IMPACT OF THE FINANCIAL BENEFITS OF THE INTERNATIONAL MONETARY FUND FOR THE INFLOW OF FOREIGN DIRECT INVESTMENT

Over the last 25 years, on average, about fifty countries a year with over one billion people used or used financial arrangements of the International Monetary Fund. Financial arrangements can have a significant impact on the quality of life in beneficiary countries: for example, the framework of an arrangement may affect the priorities and the structure of fiscal and monetary policies as well as structural reforms, while possible economic tensions may worsen or contribute to political as well as social tensions. Therefore, it is no surprise that financial arrangements attract the strong attention of political elites, scientists, experts and the general public. Discussions are often "colored" with strong emotions and ideological elements, but they have insufficient knowledge of the mechanisms of the Fund's actions and their possible effects and the use of scientific arguments. In this context, this research is not a controversy over the International Monetary Fund, but an attempt at an objective and scientifically based analysis of some aspects of the Fund's activities and impacts. In order to achieve this, it is necessary to start from the ground and to define research facilities, beginning with the identification of the concept and activities of the International Monetary Fund, including its functions, among which the most attention is often drawn to financial arrangements. This is why the focus should also be focused on the features of the aforementioned arrangements, and then on the circumstances in which the countries make them, explaining the role of foreign capital inflows, including foreign direct investment. But, above all, it is useful to systematize and describe the framework of the previous research of the observed themes, which, together with the above mentioned elements, contributes to the formation of the wider context of this research work. Scientific research on the relationship between the financial arrangements of the IMF and the flows of foreign capital is relatively small, including case studies and econometric analysis of a larger sample of countries.

In the context of case studies, Bird, Mori and Rowlands (2000) conclude in their research that the engagement of international financial institutions such as the World Bank and the IMF is not a sufficient prerequisite for securing capital flows, but is an important commitment to reforms and the "ownership" of the financial arrangement. Where economic policy makers are not perceived as committed to reform efforts, it does not come to the catalytic effect. The authors also conclude that financial arrangements of the IMF as a whole have a negative impact on capital inflows. Ghosh et al. (2002) conducted an analysis of 8 countries facing the balance of payments balance crisis during the 1990s. The authors compare the projections of the IMF and the realization of current and capital account balance indicators. According to their findings, IMF projections have constantly overlooked the stimulus effect of the IMF arrangement on capital movements, and therefore conclude that "the IMF financial arrangements have failed to regain the confidence of investors in the capital market because capital inflows were lower than expected." Such a situation may lead to the need for a significant adjustment of the current balance of payments account as originally envisaged in the MMF's analysis. It is also worth mentioning the research carried out by Diaz-Cassou, Herrero and Molina (2006), using a combination of case study and econometric analysis of countries facing the balance of payments balance crisis during the 1990s in South America and Asia. This group of authors in their results points out the absence of a catalytic effect as a whole, but there are differences in results depending on the type of capital flows and the goals of the IMF financial arrangement. Looking at the types of capital inflows, IMF financial arrangements have a positive effect on foreign direct investment (FDI) but have a negative impact on the inflows of short-term debt. The econometric studies investigating the impact of IMF financial arrangements on capital flows are more numerous and are particularly relevant in the context of the theme and methodology of this doctoral work.

Overall, there are studies whose results confirm the positive influence of the IMF on capital inflows as well as those that do not indicate such results. It is therefore evident that previous empirical research has not produced consensus on this subject. Rowlands (2001) finds that the usual types of MMF arrangements act as catalysts of capital flows, measured by changing the external debt of observed states. This effect is more pronounced in certain periods (1980s), in low-income countries' lending and in capital inflows from official sources. According to research by author Bordo, Mody and Oomes (2004), following the IMF arrangement, macroeconomic indicators are exacerbated, followed by their improvement as well as increased capital inflows. They also find that the catalytic effect of the IMF is most pronounced in countries with "bad but not very bad" economic foundations. Biglaiser and De Rouen (2010), in their research, also show that the IMF beneficiary countries are attracted by increased foreign direct investment from the United States (USA), with stand-by arrangements particularly encouraging. Various authors have tried to explain which factors affect the variability of the catalytic effect of the IMF on international capital inflows: Bauer, Cruz and Graham (2012) show that the impact of IMF financing arrangements depends on domestic institutions of beneficiary countries. State access to new foreign direct investment depends on their ability to credibly undertake reforms, and this ability systematically varies depending on the type of regimes (democracy versus autocracy). In countries with a democratic regime where the government can credibly commit to economic adjustment, participation in IMF financial arrangements has a strong positive effect on the inflow of foreign direct investment. On the other hand, in the autochthon countries, financial arrangements with the IMF result in poorly negative effects. Woo (2013) differentiates the inflow of foreign direct investment by the difference in the number and magnitude of the conditionality in IMF financial arrangements, with financial arrangements with a greater number of conditionalities and more political demanding conditionality attract more direct foreign investment. It is also worth mentioning here studies investigating whether the positive effects of IMF financial arrangements on privatization and public debt restructuring are positive: Brune, Garret and Kogut (2004) are investigating the impact of IMF privatization arrangements. They point out that such financial arrangements result in indirect economic benefits -

investors are willing to pay more for privatized assets in countries that are beneficiaries of IMF arrangements. Such results are interpreted by the fact that participation in IMF arrangements can send a signal to foreign investors about the commitment to economic reforms from which the owners of privatized assets will benefit. If the state conducts privatization when using the IMF financial arrangement, it is more likely that investors will buy privatized assets and pay a higher price for it, as they expect the government's economic policy to be more market-oriented under the influence of the IMF.

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