conduct a comparative analysis of international private investment in the SDGs in 2021 compared to the level before the pandemic.
5. To conduct a regression analysis to reflect the dependence of the impact of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index rating on the results of legal adaptability and corporate performance.
6. To characterize the level of investment activity based on the Global Outsourcing Attractiveness Index.

2 Literature review

The economy of any country is influenced by foreign direct investment (hereinafter - FDI), inflation, international trade, imports, exports, tax revenues, etc. Therefore, almost every government seeks to attract FDI for its country. According to the International Monetary Fund, FDI is an investment that is formed to ensure the long-term interest of the investor in enterprises operating in another country. FDI is defined as an investment that is directed to a foreign institution, individual, or set of entities that can regulate or manage a foreign enterprise. Investment activity is defined as an economic category that characterizes not only the investment process itself from the point of view of the intensity of implementation but also is an indicator of the results of the investment policy of an economic entity or region, covering a set of factors that determine the level of their development.

FDI is a key factor of external financing for developing countries as they can receive financing from richer countries (Yang, Shafiq, 2020). Moreover, FDI offers various benefits to the country, such as providing long-term capital necessary for the economic development of the host country, creating new jobs, introducing innovative and new technologies, providing greater access to foreign markets, introducing new management skills, attracting companies from innovative sectors, etc (Misra, 2012).

FDI supports a country's economic development by strengthening its human capital, as well as fostering innovation and competition, which contributes to technological progress and productivity. Thus, FDI leads to overall economic growth in the country (Grossman, Helpman, 1991). Several reasons are behind one country's investment in another country, i.e. cost of production, quality of products, and reduction of lead time. The internationalization theory states that one of the main reasons for the FDI of any country is economies of scale, which reduces the cost of production (Siddique et al., 2017). Another crucial factor for the economic growth of the country is tax revenues.

A tax is defined as a compulsory duty imposed by the government and levied on people's income, property, and other related factors (Ojong et al., 2016). Taxation is an important process since it finances necessary activities and benefits the people of the country (Holmes, 1904). According to the definition provided by the United Nations Conference on Trade and Development (UNCTAD, 2022), tax incentives are opportunities that reduce the tax burden of a party and encourage them to invest in a relevant project or sector of the economy. To encourage investors, governments apply tax benefits and incentives, which may include reduced tax rates, loss carryforwards, tax holidays and reduced tariffs (Alegana, 2014), tax deductions, tax exemptions, tax credits (Gruber, 2005), and investment incentives.

Given the promising benefits of FDI, policymakers are constantly reviewing their taxation policies to attract more foreign investment. Tax policy supports investment activity because outbound investment secures efficient access to international markets and creates sufficient opportunities to achieve economies of scale, leading to higher net domestic income. At the same time, governments try to balance the desire to provide a competitive tax environment for FDI with the need to ensure that a significant share of domestic taxes is collected from international companies. Investors are attracted to countries that offer access to global markets and opportunities for profit, a predictable and non-discriminatory legal framework, macroeconomic stability, a skilled and efficient workforce, and developed infrastructure. All these factors affect the long-term profitability of the project and the volume of FDI attraction (Clark, 2008).

International tax policy has a positive impact on the size and location of FDI. Existing international evidence has shown that differences in tax rates determine which country an investor will invest in (Hines Jr, 1999). Past studies have shown the vital contribution of taxation to FDI inflows in developed and developing countries (Aqeel et al., 2004; Du et al., 2014; Hartman, 1984; Mandinga, 2015; Slemrod, 1990). Whilst corporate tax rate reduction attracts the largest amount of FDI, it is not the only element of FDI inflows. Differentiated variables such as labor cost, market size, trade openness, political stability, and organized and monitored environment are additional major determinants of FDI (Shafiq et al., 2021).

The main current threats to the active development of investment activity include the consequences of COVID-19; war in Ukraine; deformed production structure; energy crisis; inefficiency of public administration of socio-economic processes; growth of the shadow economy; low solvent consumer demand of the population (Yakymchuk et al., 2017); increasing property stratification of the population; growing corruption and its permeation into the basic sectors of the economy due to the weakening of the state control system; high investment risks; political instability; reduction of the share of profit in the sources of investment financing (Mishchuk et al. 2020); limited financial resources; aggravation of the financial, payment and budget crisis; ineffective system of foreign investment insurance, etc.

Under the above threats, the main ways to minimize them to ensure the prospective development of investment activity should be: ending the war in Ukraine; overcoming the negative consequences of the COVID-19 pandemic; creating favorable tax conditions for investors; accelerating the implementation of reforms in the field of investment activity; rationalization of tax deductions, including optimization of taxation of investment process transformations; formation of transparent legal investment relations, effective ownership structure and diversification of sources of financing of investment activity; selection of reliable legislative and legal mechanisms for the protection of the rights of private and foreign investors (Lyulyov, Pimonenko, 2017; Bilan, 2019); creation of a national investment market structure with a safety margin; formation of an investment insurance system (Akimova, Lysachok, 2020; Akimova et al., 2020).

Thus, the problem of development of investment activity in the conditions of the global world crisis is widely reflected in international reports and publications in the form of theoretical studies and practical research. However, the issue of the prospects for the development of investment activity in the context of the global world crisis remains relevant and open for further research, taking into account the reports of the European Investment Bank, UNCTAD, OECD, Kearney, on the impact of factors on the level of investment activity.

3 Methods and Materials

The realization of the research aim involves the use of such research methods as:

− analysis of quarterly trends in global FDI flows from the 1st quarter of 2018 to the 2nd quarter of 2022;

− systematic and logical analysis, method of synthesis of information on FDI flows by regions and economies for 2017-2022;

− systematization, synthesis of the latest scientific publications and statistical data published by governments and accountable organizations, such as the European Investment Bank, UNCTAD, OECD, Kearney, on the state of foreign investment in countries for 2017-2022;

− comparative analysis of international private investment in the SDGs in 2021 compared to the level before the pandemic.

The method of generalization of statistical information of the Global Outsourcing Attractiveness Index has been applied to determine certain signs of the level of investment activity.

The regression analysis has been used to reflect the dependence of the influence of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index rating between the results of legal adaptability and corporate activity.

4 Results

Global FDI flows recovered to USD 972 billion in the first half of 2022. However, most of the increase came in the first quarter, while global FDI flows fell by 22% in the second quarter of 2022 compared to the previous quarter. This drop is not surprising given rising inflation and interest rates, rising energy prices, and Russia's full-scale invasion of Ukraine.

Figure 1 shows quarterly trends in global FDI flows from Q1 2018 to Q2 2022. In the first half of 2022, global FDI flows were 9% and 20% higher than in the first and second halves of 2021, respectively. These levels are higher than any half-yearly level seen since 2013. Quarterly, FDI flows surged 36% in the first quarter of 2022 to US$545 billion, before falling 22% in the following quarter.

FDI inflows to OECD countries rose to $488 billion, up 28% compared to the second half of 2021. After rising by 59% in the first quarter of 2022, these flows fell by 38% in the second quarter, mainly due to inward flows - company debt, while equity inflows and reinvested earnings increased.

Outflows from OECD countries rose to USD 838 billion, the highest level for the half-year since 2013. However, a significant part of the increase occurred in the first quarter (by 26%), while FDI outflows from OECD countries decreased by 5% in Q2. FDI flows to non-OECD G20 countries declined by 19% in the first half of 2022 compared to the previous half of the year. Looking at quarterly data, they increased by 17% in Q1 and fell by 39% in Q2. Similarly, FDI outflows decreased by 38% in the first half of 2022.

FDI flows rebounded strongly in all regions in 2021 (see Table 1). The increase in FDI flows to advanced economies (+134 percent) - up from extremely low levels in 2020 - accounted for most of the global growth. The jump in advanced economies demonstrated the effect of stimulus packages, which led to record profits for MNCs and reflects the more volatile nature of FDI flows in developed markets due to the larger financial component.

However, FDI flows to developing regions also increased significantly. FDI inflows to developing Asia rose 19 percent to a new high of $619 billion, mainly through East and Southeast Asia. Flows to Latin America and the Caribbean rose 56 percent, recovering some of the ground lost in 2020. Flows to Africa more than doubled, but most of the increase was due to a single corporate transaction, without which they would have grown moderately.

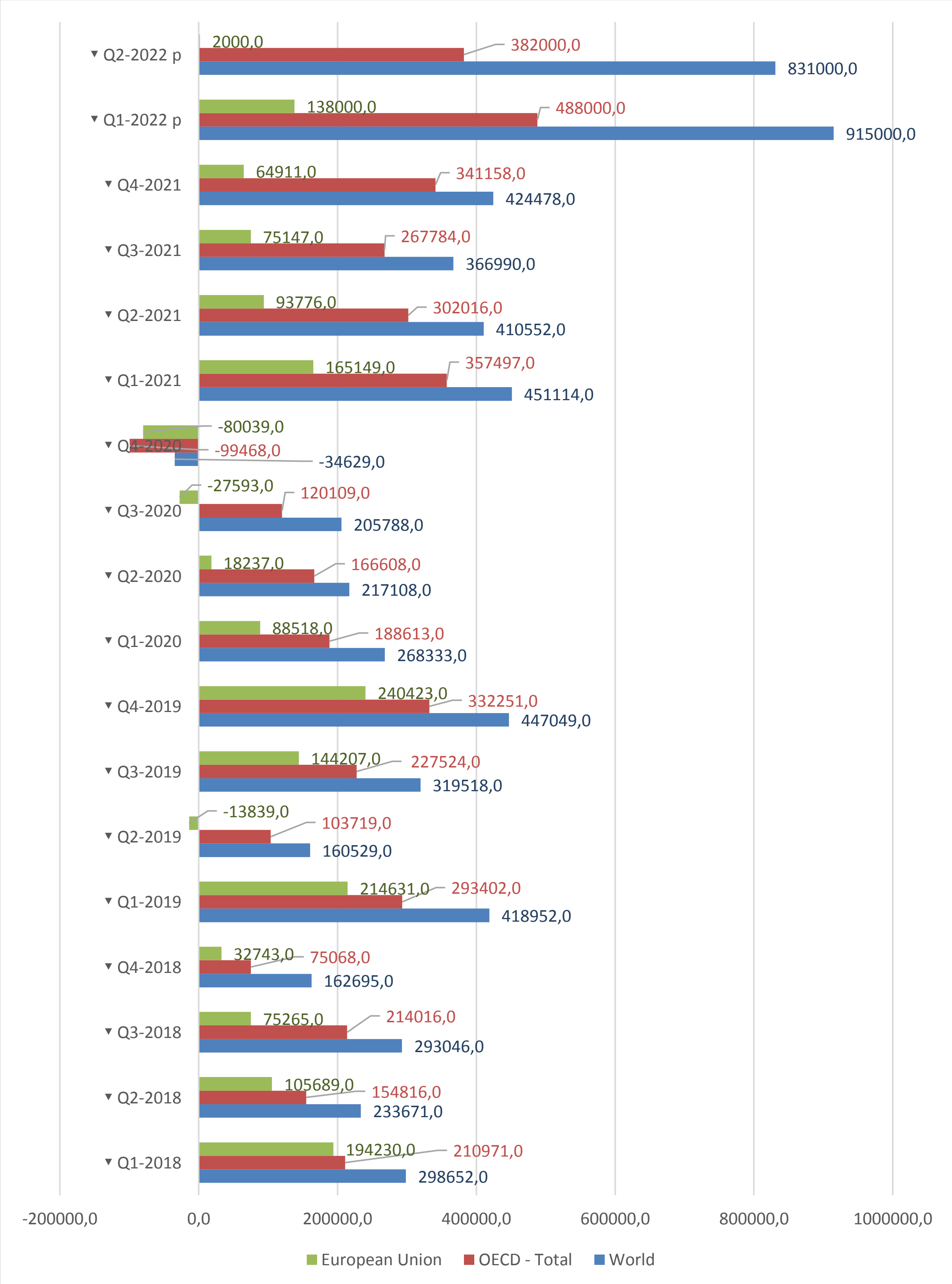

Fig. 1: Global FDI flows, Q1 2018-Q2 2022 (USD billion)
Source: Compiled by the authors based on official data of (UNCTAD, 2022; OECD, 2022).

The share of global flows attributable to developed countries returned to pre-pandemic levels, at around half of the total, from just one-third in 2020. Structurally weak economies continued to attract only a small share of global FDI, at 2.5 percent of the total. Completed cross-border mergers and acquisitions in advanced economies continued to decline. In the first half of 2022, deal values fell by 15 percent in advanced economies and 16 percent in emerging markets, and continued this trend in the third quarter.

Table 1. FDI inflows and outflows, by region and economy, 2017–2021

Region/economy	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
World	1632 638,5	1448 276,2	1480 626,0	963 138,5	1582 309,8	1610 113,3	1610 113,3	1123 894,0	780 479,7	1707 593,5
Developed economies	937 683,0	753 320,3	764 455,7	319 189,8	745 739,2	1162 247,5	1162 247,5	736 839,7	408 195,4	1269 211,9
Europe	513 250,0	398 049,2	404 755,7	80 786,5	219 032,6	544 011,8	544 011,8	342 647,6	-20 571,6	551 598,5
EU	274 903,9	366 346,9	401 677,1	209 509,2	137 541,3	347 292,9	347 292,9	368 335,1	66 412,3	397 637,1
OE	238 346,1	31 702,2	3 078,6	-128 722,8	81 491,3	196 718,9	196 718,9	-25 687,5	-86 984,0	153 961,4
NA	331 722,8	240 895,9	275 257,5	174 003,6	427 051,7	403 968,4	403 968,4	107 985,2	281 446,1	492 975,0
Other developed economies	92 710,2	114 375,2	84 442,5	64 399,8	99 654,9	214 267,3	214 267,3	286 206,9	147 320,9	224 638,3
Developing economies	694 955,5	694 955,9	716 170,4	643 948,8	836 570,6	447 865,8	447 865,8	387 054,4	372 284,4	438 381,6
Africa	40 176,0	45 384,2	45 678,1	38 952,2	82 990,5	11 813,3	11 813,3	4 914,1	- 622,5	2 653,1

WAS	**SAS**	**SEA**	**EAS**	**ESEA**	**Asia**	**WA**	**SA**	**EA**	**CA**	**OA**	**NAF**
33 103,3	51 639,9	154 449,9	253 391,3	407 841,2	501 381,8	10 112,0	- 941,1	8 784,2	8 946,2	26 901,4	13 274,6
34 501,9	52 262,5	148 776,0	254 334,1	403 110,1	496 897,8	8 102,2	4 468,7	8 053,9	9 352,8	29 977,6	15 406,6
36 731,8	59 085,8	174 976,5	232 339,1	407 315,6	511 631,8	10 863,4	4 513,9	7 892,9	8 857,8	32 128,0	13 550,1
34 824,2	70 957,3	122 109,7	284 726,3	406 836,1	518 893,1	9 340,3	4 243,6	6 061,9	9 506,2	29 152,0	9 800,2
55 334,3	52 416,8	175 313,9	328 918,0	504 232,0	618 983,4	13 848,6	42 219,2	8 178,7	9 408,9	73 655,3	9 335,2
41 599,5	11 493,3	88 548,3	257 441,7	345 990,0	400 135,1	1 222,2	8 714,9	215,0	291,3	10 443,5	1 369,9
41 599,5	11 493,3	88 548,3	257 441,7	345 990,0	400 135,1	1 222,2	8 714,9	215,0	291,3	10 443,5	1 369,9
43 138,5	13 275,2	79 502,1	202 885,9	282 388,0	336 212,8	1 280,2	1 481,1	168,4	257,2	3 186,8	1 727,3
39 190,5	11 206,0	62 386,9	267 680,1	330 067,0	378 381,9	297,0	-1 677,1	138,6	263,3	- 978,2	355,7
56 383,2	15 985,9	75 837,8	244 389,0	320 226,8	394 118,3	2 593,4	-1 240,5	163,5	323,4	1 839,9	813,3

SIDS	LLCs	LDCs	OCE	CAR	CAM	SAM	SCA	LAC	CAS
3 961,6	25 070,3	20 873,5	- 138,5	4 363,5	45 445,7	103 727,0	149 172,7	153 536,2	8 797,4
3 798,0	22 950,6	22 539,0	695,4	2 714,7	45 320,8	103 942,9	149 263,7	151 978,4	7 023,4
4 424,7	22 069,8	22 839,3	116,4	3 945,4	43 993,8	110 804,9	154 798,8	158 744,2	8 498,6
2 853,8	14 138,8	22 974,9	- 68,1	2 744,9	32 756,0	50 670,6	83 426,6	86 171,6	6 275,6
3 342,4	18 486,0	25 978,1	138,9	3 814,2	42 494,7	88 148,9	130 643,6	134 457,8	7 000,3
300,3	3 911,1	2 211,2	102,4	49,5	4 654,3	31 111,2	35 765,4	35 814,9	1 052,3
300,3	3 911,1	2 211,2	102,4	49,5	4 654,3	31 111,2	35 765,4	35 814,9	1 052,3
835,5	752,9	-1 004,4	- 838,7	368,3	11 337,3	35 060,5	46 397,9	46 766,2	-2 588,9
963,5	-1 290,7	1 507,5	- 811,3	11,3	3 030,9	-7 705,9	-4 675,0	-4 663,8	-2 081,7
504,0	1 698,6	- 142,3	- 160,0	246,5	112,4	41 411,2	41 523,7	41 770,2	1 522,3

Source: Compiled by the authors based on official data of (UNCTAD, 2022; OECD, 2022).

Notes: European Union (EU); Other Europe (OE); North America (NA); North Africa (NAF); Other Africa (OA); Central Africa (CA); East Africa (EA); Southern Africa (SA); West Africa (WA); East and South-East Asia (ESEA); East Asia (EAS); South-East Asia (SEA); South Asia (SAS); West Asia (WAS): Central Asia (CAS); Latin America and the Caribbean (LAC); South and Central America (SCA); South America (SAM); Central America (CAM); Caribbean (CAR); Oceania (OCE); Least developed countries (LDCs); Landlocked countries (LLCs); Small island developing states (SIDS).

Announced new investment projects showed moderate signs of growth in the first half of 2022, mainly driven by large investment projects announced in emerging markets and developing countries in productive sectors, especially in renewable energy. International investment in sectors aligned with the Sustainable Development Goals (SDGs) in developing countries increased significantly in 2021 by 70 percent. The total value of new business announcements and international project finance agreements in SDG sectors exceeded pre-pandemic levels by almost 20 percent. However, most of the growth came from renewable energy. Investment activity - as measured by the number of projects - in other SDG-related sectors, including infrastructure, food, agriculture, health, and WASH (water, sanitation, and hygiene), has only partially recovered (see Figure 2).

Fig. 2. International private investment in the SDGs: 2021 projects number compared to pre-pandemic levels
Source: Compiled by the authors based on official data of (UNCTAD, 2022).

In the least developed countries, investment in the SDGs is less favorable than in other developing countries, and the detrimental impact of the pandemic on the economies of these countries continues. The share of total SDG investments in developing countries (both seed and international project finance) that went to least developed countries decreased from 19% in 2020 to 15% in 2021. Their share in the number of projects decreased from 9 to 6%.

Renewable energy and energy efficiency projects make up the bulk of climate investment. International private investment in climate change is almost exclusively directed at mitigation, with 5 percent going to adaptation projects. More than 60 percent is invested in developed countries, where 85 percent of projects are funded strictly privately.

FDI rose sharply in some European countries after negative inflows were recorded in the second half of 2022. The latter was also driven by strong growth in Australia, Germany, Mexico, Spain, and Sweden, whose FDI inflows increased by more than USD 15 billion. The United States was the top recipient of FDI globally in 2021, followed by China and Brazil, and the top investor globally was the United States, followed by Germany and Japan (see Table 2).

Table 2. FDI inflows and outflows, by country, 2021

FDI inflows		FDI outflows	
United States	367 376,0	United States	403 101,0
China	180 957,0	Germany	151 690,0
Hong Kong, China	140 696,0	Japan	146 782,4
Singapore	99 099,3	China	145 190,0
Canada	59 675,7	United Kingdom	107 741,4
Brazil	50 367,4	Canada	89 874,0
India	44 735,1	Hong Kong, China	87 450,2
South Africa	40 888,8	Russian Federation	63 602,5
British Virgin Islands	39 361,5	Ireland	61 979,2
Russian Federation	38 239,7	Korea, Republic of	60 819,8
Mexico	31 621,2	Singapore	47 395,2
Germany	31 266,8	Belgium	45 624,2
Israel	29 615,1	British Virgin Islands	43 216,8
United Kingdom	27 561,5	Netherlands	28 861,2
Sweden	26 973,4	Luxembourg	25 398,2
Cayman Islands	25 893,1	Saudi Arabia	23 860,0
Belgium	25 576,8	Brazil	23 082,8
Australia	25 085,2	United Arab Emirates	22 545,9
Poland	24 815,9	Denmark	22 399,1
Japan	24 652,0	Cayman Islands	21 232,3
United Arab Emirates	20 667,1	Sweden	20 347,4
Indonesia	20 081,3	Thailand	17 303,3
Saudi Arabia	19 285,6	India	15 522,3
Korea, Republic of	16 819,7	Chile	12 220,2
Ireland	15 702,1	Italy	11 758,8
Viet Nam	15 660,0	Austria	10 781,3
France	14 192,9	Taiwan Province of China	10 108,0

Chile	12 719,2	Israel	9 712,6
Turkey	12 530,0	Australia	9 223,8
Malaysia	11 619,8	Malta	7 247,2

Source: Compiled by the authors based on official data of (UNCTAD, 2022; OECD, 2022).

Some countries have already established themselves as attractive digital hubs. Having analyzed startup activity and investments over the past three years, we found that the United States, the United Kingdom, China/Hong Kong, France, and India are consistently among the top five in several industries (see Figure 3).

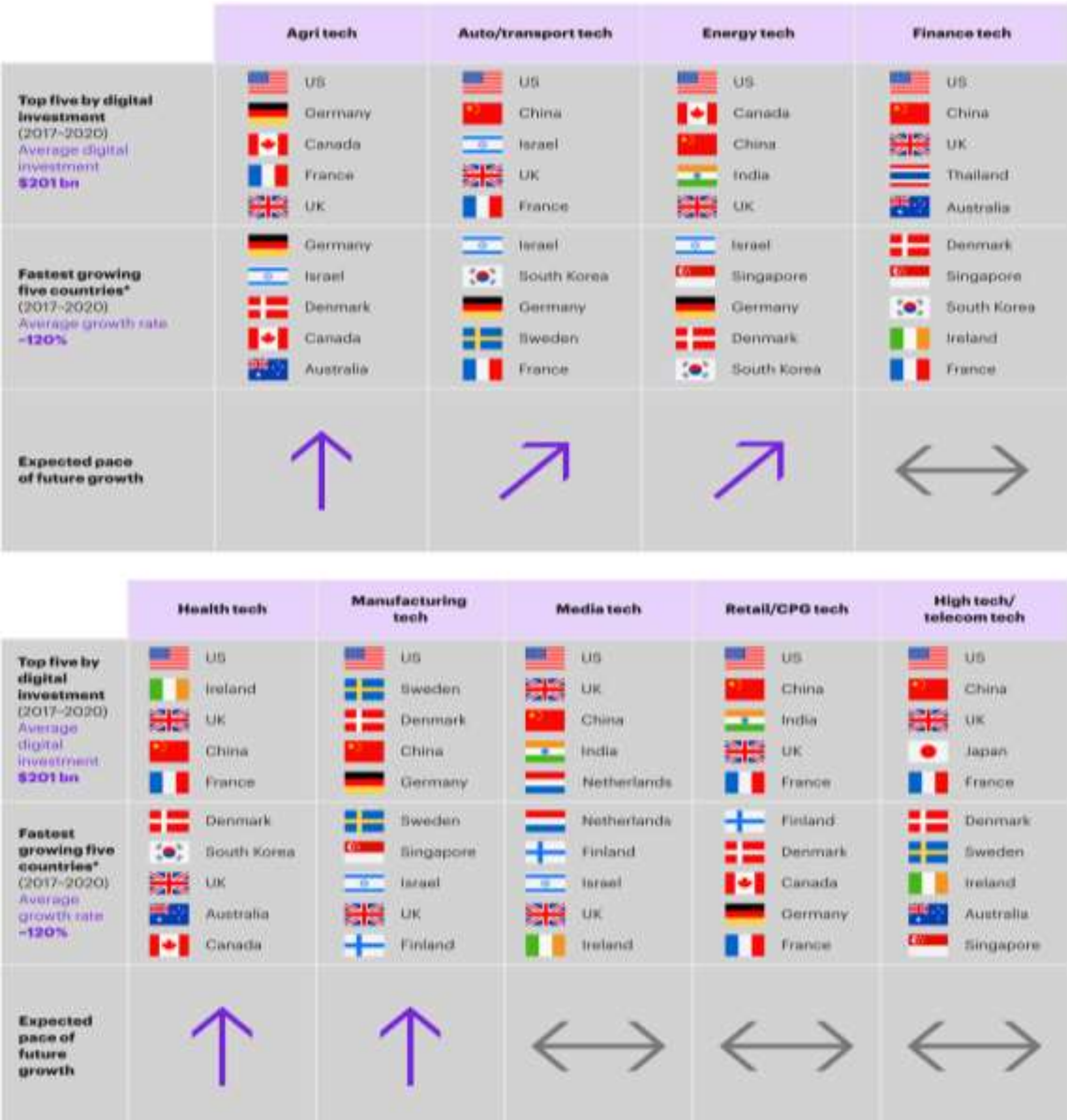

Fig. 3. While the United States has invested in technology the most over the past five years, other nations have accelerated their rate of digital investment
Source: Compiled by the authors based on official data of (Kearney, 2021).

The US continues to dominate across all industries and retains the top spot on the Global Outsourcing Attractiveness Index in 2021 (see Figure 4). Some countries are among the top five for specific industries only, including Japan for high tech, Denmark for manufacturing technology, and Australia and Thailand for financial technology. However, not all of these countries are in the top ten by industry and retain the top spot in the Global Outsourcing Attractiveness Index, primarily due to the overall volume of investment activity.

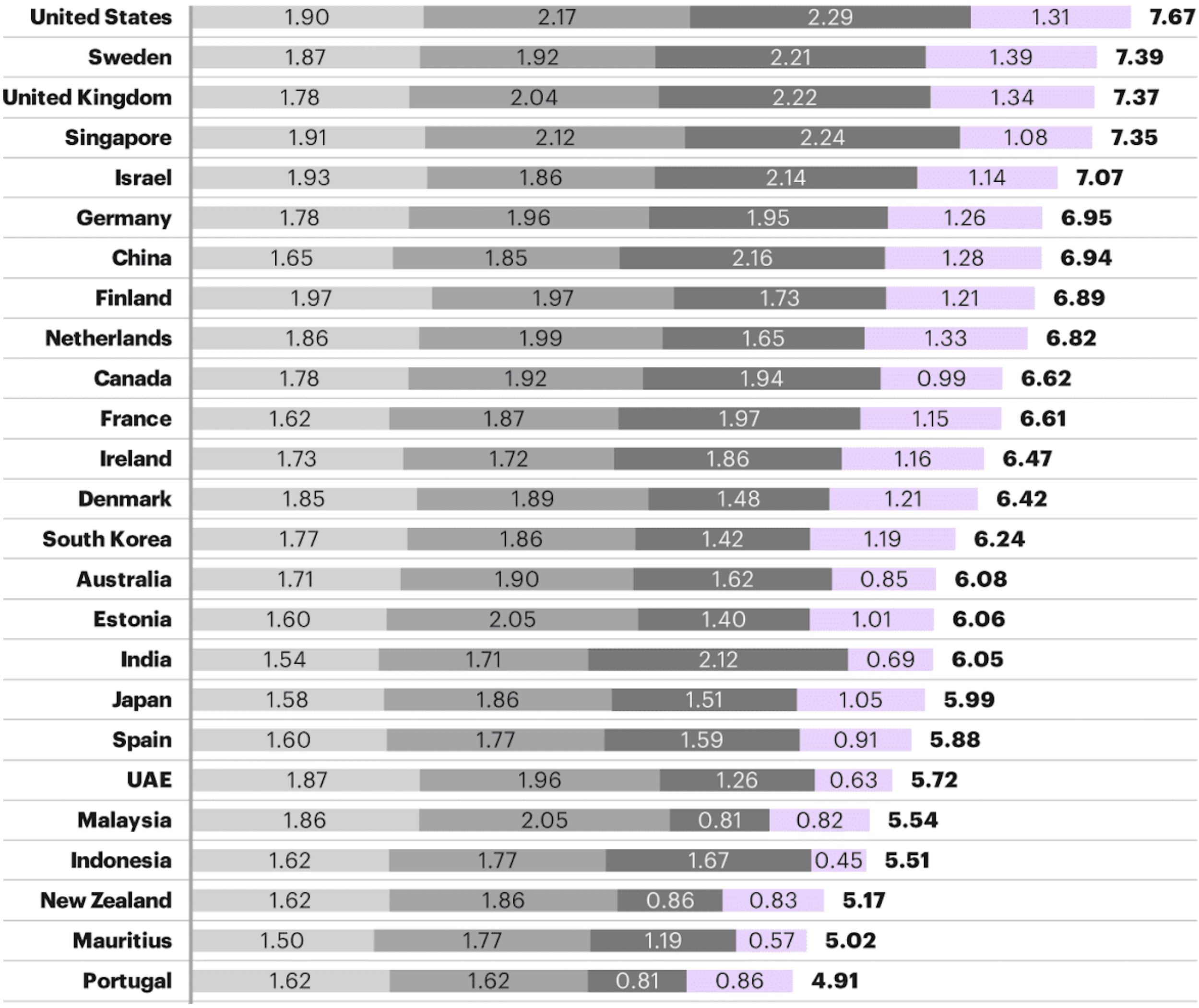

Fig. 4. TOP 25 countries by the Global Outsourcing Attractiveness Index in 2021
Source: Compiled by the authors based on official data of (Kearney, 2021).
Notes: - Digital skills; - Legal adaptability; - Corporate activity; - Outputs.

Table 1 shows the results of regression modeling, which allows us to reflect on the dependence of the impact of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index rating between the results of legal adaptability and corporate performance:

$$Level\ of\ investment\ activity = 0{,}95 + 0{,}89 * Legal\ adaptability + 2{,}34 * Corporate\ activity$$

Thus, the influence of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index depends on legal adaptability and corporate activity. The model parameters are statistically significant, as indicated by t Stat of 0.58 and 0.83 and P-values of 0.57 and 0.41.

Thus, the influence of factors on the level of investment activity in 25 economies of the world according to the Global Outsourcing Attractiveness Index depends on legal adaptability and corporate activity. The model parameters are statistically significant, as indicated by t Stat of 0.58 and 0.83 and P-values of 0.57 and 0.41.

Table 3. Results of regression modelling

Regression Statistics								
Multiple R	0,89							
R Square	0,79							
Adjusted R Square	0,78							
Standard Error	3,73							
Observations	25							
ANOVA								
	df	*SS*	*MS*		*F*		*Significance F*	
Regression	1	1180,86	1180,86		84,83		0,0000000035	
Residual	23	320,18	13,92					
Total	24	1501,04						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	0,95	0,10	9,21	0,0000000035	0,74	1,17	0,74	1,17
Legal adaptability	0,89	1,54	0,58	0,57	-2,29	4,07	-2,29	4,07
Corporate activity	2,34	2,80	0,83	0,41	-3,46	8,14	-3,46	8,14

Source: Compiled by the authors based on official data of (Kearney, 2021).

The value of the coefficient of determination indicates that the model explains 78% of the dependence of the level of investment activity in 25 economies of the world between the results of legal adaptability and corporate activity. This indicates that there are still a small number of other factors influencing the level of investment activity that is not included in the regression model.

5 Discussion.

According to the results and literature, it can be concluded that FDI plays a key role in contributing to the economic growth and development of countries by investing in various sectors of the economy. It also has indirect positive effects on the transfer of innovative technologies, employment, training, and skills, which all contribute to the long-term development of host economies. In this regard, the introduction of tax reforms or tax incentives is an important factor in attracting foreign direct investment (Shafiq et al., 2021).

COVID-19 and the war in Ukraine have affected not only the current investment plans of companies and investors but also their plans for the medium term. Companies' investment plans for the next three years vary depending on the impact of the pandemic and war on their sales (European Investment Bank, 2022). It has been found that international project finance is becoming increasingly important for SDG investments. The high growth of international project finance can be attributed to favorable financing conditions, infrastructure incentives, and strong interest from financial market investors to participate in large-scale projects that require multiple investors (UNCTAD, 2022).

The study revealed the objective necessity of the process of internationalization of the world economy based on effective investment cooperation. At the present stage of development of the world economy, FDI is one of the main factors of acceleration of the globalization process. The definition of FDI emphasizes its long-term connection with management control, as well as the fact that assets of this type cannot be considered sufficiently liquid, and that they are not a one-time transaction, but generate subsequent financial, commodity, technological and other production relations, which makes FDI especially attractive for developing countries.

Based on the analysis of FDI at the early and modern stages of internationalization development, it is concluded that the world practice of using FDI is as controversial as the process of creation and development of the world economy. The internationalization of the economy unites national and international (global) economic interests, sovereign interests of states, transnational corporations, world economic organizations, and interests of the state and private capital (Umarov et al., 2020).

Thus, the studies conducted by scientists do not provide relevant information on the impact of factors on the level of development of investment activity in the global world crisis. Thus, it is reasonable to focus further research in this area to analyze the prospects for the development of investment activity to overcome the global crisis.

6 Conclusion

As a result of the analysis of the development of investment activity in the context of the global crisis, a positive trend in the state of attracting investments into the economy of countries was established. The global financial crisis has slowed regional convergence and increased divergences between different social groups. The divisions, which widened during the pandemic and were exacerbated by the war in Ukraine, risk persisting during and after the economic recovery. The pandemic shock may harm cohesion and investment activity in the future through the impact on business dynamics, human capital, and the ability of companies to adapt to a changing environment. The ability of businesses to spot and take advantage of structural changes in the economy is crucial for regional prosperity and investment development. Current challenges in investment activity weaken the resilience of firms and their ability to adapt. Therefore, to increase investment flows and investor cohesion, it is necessary to focus on the quality of the country's investment climate, business environment, and reforms that should be aimed at increasing investment activity. Thus, investment is a key factor in mitigating the negative effects of the pandemic and war.

The practical significance of the study lies in the fact that the theoretical provisions, conclusions, and recommendations developed by the author and proposed in the article can be used to: increase the level of development of investment activity in the context of the global world crisis, etc.

Further research can be aimed at improving the legislation to facilitate the implementation of investment policy, which will reduce the dependence of the impact of factors on the state of attracting foreign direct investment and the level of investment activity, which in turn will improve the economic activity of entities and the current level of the economy. Expansion of opportunities and widespread use of innovative, information and technological, economic, political, scientific, and research approaches to regulating investment policy at the interstate level can become the basis for strategies to attract foreign direct investment for future periods.

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