



INVESTMENT PROMOTION REPORT 2022

WHO GETS INVESTMENT PROMOTION RIGHT AND WHAT CAN OTHERS LEARN

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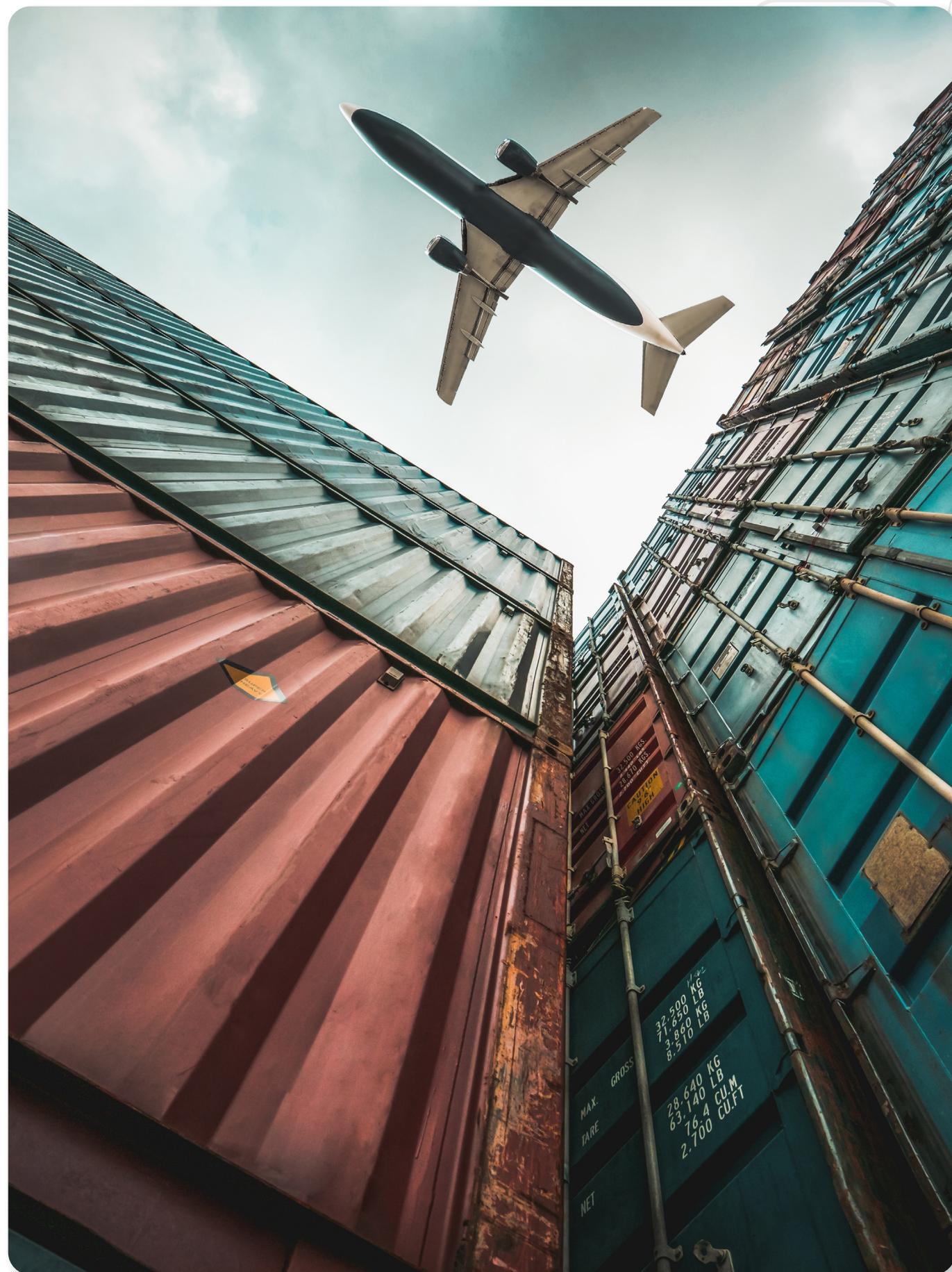


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ANDREW WROBEL

Founding Partner
Emerging Europe

FOREWORD

By mid-2022, the vast majority of emerging Europe countries — with a few exceptions: Serbia, Montenegro and Kosovo, had been stand-alone countries for three decades. They have all embarked on a transition from a planned to a free-market economy, and from communism to democracy, some more successfully than others.

It is high time to identify the right path going forward, ceasing to rely on cheap labour and instead focusing on sustainability, entrepreneurship and innovation, not on imitation, and on being able to compete through their quality in the global arena.

In 2022, that sustainability component has become particularly important as the planet is set to pass the 1.5-Celsius-degree-above-pre-industrial-levels threshold by 2040 and any mitigating action that will be taken now is already too late. Global

temperatures have already risen by 1.1 Celsius degrees which has resulted in an increase in natural disasters such as flooding, hurricanes, and other events, according to the World Research Institute.

As the number of new cases of the Covid-19 pandemic that disrupted the entire globe for some 2.5 years was declining, the beginning of 2022 brought yet another challenge — Russia's invasion of Ukraine, which has not only made us revisit the idea of the world order but has disrupted the global economy including various supply chains and energy security and has had an impact on emerging Europe's competitiveness as a foreign direct investment destination.

In 2022, sustainable investment and the war in Ukraine have been the focus of Emerging Europe's debates about the region's future within the Future of Emerging

Europe framework. As a part of that programme, launched in 2018, Emerging Europe has been researching how the region's 23 national investment promotion agencies communicate their value proposition and how they use their digital channels to draw potential investors' attention to various business opportunities in the region's key sectors.

This year, apart from the ranking itself, we have looked at digital transformation and the automation of an investment promotion agency's operations, sustainable investment and social media diplomacy. Our goal has remained the same for the past five years — to highlight best practice and encourage IPAs to learn from one another and improve their communications and the quality of their service.



CREATING AN ECOSYSTEM THAT WORKS FOR ALL: FDI IN EMERGING EUROPE

There is no great secret to attracting foreign investment. It takes collaboration, a great ecosystem, an ability to retain talent, and a genuine commitment to ESG principles.

For the third year in a row, Estonia's investment promotion agency, Invest Estonia, came out on top in Emerging Europe's annual investment promotion survey.

As a part of its awards programme, Emerging Europe has since 2018 been researching how the region's 23 national investment promotion agencies (IPAs) communicate their value proposition and how they use their digital channels to grab the attention of potential investors to the various business opportunities offered by key sectors.

Lithuania again took second place, with Czechia in third, climbing above Ukraine which drops to fourth – still an incredible achievement given the ongoing Russian war against the country. Latvia rounded out the top five.

The need for a collaborative ecosystem

At a roundtable discussion organised by Emerging Europe in partnership with the Assembly of European Regions (AER) within the framework of the Future of Emerging Europe Summit and Awards in Brussels in June, leaders from across the region looked at how other countries can take on board the best practice of Invest Estonia and other well-performing IPAs.

According to Joonas Vänto, the director of Invest Estonia, the country's success comes from its positive climate co-operation between the public and private sectors.

"That the [Estonian] start-up sector is booming shows that if there is support from the government for the tech sector, including the universities, even the most ambitious goals can be achieved," he says.

"Using this government support, the universities have stepped up to produce new, innovative products."

That such co-operation is lacking in other parts of the region was highlighted by Balázs Fürjes, the director of EIT Health Innostars, a cluster within the European Institute of Innovation and Technology (EIT) bringing together innovators in need of education, funding, mentoring and networking tools.

"Investors come to a country for talent, they come for ideas. But what they miss is collaboration. If there is a collaborative environment that keeps the talent there, and the incoming parties find this collaboration interesting, then they put down roots and stay. Collaboration is the number one topic," he says.

Successful investment locations need an ecosystem that works, adds Elias van Herwaarden of Colliers, who has been advising big firms on where to locate their investment for decades. And they will pay more to access such an ecosystem, he suggests.

"If a city offers an ecosystem that really works, costs can be higher. It's all about risk minimisation and mitigation."

Stability and resilience

Peter Ryan of Ryan Strategic Advisory is another locations expert, and he points out that a key factor for investors right now is stability.

"Because of the situation in Ukraine, it has become the key factor. Positive promotion will be important."

Getting positive examples out to a wider audience is a notion that Mark Angus of Genesis Global Business Services agrees with.

"There is so much great talent and case studies in the region," he adds. "Digital Expedition in Serbia, Code Kids in Romania, Warsaw Health Innovation Hub in Poland, Innovatricks in Slovakia, ScanBalt in Estonia, Diia.City in Ukraine, to name just a few. What is really needed to boost the profile of the region is for those case studies to be put forward, to be promoted."

Promoting the example of Estonia is certainly one way that positive outcomes can be shared across the region, especially in other small countries.

Mark McCord is chief of party, USAID Economic Security Programme in Georgia. He says that for a small country like Georgia to be successful in FDI, "you need to focus on what the elephant doesn't need or what the elephant doesn't want, or no longer wants – meaning you find niches that you can exploit, or you start building a valuable proposition around portions of what larger companies and countries no longer want."

Like Elias van Herwaarden, he also believes that the ecosystem is crucial. "Georgia is sometimes overly focused on FDI, instead of making sure the local ecosystem is sound."

Ukraine's goals remain the same

For Ukraine itself, the goal of becoming a global tech hub remains. Just days before Russia began its invasion on February 24, President Volodymyr Zelensky told the 2022 Diia Summit in Kyiv, a showcase for Ukraine's digital transformation, that he wants the country to double the size of its already impressive IT industry from four per cent of GDP to 10 per cent by 2025.

"We still have the ambitious goal of becoming one of the biggest IT hubs in Europe," according to the country's deputy minister of digital

transformation, George Dubynskyi, who took part in the Brussels discussion.

Anna Gorączka, chief green officer at Polish retailer Zabka, believes that the days of stability are over.

"We lost it on February 24," she says. "What we need now is resilience."

"We should behave as a region, as a company, with different departments. We should focus on building resilience, making space for innovation. That will show investors that we are ready, no matter what hits us."

Gorączka is also adamant that promoting best practice in ESG (environmental, social, governance) is another factor that can woo investors.

"ESG is a way of doing business and it is transformative. It is not just a PR strategy; it is a strategy that is incorporated into the value creation plan of the organisation — and that makes a difference," she asserts.

Peter Ryan is in full agreement. "When we hear stories about what is going on in the emerging Europe countries [in terms of ESG], they are moving forward much more quickly than what we would see in parts of Canada and the US. It is important that the countries keep this focus. ESG is not just seen as a 'nice to have' but as a structural element to attract investment."

He also suggests that ultimately, it is employees who will push all companies towards taking ESG seriously. "Talent wants to work for progressive companies," he says.

But money also remains important. Jean-Luc Vanraes from the Assembly of European Regions, believes that while Europe has decided to become more autonomous, with huge amounts invested in education, the challenge of losing talent remains.

"We need to make it possible for talent to stay, and talent congregates where the money is," he says.

Knitting all of these threads together: ecosystem, promoting best practice, ESG, retaining talent, is the challenge now facing the countries of emerging Europe, and the region as a whole.

Some are going about it the right way, led by Estonia. Others need to figure out what they need to do in order to catch up. And for that, political will is needed.

CASE STUDY: ESTONIA

The Covid-19 pandemic pushed more government-citizen interactions online as lockdowns made national, regional and municipal authorities pursue digital government strategies, many with innovative initiatives.

But what was in some cases forced turned out to be beneficial on different levels. Digital interactions are less time consuming for people and reduce the administrative burden, while automating case handling significantly boosts productivity, reduces backlogs and frees up resources for other priorities, increasing job satisfaction.

Investment Promotion and the Digital Economy: A comparative Analysis of Investment Promotion Practices across the OECD, released in 2021, confirms that over 90 per cent of

investment promotion agencies across the 38 members of the Organisation for Economic Co-operation and Development (OECD) report the pandemic accelerating the use of digital tools in their operations.

All IPAs say public services related to investing and setting up a company have been digitalised to some extent, and 30 per cent confirm they have been fully digitalised. However, only a quarter host a digital portal for the digital delivery of services. The digitalisation process is expected to continue going forward.

This Investment Promotion Report has looked at the tools used by national economic development and investment promotion organisations since the very beginning, but a special component of the ranking looks at innovativeness and creativity

from 2020, just before the first Covid-19 lockdown.

Invest Estonia has implemented automation well before the pandemic and is now able to share tangible results.



Joonas Vanto,
Head, Invest Estonia

Our goal is to provide foreign investors with the information they need, when they need it.

Imagine an investment promotion agency that understands your business needs throughout your investment's life cycle, acts quickly and proactively – and as a result, gives your business the information that it needs just when you need it. This is exactly what we are aiming for at the Estonian Investment Agency (Invest Estonia).

To move towards this vision, besides hiring a great team of humans, our agency has implemented a set of non-human agents aimed at better, faster, and more accurately executed investment promotion activities.

Technology is used in a smart way, living the 'e-Estonia' dream that is a part of the agency's, as well as the country's, core marketing message. By employing non-human agents, cooperating with our human staff, we are making the Estonian Investment Agency more efficient, letting it achieve more with the limited resources that can be used – and working towards more sustainable processes.

The agency is using technology to help potential foreign investors get to know about business opportunities in Estonia. Better informing potential investors, it is overcoming one of the market failures that FDI across the globe faces, the problem of asymmetric information among business decision makers. This is especially acute in the case of emerging markets where there are often limited resources for investment promotion.

As (e)-Estonia has created a welcoming and accommodating business environment for foreign investors (and made life a lot easier for local businesses), the investment promotion agency's job is to deal with providing accurate and up-to-date answers to the two questions that every business planning expansion abroad is facing: why and how.

Invest Estonia's set of integrated, yet separate, non-human agents, combines various technologies and concepts, such as machine learning, natural language processing and process automation (including sales force automation) with the single goal of providing potential investors with the information they need, just when they need it.

The benefits are evident. For example, last year, almost 1,500 potential investors were helped, using the semi-automatic enquiry handling process of our customer service robot Eia, in addition to the thousands of fully automated conversations handled by our chatbot agent Suve. In recent years, Eia has had a significant role in bringing more than 20 million euros of investments to Estonia, and the number is growing as there is currently more than one billion euros

worth of Eia-assisted projects in the sales funnel.

Different automation solutions, including self-service environments for employees and advanced marketing tools resulted in more than 3,300 saved working hours in 2021. In 2022, as several new integrations have been added and new machine learning solutions implemented, we predict the number to be even bigger. For a relatively small agency, this is a lot.

Going digital is a never-ending process. This year, we launched a unique, self-learning location attractiveness comparison tool [ComparEST](#) that lets you compare Estonia's investment attractiveness to that of other European countries and uses advanced machine learning models to help our investment advisors create detailed value propositions.

Our draft strategy for the years 2023 to 2026 sets high goals: facilitating 1.2 billion euros of foreign direct investment and helping investors create 1,000 high added-value jobs per year. While there often are positive correlations between the amount of resources an investment promotion agency can use, and the results it can achieve, it is also possible to use technology to make the investment promotion processes more effective and thus achieve more with less.



Margareta Mucibabici,
Public Affairs and Social Impact
Director, UiPath

In our experience, by leveraging robotic process automation (RPA) and artificial intelligence (AI) technologies, public sector organisations can serve their citizens better, reduce bureaucracy, gain more internal productivity and efficiency, and help the public sector workforce manage increased workloads. That is why we see tremendous potential for public sector organisations to accelerate transformation and unleash value for their employees and the citizens they serve.

For example, the development of electronic and automated public services will relieve public administration staff currently involved in receiving and managing citizens' various requests for a series of manual activities that consume a large part of their working time.

The time resource thus released can be used by public administration staff to focus more on serving citizens, streamline internal processes, improve internal productivity, and better manage their increased workload. Likewise, it will also improve the quality of public services and citizens' satisfaction.

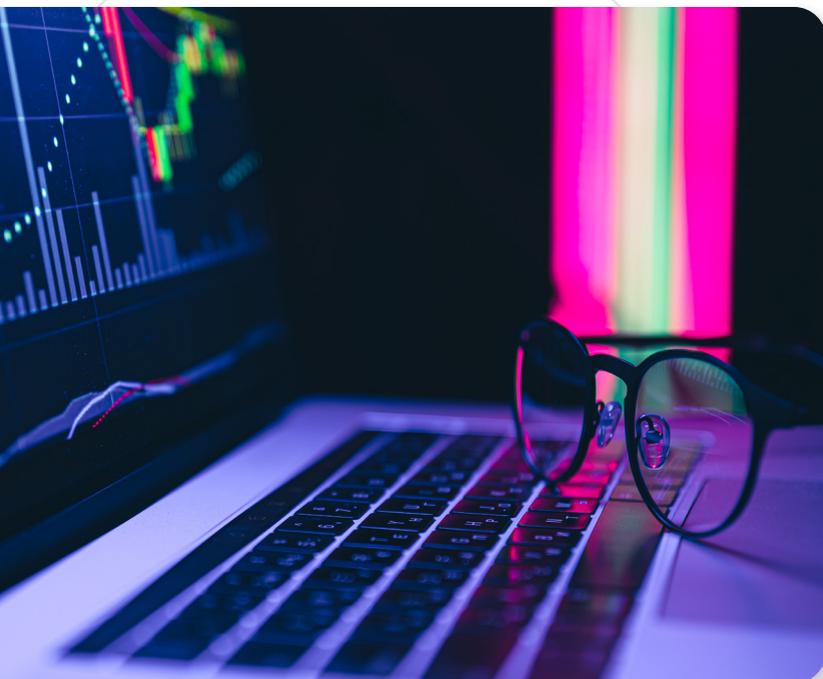
Another reason why automation is uniquely suited for use in public sector organisations is because RPA integrates with both legacy applications, as well as innovative types of technologies that allow the use of chatbots and natural language processing (NLP), an integration that extends support to more citizens, reduces waiting times and increases user satisfaction.

At the same time, the implementation time of RPA automation projects is much shorter than that of typical IT projects that can stretch over several years. In turn, this makes technology a tool for rapid reaction to critical situations, such as, for instance, those triggered by the Covid-19 pandemic.

Monitoring the progress of projects, as well as their evaluation, can be done easily, following a series of parameters, such as the number of applications successfully processed with the help of RPA over time, the number of citizens served in a certain interval, the number of hours saved, the value of reduced costs and their future projection.

Europe's Digital Decade's target requires all key public services for businesses and citizens to be fully online by 2030. There are some European countries that have gotten close to the 100 per cent target.

However, significant progress needs to be made and the digital transformation of public services is uneven across the EU. Leveraging technologies such as AI and automation can support the de-bureaucratisation and digitalisation agenda of the public sector and significantly contribute to building a modern public administration for all.





THE INVESTMENT PROMOTION AGENCY RANKING

For the third year in a row, Invest Estonia and Invest Lithuania take the top two places in the ranking. This year they are followed by CzechInvest, Ukraine Invest, Invest in Georgia and the Investment and Development Agency of Latvia (LIIA).

The Estonian IPA has been leading the ranking for three consecutive years and is the only agency that received the maximum score in the innovativeness and creativity component. Interestingly, in the first edition of the ranking, Estonia ranked 14th.

Invest Lithuania, the winner of the first two editions of the ranking (2018 and 2019) received a higher score than Invest Estonia in the online presence and ease of use category.

The Czech IPA is up four positions compared to 2021 due to improvements in almost all the categories of the ranking. Invest in Georgia improved its ranking by one position (fifth in 2022 compared to sixth in 2021), while the Ukrainian IPA dropped by one position and is now ranked fourth. It is worth mentioning

that Ukraine Invest ranked 19th in the 2018 ranking but has maintained a top five position since 2019. This year is particularly important due to Russia's ongoing invasion.

This year, Invest Moldova Agency dropped out of the top five, but still reached the top-10 – it holds seventh position. Despite the decreased score in the validity of information component, the Moldovan IPA improved its scores in the remaining components.

The only IPA with a relatively low score in validity of information that made it into the top 10 is the National Agency of Investment and Privatisation of the Republic of Belarus. The support and community building component may be considered as a strength of the Belarusian IPA.

The Polish Investment and Trade Agency (PAIH) jumped from 20th to 10th place. There were significant improvements in the validity of information component this year, which allowed PAIH to reach the 10th position. It is the same position PAIH held in 2020.

Remarkably, the Albanian Investment and Development Agency (AIDA) is ranked high this year for validity of information, but low scores in other categories, namely innovativeness and creativity and response to current developments, did not allow it to climb higher than 21st position in the final ranking.

A lack of the relevant information holds back the Slovak, Armenian and Azerbaijani IPAs from improving their positions in the overall ranking. At the same time, high scores of the Slovak Investment and Trade Development Agency (SARIO) in the online presence and ease of use and the response to current developments components, as well as the high score of Enterprise Armenia in the support and community building component shows good prospects for improving their ranks next year.

Table 1. The overall ranking of investment promotion agencies.

Rank 2022	Country	Validity of information	Support and community building	Online presence and ease of use	Innovativeness and creativity	Response to current developments	Final score
1	Estonia	24.0	25.0	18.0	15.0	8.0	90.0
2	Lithuania	24.0	20.0	20.0	12.0	6.0	82.0
3	Czechia	27.0	15.0	16.0	9.0	10.0	77.0
4	Ukraine	27.0	12.5	20.0	9.0	8.0	76.5
5	Georgia	27.0	15.0	20.0	9.0	2.0	73.0
6	Latvia	27.0	15.0	16.0	9.0	6.0	73.0
7	Moldova	24.0	12.5	18.0	9.0	8.0	71.5
8	Belarus	12.0	20.0	18.0	9.0	2.0	61.0
9	Romania	24.0	15.0	14.0	6.0	2.0	61.0
10	Poland	24.0	12.5	12.0	6.0	6.0	60.5
11	Croatia	18.0	10.0	14.0	9.0	8.0	59.0
12	Slovenia	24.0	10.0	16.0	3.0	4.0	57.0
13	North Macedonia	12.0	15.0	16.0	6.0	6.0	55.0
14	Bulgaria	24.0	7.5	12.0	9.0	2.0	54.5
15	Serbia	18.0	7.5	18.0	3.0	4.0	50.5
16	Bosnia and Herzegovina	15.0	17.5	12.0	0.0	4.0	48.5
17	Hungary	12.0	12.5	14.0	6.0	2.0	46.5
18	Montenegro	15.0	7.5	14.0	3.0	6.0	45.5
19	Slovakia	3.0	12.5	16.0	3.0	8.0	42.5
20	Armenia	6.0	17.5	14.0	3.0	2.0	42.5
21	Albania	21.0	7.5	10.0	0.0	0.0	38.5
22	Kosovo	12.0	10.0	8.0	0.0	2.0	32.0
23	Azerbaijan	3.0	5.0	4.0	3.0	0.0	15.0



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Peter Ryan,
Principal, Ryan Advisory

“The question of stability keeps coming up. There is a view that the region is unstable and stability is now one of the top criteria, because of the Ukraine situation. Positive promotion will be important.”



Mark Angus,
CEO, Researcher and Strategist, Genesis Global Business Services

“Ukraine is still working, providing business services. These things should be amplified to show the region’s resilience.”



Anna Gorączka,
Chief Green Officer, Żabka

“We lost stability, what we need now is resilience. We should behave as a region, as a company, with different departments. We should focus on building resilience, and there is space for innovation, and that will show investors that we are ready, no matter what hits us.”

Table 2. Ranking of the investment promotion agencies in last five years.

Country	Rank 2022	Rank 2021	Rank 2020	Rank 2019	Rank 2018
Estonia	1	1	1	2	14
Lithuania	2	2	2	1	1
Czechia	3	7	3	3	8
Ukraine	4	3	5	4	19
Georgia	5	6	7	17	6
Latvia	5	4	4	11	2
Moldova	7	5	19	23	20
Belarus	8	10	14	12	18
Romania	8	8	9	5	12
Poland	10	20	15	10	3
Croatia	11	12	11	9	15
Slovenia	12	14	6	6	13
North Macedonia	13	9	13	18	16
Bulgaria	14	17	10	15	17
Serbia	15	13	12	19	9
Bosnia and Herzegovina	16	11	8	14	7
Hungary	17	15	17	7	21
Montenegro	18	17	22	20	4
Slovakia	19	19	18	8	11
Armenia	20	16	23	22	22
Albania	21	22	16	21	23
Kosovo	22	21	20	16	5
Azerbaijan	23	23	21	13	10

Validity of information (weight: 30%)

This component looks at how reliable, valid and up to date the content of an IPA’s website, social media and newsletters is. The first chart shows the percentage of IPAs that provide specific information, while the other presents the IPAs that scored the highest number of points in the category. The other categories follow the pattern.

Chart 3. Validity of information results.

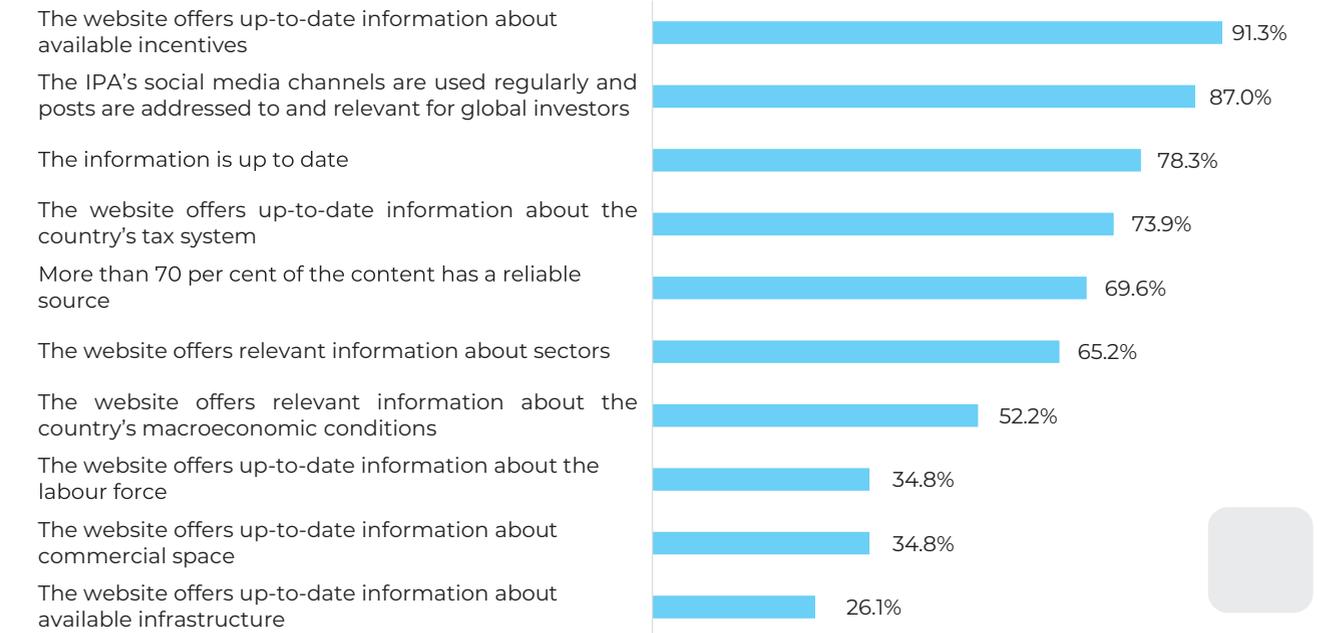


Table 4. Validity of information ranking.

Rank	Country	Ranking 2022		Ranking 2021
		Score	Change compared to 2021	Score
1	Czechia	27.0	↑	24.0
	Georgia	27.0	↑	18.0
	Latvia	27.0	↑	24.0
	Ukraine	27.0	-	27.0
5	Bulgaria	24.0	↑	9.0
	Estonia	24.0	-	24.0
	Lithuania	24.0	-	24.0
	Moldova	24.0	↓	30.0
	Poland	24.0	↑	9.0
	Romania	24.0	-	24.0
	Slovenia	24.0	↑	15.0

Support and community building (weight: 25%)

Chart 5. Support and community building results.

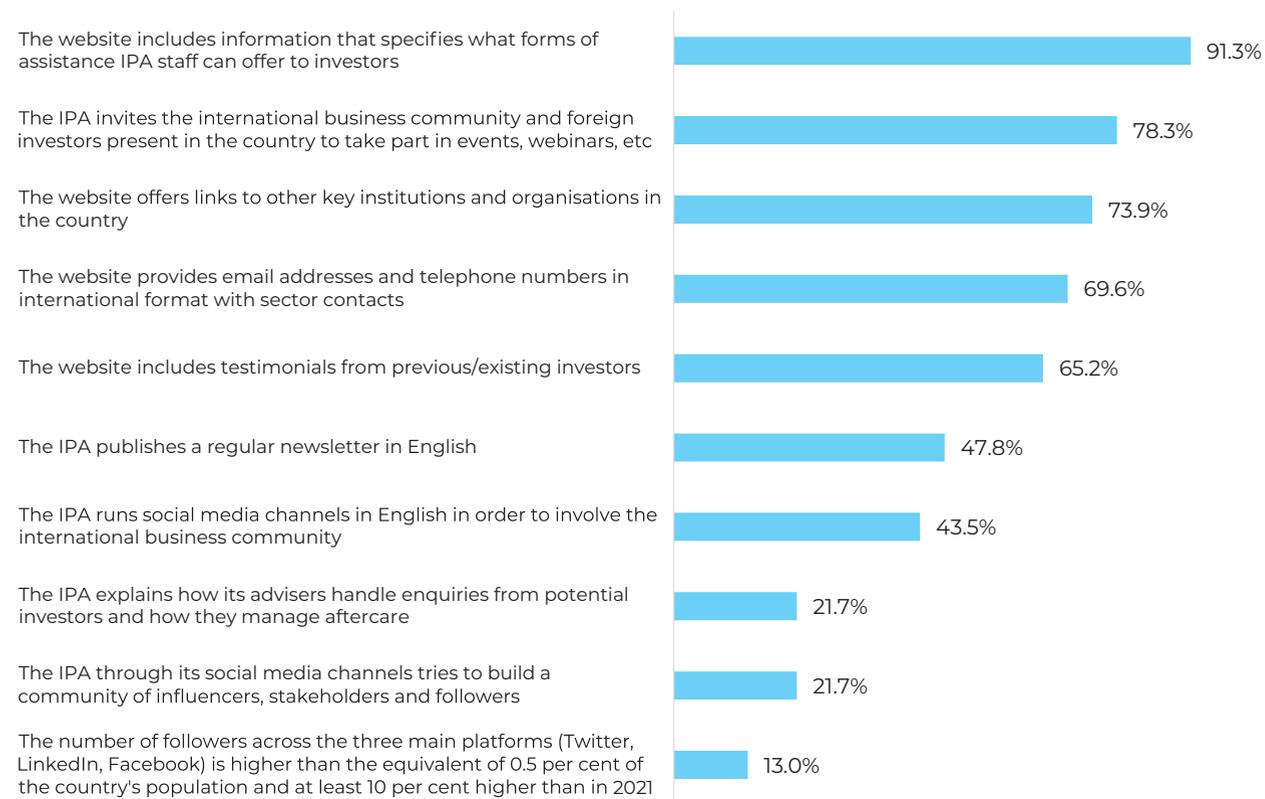


Table 6. Support and community building ranking.

Rank	Country	Ranking 2022		Ranking 2021
		Score	Change compared to 2021	Score
1	Estonia	25.0	–	25.0
2	Belarus	20.0	⬆️	17.5
	Lithuania	20.0	⬆️	17.5
4	Armenia	17.5	⬆️	15.0
	Bosnia and Herzegovina	17.5	–	17.5
6	Czechia	15.0	–	15.0
	Georgia	15.0	⬇️	17.5
	Latvia	15.0	–	15.0
	North Macedonia	15.0	–	15.0
	Romania	15.0	–	15.0



Jean-Luc Vanraes,
Vice President for Interregional and Global Cooperation, Assembly of European Regions (AER)

“We need to make it possible for talents in these countries to stay in these countries. Exchange of knowledge is important. Talent congregates where there is money.”



Balázs Fürjes,
Managing Director, EIT Health InnoStars

“Talent is easy to move, it is mobile, and if they cannot build something they will be gone. If there is a collaborative environment, then they will stay. Collaboration is the number one topic.”



Elías van Herwaarden,
Head of Location Strategy, Colliers International

“The client needs talent and prefers locations with a tech talent development strategy, even if it means higher costs. They don't just want talent now, but in five, ten years.”

Online presence and ease of use (weight: 20%)

This component looks at how easy it is to use the website and how user-friendly and attractive it is for potential investors; how easy it is to find the website and the content viewers are searching for.

Chart 7. Online presence and ease of use results.

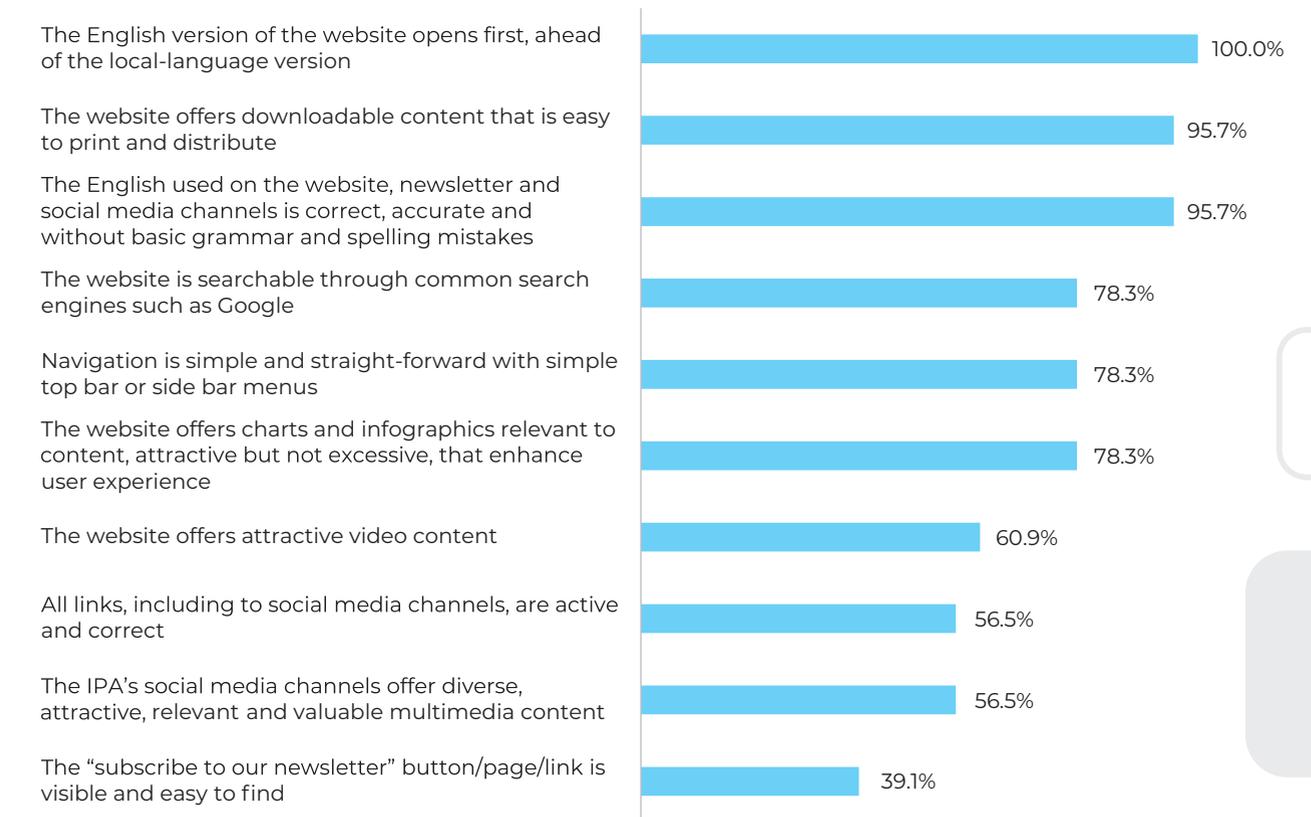


Table 8. Online presence and ease of use ranking.

Rank	Country	Ranking 2022		Ranking 2021
		Score	Change compared to 2021	Score
1	Georgia	20.0	⬆️	18.0
	Lithuania	20.0	–	20.0
	Ukraine	20.0	⬆️	18.0
4	Belarus	18.0	⬆️	16.0
	Estonia	18.0	–	18.0
	Moldova	18.0	⬆️	16.0
	Serbia	18.0	⬆️	16.0
8	Czechia	16.0	⬆️	12.0
	Latvia	16.0	–	16.0
	North Macedonia	16.0	–	16.0
	Slovakia	16.0	–	16.0
	Slovenia	16.0	⬆️	14.0

Innovativeness and creativity (weight: 15%)

This component looks at whether the website uses innovative and technologically advanced solutions to provide information on investment opportunities.

Chart 9. Innovativeness and creativity results.

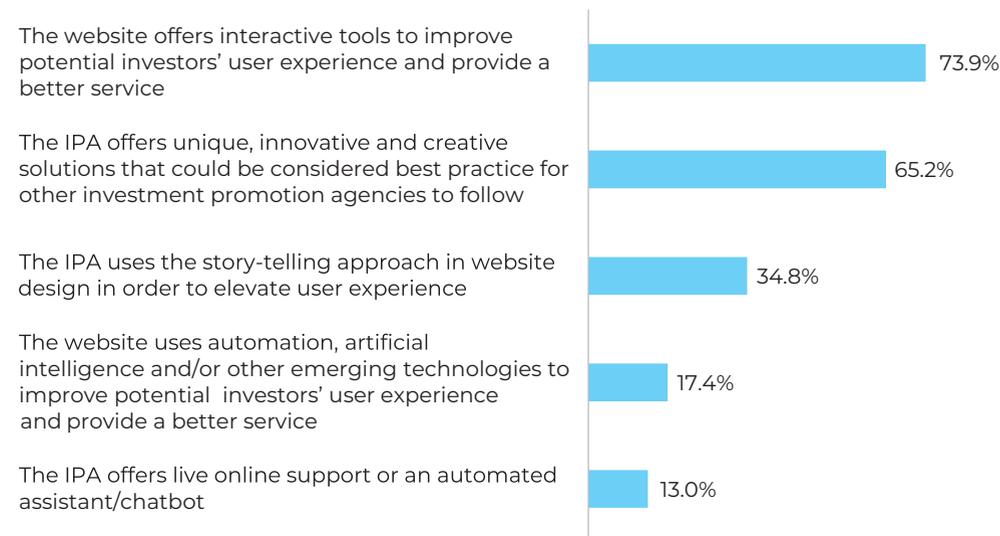
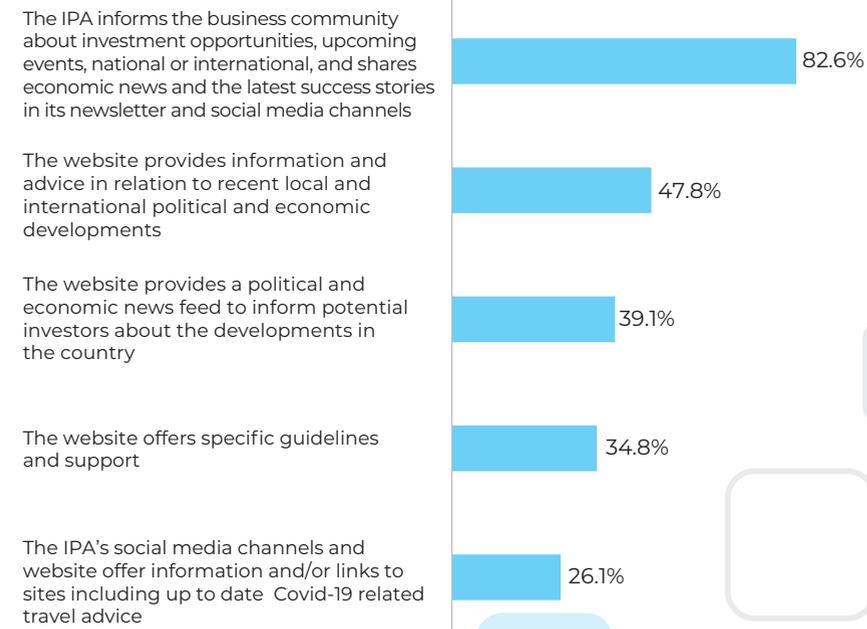


Table 10. Innovativeness and creativity ranking.

Rank	Country	Ranking 2022		Ranking 2021
		Score	Change compared to 2021	Score
1	Estonia	15.0	–	15.0
2	Lithuania	12.0	–	12.0
3	Belarus	9.0	–	9.0
	Bulgaria	9.0	⬆️	0.0
	Croatia	9.0	–	9.0
	Czechia	9.0	⬆️	6.0
	Georgia	9.0	–	9.0
	Latvia	9.0	⬆️	6.0
	Moldova	9.0	⬆️	6.0
	Ukraine	9.0	–	9.0

RESPONSE TO CURRENT DEVELOPMENT RESULTS (weight: 10%)

Chart 11. Response to current developments results.



Mark McCord, Chief of Party, USAID Economic Security Programme in Georgia

“For a small country to be successful at FDI, eat what the elephant doesn't eat, or what it does not want. Find niches, or take portions of what large countries no longer want, and you start building a value proposition that way.”



Joonas Vanto, Head, Invest Estonia

“I like the idea of competition. It boosts new ideas, innovation. We try to find the empty spots in value chains.”



Balázs Fürjes, Managing Director, EIT Health InnoStars

“Whatever strategy you have, if you do not try it out, one meeting kills all the preparation.”

Table 12. Response to current developments ranking.

Rank	Country	Ranking 2022		Ranking 2021
		Score	Change compared to 2021	Score
1	Czechia	10.0	⬆️	8.0
2	Croatia	8.0	⬆️	6.0
	Estonia	8.0	⬆️	6.0
	Moldova	8.0	⬆️	6.0
	Slovakia	8.0	-	8.0
	Ukraine	8.0	⬆️	4.0
7	Latvia	6.0	⬇️	8.0
	Lithuania	6.0	-	6.0
	Montenegro	6.0	-	6.0
	North Macedonia	6.0	-	6.0

Table 13. Leading sources of information influencing executive perceptions of a location's business climate, responses over time

Sources	2020	2017	2014	2011	2008	2005	2002	1999	1996
Dialogue with industry peers	48%	46%	55%	50%	61%	54%	56%	71%	68%
Business travel	37%	42%	37%	27%	42%	45%	47%	45%	52%
Articles in newspapers and magazines (print and online)	32%	34%	44%	46%	53%	45%	62%	61%	60%
Meetings with economic development organisations	30%	33%	31%	28%	32%	33%	21%	27%	24%
Internet / websites	26%	27%	22%	20%	28%	22%	9%	9%	-
Rankings / surveys	25%	21%	24%	36%	22%	17%	23%	31%	34%
Word of mouth	17%	22%	21%	19%	19%	16%	29%	21%	24%
Social media	16%	11%	2%	0%	-	-	-	-	-
Personal travel	15%	17%	13%	9%	14%	13%	14%	8%	21%
TV/ radio newscasts / shows	13%	6%	9%	14%	7%	5%	14%	7%	4%
Advertising	10%	9%	4%	3%					
Other	7%	8%	12%	13%	10%	14%	14%	8%	15%
Direct mail	4%	2%	2%	0%	2%	2%	2%	3%	1%

Source: Winning strategies in economic development marketing — A Study by Development Counsellors International 2020



Elias van Herwaarden,
Head of Location Strategy, Colliers International

"ESG has not become a knockout factor, but big companies need to report on ESG."



Peter Ryan,
Principal, Ryan Advisory

"[ESG] 'is and is not a priority, Europe is leading – cities, states, seeing it as a way of luring investment. Clients are prioritising it, talent wants to work for progressive companies."



Anna Gorączka,
Chief Green Officer, Żabka

"On February 24 we stopped all goods from Russia, a tough decision but it met our ESG commitments. Sometimes you need to say: No, I will not take that money. ESG is a way of doing business. It transforms everything if it is integrated. It is difficult, but it is worth it. In two or three years it will be standard but now it is an advantage because it is a way of mitigating risk. Customers are ready for ESG, even if they don't call it that."



Anthony Kim,
Editor of the Index of Economic Freedom, and
Manager of Global Engagement, Thatcher Centre

"If companies really care about ESG, if they really want to make a difference, they should not be investing or doing business in China."

FOREIGN DIRECT INVESTMENT STATISTICS

Foreign direct investment (FDI) inflows are determined by various factors — the size of the economy and the potential for growth, availability of workforce, labour skills and wage rates, political stability, property rights, the tax system, transport and infrastructure, access to free trade areas, perception, and industry competitiveness.

This year’s Future of Emerging Europe location promotion roundtable focused on the importance of environmental, social, governance (ESG) in attracting foreign direct investment (see pages 8-9).

According to the World Economic Forum, looking at FDI through an ESG lens can provide not only capital but also drive job creation, alleviate poverty, encourage technology transfer, and upgrade industries. Increasing peace and stability and advancing climate and environmental goals can be additional wins.

The potential might be big but many of the frameworks that still lead to investment decisions were created “in another era and have not been updated to reflect today’s realities and priorities”. On top of that, there are challenges related to ESG measurement itself — not only are they inconsistent but also can be easily gamed. In a recent report, *The Economist* magazine compares various ESG scoring systems to credit ratings that have a 99 per cent correlation between rating agencies.

The World Economic Forum says that in 2021, after a massive drop in global FDI of 35 per cent the year before, almost three-quarters of the total increase in global FDI was recorded in developed countries. In the case of capital spent on [sustainable investment](#), more than 95 per cent of the 35 trillion US dollars so far remained in developed economies.

It is therefore even more vital for economies in the emerging Europe region to attract more sustainable investment.

However, in a survey run amongst investment promotion agencies internationally by the World Economic Forum, many pointed out they need to increase their staff’s skillset to be able to facilitate investment that contributes to sustainable development goals (SDGs). For 87 per cent of IPAs, such skills were very or extremely important.

Emerging Europe’s research does not investigate the correlation between the quality of the IPA’s communication and FDI inflows, especially with regards to sustainable investment.

In this chapter, Emerging Europe shows FDI inflows between 2016 and 2020 both in sheer numbers and per capita only as a reference point.

Table 14. FDI inflows between 2017 and 2021, in millions of US dollars.

Rank	Country	2017	2018	2019	2020	2021
1	Poland	9,172	15,996	13,510	13,831	24,816
2	Romania	5,419	6,219	5,791	3,432	8,610
3	Ukraine	3,727	4,732	6,017	-36	6,549
4	Czechia	9,522	11,010	10,108	9,411	5,806
5	Hungary	3,515	6,460	4,328	6,800	5,459
6	Latvia	711	964	901	1,013	5,325
7	Serbia	3,167	4,412	4,555	3,863	5,060
8	Lithuania	1,021	977	3,022	3,492	2,053
9	Slovenia	898	1,384	1,463	206	1,517
10	Bulgaria	1,814	1,143	1,835	3,423	1,496
11	Albania	1,149	1,290	1,288	1,108	1,234
12	Belarus	1,279	1,421	1,293	1,397	1,233
13	Georgia	1,981	1,317	1,336	572	1,153
14	Estonia	1,951	1,517	3,184	3,395	989
15	Montenegro	559	490	416	529	664
16	North Macedonia	205	725	446	230	606
17	Croatia	539	1,203	397	136	569
18	Bosnia and Herzegovina	492	581	342	395	519
19	Kosovo	289	321	285	395	491
20	Armenia	253	267	101	47	379
21	Moldova	152	297	508	150	264
22	Slovakia	4,017	1,675	2,511	-1,931	59
23	Azerbaijan	2,867	1,403	1,504	507	-1,708

Source: UNCTAD, Central Bank of the Republic of Kosovo



Table 15. FDI inflows per capita between 2017 and 2021, in millions of US dollars.

Ranking	Country	2017	2018	2019	2020	2021
1	Latvia	367	502	472	535	2,839
2	Montenegro	897	787	670	852	1,075
3	Serbia	452	634	658	562	744
4	Estonia	1,479	1,145	2,396	2,553	743
5	Slovenia	434	665	698	98	720
6	Lithuania	363	350	1,081	1,249	707
7	Poland	239	416	352	361	652
8	Hungary	359	661	443	699	563
9	Czechia	897	1,034	945	879	552
10	Romania	277	320	300	179	451
11	Albania	400	451	453	392	442
12	Georgia	531	354	359	153	313
13	North Macedonia	99	349	215	111	293
14	Kosovo	162	179	159	222	273
15	Bulgaria	257	163	264	495	219
16	Ukraine	88	113	144	-1	160
17	Bosnia and Herzegovina	140	166	98	114	150
18	Croatia	131	295	98	34	147
19	Belarus	135	150	137	149	133
20	Armenia	85	90	34	16	128
21	Moldova	56	110	192	57	101
22	Slovakia	738	307	460	-354	11
23	Azerbaijan	290	141	149	50	-168

Source: UNCTAD, Central Bank of the Republic of Kosovo, national statistical offices



UKRAINE LEADS EMERGING EUROPE IN MAKING THE MOST OF TWITTER

We looked at the Twitter handles of all 23 countries in the emerging Europe region. It's a sorry picture, but there are a few stand outs who have realised the potential the platform offers.

Digital diplomacy on Twitter (dubbed *Twiplomacy*) has evolved at light speed over the past few years, creating new, direct channels of communication between the biggest geopolitical entities and the people they serve around the world.

Countries across the globe use Twitter for various purposes and in a variety of inventive ways. In some, country Twitter accounts offer news and updates, others use their accounts for tourism promotion, others for completely random things.

Sweden has possibly the most famous (although not the most followed) Twitter account (@Sweden): Since 2011, Sweden has handed over the keys to the country's official Twitter account to a new Swede every week, letting them tweet anything they want. The goal was to show the country as it really existed through the eyes of its various citizens. Ireland (@Ireland) shares the approach now.

With regular and attractive tweets, Canada (@Canada), Israel (@Israel) and South Africa (@SouthAfrica) have managed to attract a large number of followers — one million, 857,000 and 500,000 respectively.

In the emerging Europe region, Twitter accounts (at least those which use the country's name) are rarely employed in such innovative ways, or even at all.

Georgia, for example, makes no use whatsoever of its @Georgia account: It has not sent a single tweet. Others tweet irregularly, while others still have not been able to take control of their country names (indeed, the majority of countries in the region do not own their country name handles).

Of those countries which do, and which are active, the most popular (by far) is Ukraine. Its account, @Ukraine, is followed by well over two million people, and since the Russian invasion of the country on February 24 it has been tweeting a mix of memes, news, information and inspirational photos.

Other successful accounts include Armenia, Azerbaijan, Lithuania and Poland, although their audience is tiny in comparison with Ukraine.



Country	Handle	Description	Status	Number of followers
Albania	@Albania	—	These tweets are protected	1.1k
Armenia	@Armenia	Official @Twitter account of the Republic of #Armenia, maintained by the MFA Digital Diplomacy team (See also: @MFAofArmenia) #Armenian #AMINHRC	Verified by Twitter Updated regularly	99.9k
Azerbaijan	@Azerbaijan	Official Twitter channel of the Republic of Azerbaijan managed by @AzerbaijanMFA	Verified by Twitter Updated regularly	85.7k
Belarus	@Belarus	Twitter of Belarus: fresh news from Belarus in English.	Not an official account. Not verified by Twitter. Last updated in March 2017	2.1k
Bosnia and Herzegovina	@BosniaandHerzegovina	—	The account does not exist	—
Bulgaria	@Bulgaria	Republic of Bulgaria (Република България, Republika Balgariya)	Not an official account. Not verified by Twitter. Not updated regularly.	168.7k
Croatia	@Croatia	—	A random account	3.1k
Czechia	@Czechia @CzechRepublic	—	A random account A random account The use of the country's name is confusing. The Czech MFA says their Twitter account is "The official account of the Ministry of Foreign Affairs of the Czech Republic."	—
Estonia	@Estonia	—	A random account	0.3k
Georgia	@Georgia	—	No content	0
Hungary	@Hungary	—	The account has been suspended	—
Kosovo	@Kosovo	—	Not an official account Not updated regularly	3.3k
Latvia	@Latvia	—	No content	0.3k
Lithuania	@Lithuania	The Official Gateway to @Lithuania. #Lithuania is an open country to take on global challenges, co-create solutions, culture, life, governance and grow together	Verified by Twitter Updated regularly	41.8k
Moldova	@Moldova	—	Not an official account Not regularly updated	1.5k
Montenegro	@Montenegro	Montenegro - Empire of wonder @ @Montenegro Coming soon...	No content	0
North Macedonia	@NorthMacedonia	—	No content	0
Poland	@Poland	Welcome to http://Poland.pl 's Twitter account managed by @PolandMFA. Follow us for a daily dose of stories about #Poland!	Verified by Twitter Updated regularly	0
Romania	@Romania	News from Romania	Not an official account Updated regularly	0
Serbia	@Serbia	A place with too much history and too much wasted talent.	Not an official account Not updated regularly	0
Slovakia	@Slovakia	—	No content	0
Slovenia	@Slovenia	This is the country you are looking for! And it has Love in its name!	Not an official account Not updated regularly	0
Ukraine	@Ukraine	Yes, this is the official Twitter account of Ukraine. Офіційний акаунт твоєї Неньки.	Verified by Twitter Updated regularly	0

Colour codes Blue — the account is used regularly, managed by a governmental organisation and has a solid followers' base
 Orange — the account is not an official account but is used regularly and promotes the country
 Red — the account is either inactive or doesn't exist

In its investment promotion research, Emerging Europe continues to focus on the online presence of investment promotion agencies, their digital channels and communications. These have become even more important since the outbreak of the Covid-19 pandemic.

According to Winning Strategies in Economic Development Marketing 2020, a study by Development Counsellors International, dialogue with industry peers, business travel and articles in newspapers and magazines, both print and online, are the three leading sources of information influencing executive perceptions of an area's business climate.

Investment promotion agencies cannot influence all of these areas fully, but they can make the most out of their communications channels.

As a website is often a foreign investor's first interaction with an investment promotion agency, it is imperative that sites are welcoming, easy to navigate and, most importantly, provide key pieces of information, as first impressions are important. A decade ago, social media were not used as a source of information for site selection experts and potential investors. Today, it is a leading source for 16 per cent of them.

The main goal of this research is to identify best practices that can be shared and contribute to the region's social and economic development and help attract more foreign direct investment.

Emerging Europe's researchers have developed a series of questions to analyse the digital channels national IPAs use. Based on that they assign points across various categories, e.g., validity of information, online presence and ease of use, innovation, support and community building as well as response to current developments.

The subcategories (and their weight) in the final scoring are:

- validity of information — 30%
- support and community building — 25%
- online presence and ease of use — 20%
- innovativeness and creativity — 15%
- response to current developments — 10%

The investment promotion agencies get one point for each positive answer, or 40 points in total. The final scoring is presented in a 0-100 points scale and is calculated according to the following formula:

$$\text{Score} = \sum_{i=1}^5 \frac{P_i}{T_i} * w_i * 100,$$

where *Score* – total score (0-100);

P_i – number of points acquired in the subcategory *i*;

T_i – maximum number of points that can be acquired in the subcategory *i*;

w_i – weight of the subcategory *i*.

QUESTIONNAIRE

VALIDITY OF INFORMATION (this subcategory looks at how reliable, valid and up to date the content of the website is) 30%

- Does the website offer relevant information about the country's macroeconomic conditions (all elements need to be present — GDP growth, inflation, unemployment, FDI data)?
- Does the website offer relevant information about sectors (all elements need to be present — sector share in the economy and growth, investment opportunities, access to labour force in the sector, existing investors in the sector)?
- Is the information up to date (not more than 12 months old)?
- Does the website offer up-to-date information about the country's tax system (all elements need to be present — general information on taxes, corporate income tax rate, VAT, social insurance contributions)?
- Does the website offer up-to-date information about the labour force (all elements — unemployment, annual cost per employee, number of students/graduates, vocational training, labour law)?
- Does the website offer up-to-date information about available infrastructure (all elements need to be present — roads, rail, airports, air connections, internet speed)?
- Does the website offer up-to-date information about commercial space, e.g., offices, warehouses — average cost, availability?
- Does the website offer up-to-date information about available incentives (e.g., grants, funding, economic zones, tax breaks etc.)?
- Does more than 70 per cent of the content have a reliable source (international organisations, statistical offices, ministries of economy/finance, national banks) and the date it was extracted?
- Are the IPA's social media channels used regularly (new updates added three times a week or more) and are posts addressed to and relevant for global investors?

SUPPORT AND COMMUNITY BUILDING (this subcategory looks at how the IPA uses its digital channel to build an investors' community and offer support) 25%

- Does the website include information that specifies what forms of assistance IPA staff can offer to investors?
- Does the IPA explain how its advisers handle enquiries from potential investors and how they manage aftercare?
- Does the website provide email addresses and telephone numbers in international format with sector contacts?

- Does the website include testimonials from previous/existing investors?
- Does the IPA through its social media channels try to build a community of influencers, stakeholders and followers by involving them in discussions about business opportunities in the country, by engaging them in multimedia content, surveys, polls, thought leadership, etc?
- Does the website offer links to other key institutions and organisations in the country?
- Does the IPA invite the international business community and foreign investors present in the country to take part in events, webinars, etc?
- Does the IPA run social media channels in English in order to involve the international business community (two out of the three social media channels needed to assign a point: Twitter, LinkedIn, Facebook)?
- Is the number of followers across the three main platforms (Twitter, LinkedIn, Facebook) higher than the equivalent of 1 per cent of the country's population and at least 10 per cent higher than in 2021?
- Does the IPA send a regular newsletter in English?

ONLINE PRESENCE AND EASE OF USE (the subcategory looks at how easy it is to use the website and how user-friendly and attractive it is for potential investors; how easy it is to find the website and the content viewers are searching for and the content) 20%

- Is the website searchable through common search engines such as Google (keywords "invest in xxx", top result, tested in three locations outside the region)?
- Does the English version of the website open first, ahead of the local-language version?
- Is navigation simple and straight-forward with simple top bar or side bar menus?
- Does the website offer attractive video content (short, dynamic, eye-catching, informative, etc)?
- Does the website offer charts and infographics relevant to content, attractive but not excessive, and do they enhance user experience?
- Does the website offer downloadable content that is easy to print and distribute (e.g., in pdf format)?
- Is the "subscribe to our newsletter" button/page/link visible and easy to find?
- Are all links, including to social media channels, active, and correct?
- Do the IPA's social media channels offer diverse, attractive, relevant and valuable multimedia content?
- Is the English used on the website, newsletter and social media channels correct, accurate and without basic grammar and spelling mistakes?

INNOVATIVENESS & CREATIVITY

(this subcategory looks at whether the website uses innovative and technologically advanced solutions to provide information on investment opportunities) 15%

- Does the website use automation, artificial intelligence and/or other emerging technologies to improve potential investors' user experience and provide a better service?
- Does the IPA offer live online support or an automated assistant/chatbot?
- Does the website offer any interactive tools, e.g., maps, to improve potential investors' user experience and provide a better service?
- Does the IPA use the story-telling approach in website design in order to elevate user experience?
- Does the IPA offer any unique, innovative and creative solutions that could be considered best practices for other investment promotion agencies to follow?

References and sources

Central Bank of the Republic of Kosovo
Investment Promotion Agencies outlined on page 33

Organisation for Economic Co-operation and Development

United Nations Conference on Trade and Development

Abbreviations and acronyms

CEE — Central and Eastern Europe

CIT — Corporate Income Tax

EE — Emerging Europe

EU — European Union

FAQ — Frequently Asked Questions

FDI — Foreign Direct Investment

GDP — Gross Domestic Product

IPA — Investment Promotion Agency (or Investment Promotion Institution — IPI, as referred to by some organisations)

PIT — Personal Income Tax

RPA — Robotic Process Automation

SME — Small and Medium Enterprise

UNCTAD — United Nations Conference on Trade and Development

VAT — Value Added Tax

WB — The World Bank

RESPONSE TO CURRENT DEVELOPMENTS
(this subcategory looks at how website responds to current challenges and whether it provides solution and advice related to it) 10%

- Does the website offer specific guidelines and support (e.g., subsidies, grants, etc)
- Do the IPA's social media channels and website offer information and/or links to sites including up to date Covid-19 related travel advice?
- Does the website provide a political and economic news feed to inform potential investors about the developments in the country?
- Does the website provide information and advice in relation to recent local and international political and economic developments, for example, Brexit, military actions, etc?
- Does the IPA inform the business community about investment opportunities, upcoming events, national or international and to share economic news and the latest success stories in its newsletter and social media channels?

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Country	Name of Organisation (IPA)	Website
Albania	Albanian Investment Development Agency (AIDA)	http://www.aida.gov.al/
Armenia	Enterprise Armenia (EA)	https://enterprisearmenia.am/
Azerbaijan	Azerbaijan Export and Investment Promotion Foundation (AZPROMO)	http://azpromo.az/
Belarus	National Agency of Investment and Privatisation (NAIP)	http://www.investinbelarus.by/
Bosnia and Herzegovina	Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA)	http://www.fipa.gov.ba/
Bulgaria	Invest Bulgaria Agency	http://www.investbg.government.bg/
Croatia	Ministry of Economy and Sustainable Development	https://investcroatia.gov.hr/
Czech Republic	CzechInvest: Investment and Business Development Agency	https://www.czechinvest.org/
Estonia	Invest Estonia	https://investinestonia.com
Georgia	Enterprise Georgia	https://www.investinggeorgia.org
Hungary	Hungarian Investment Promotion Agency (HIPA)	https://hipa.hu/
Kosovo	Kosovo Investment and Enterprise Support Agency (KIESA)	https://kiesa.rks-gov.net/
Latvia	Investment and Development Agency of Latvia (LIAA)	http://www.liaa.gov.lv/
Lithuania	Invest Lithuania	https://investlithuania.com/
North Macedonia	Invest North Macedonia	https://investnorthmacedonia.gov.mk/
Moldova	Invest Moldova Agency	https://www.invest.gov.md/en/
Montenegro	Montenegrin Investment Agency (MIA)	https://mia.gov.me/
Poland	Polish Investment and Trade Agency (PAIH)	https://www.paih.gov.pl/
Romania	Invest Romania	http://investromania.gov.ro/
Serbia	Development Agency of Serbia (RAS)	http://ras.gov.rs/
Slovakia	Slovak Investment and Trade Development Agency (SARIO)	http://www.sario.sk/
Slovenia	Slovenian Public Agency for Entrepreneurship, Internationalisation, Foreign Investment and Technology (SPIRIT)	https://www.investslovenia.org/
Ukraine	Ukraine Invest	http://ukraineinvest.gov.ua/

ABOUT EMERGING EUROPE

Emerging Europe is a privately owned, London-based growth hub that empowers public and private organisations to grow and expand internationally.

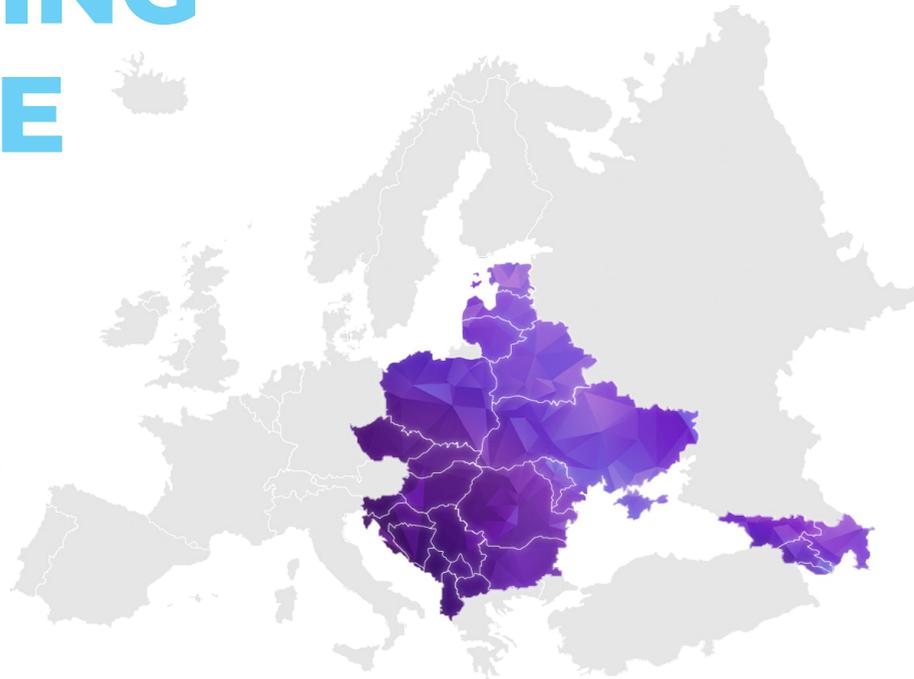
We are a go-to partner for businesses and organisations looking to navigate emerging Europe or grow in the region.

Our news and analysis site, Emerging Europe, is the world's most prominent source of English-language business information about the region, reaching 2.5 million unique readers each year, mostly in the US, UK, Germany, Poland and Romania.

The site has over 900 political leaders and renowned experts as contributors and is regularly quoted by key opinion leaders on a global scale, such as the Guardian, Politico, the World Bank, and the United Nations. Through content partnerships, we strengthen our clients' thought leadership, brand recognition and online presence.

Emerging Europe also runs bespoke capacity-building training and workshops to strengthen the communications, media relations and business development skills of start-ups, scale-ups and more mature companies, empowering them and giving them tools to succeed. Here, we have worked with organisations such as the World Bank, USAID and the European Institute of Innovation and Technology.

Our programmes and communities focus on sustainability, innovation, and entrepreneurship — as we see these as the drivers of the growth we want to promote in the emerging Europe region. They also serve as a vehicle to support our clients with relationship building



and lead generation, enabling the creation of high-profile connections across Europe and beyond.

The [Future of Emerging Europe](#) concentrates on sustainability and includes a prestigious awards programme, hosted in Brussels. Previous laureates include public figures, heads of governments, artists and academics.

The [Tech Emerging Europe Advocates](#) community, part of a global network of 20,000+ tech leaders created by the co-founder of London Tech Week, elevates the profile of the emerging Europe region as the world's preferred technology partner.

Emerging Europe's [reports](#), white papers, surveys, analyses — and bespoke, client-specific market intelligence — help organisations thrive by providing them with valuable data, access to key stakeholders and insight to make the right business decisions. The publications released to the public are consulted by over 20,000 professionals every year.

Amongst our reports are the [Future of IT in Emerging Europe](#), in Emerging Europe, which has become an essential guide for technology investors with an interest or stake in emerging Europe, mapping out all its 23 countries and benchmarking every single country using the same metrics, and the [Future of Sustainable Travel](#), the ultimate guide to the future of travel and tourism in Central and Eastern Europe.

The Investment Promotion Report meanwhile assesses how well investment promotion agencies across the 23 countries promote their markets and serve investors. It has become a reference for IPA performance and benchmarking.

The Business-Friendly City Perception Index and Report, based on a survey carried out amongst 100+ site selection experts and FDI advisors around the globe, shows which cities are on the radar of the investment community.

To work with Emerging Europe, [explore further](#) or contact us.



