

To "D. A. Tsenov" Academy of Economics
Department of "Finance and Credit"

OPINION

From reviewer (name, academic title and degree):

Prof. Dr. Andrey Zahariev from "D. A. Tsenov" Academy of Economics

Scientific specialty of the reviewer:

"Finance, money circulation, credit and insurance" (Finance)

Registration of the reviewer in NACID according to the procedure of ZRASRB and PPZRASRB (Register of academic staff and protected dissertation works in NACID): 01.12.2018

Peer-reviewed PhD author:

Doctoral student Anna Dimitrova Petkova, D020219193

Title of the dissertation:

"Foreign Direct Investment: Economic Growth and Convergence within the European Union"

Unit where the doctoral student is enrolled:

Department of "Finance and Credit" at "D. A. Tsenov" Academy of Economics

Scientific specialty of the doctoral student and form of study:

Full-time doctoral student of training financed by the state under the doctoral program "Finance, monetary circulation, credit and insurance", Professional Field 3.8 Economics at the Department of "Finance and Credit" of SA "D. A. Tsenov"

Scientific supervisor of the doctoral student:

Associate Professor Dr. Anelia Radulova, "Finance and Credit" Department at Faculty of Finance, "D. A. Tsenov" Academy of Economics

Reason for writing the review:

Order for composition of scientific jury No. 1126/22.11.2023 and Decisions, according to Protocol No. 1 / 24.11.2023 of a meeting of the scientific jury.

Regulations:

This review was developed in accordance with the requirements of the Law on the Development of the Academic Staff in the Republic of Bulgaria - ZRASRB, the Regulations for the Implementation of the ZRASRB - PPZRASRB and the Regulations for the Development of the Academic Staff in "D. A. Tsenov" AE.

1. Information about the dissertation student

Dr. Anna Dimitrova Petkova was enrolled with Order No. 1091 in the Department of "Finance and Credit" on 21.11.2019 with academic supervisor Assoc. Dr. Anelia Radulova. For the period of the doctoral studies, he completed all the planned activities according to the individual plan. It was dismissed by Order No. 1125/22.11.2023.

2. General presentation of the dissertation work

This review has been prepared according to the sample structure of a review for the acquisition of the educational and scientific degree "Doctor". It corresponds to the normative requirements of the Law on the Development of the Academic Staff in the Republic of Bulgaria, the Regulations for the Implementation of the Law on the Development of the Academic Staff in the Republic of Bulgaria and the applicable in "D. A. Tsenov" AE internal regulation.

The dissertation submitted for review examines foreign direct investment as a factor of economic growth and convergence within the European Union. The dissertation is 163 pages long, including introduction, three chapters, conclusion, bibliography, appendices. 24 tables and 17 graphs are presented in the exhibition. The bibliography contains 118 sources. 3 publications were made on the topic of the dissertation work.

In the introduction, the actuality of the researched problem is justified, its dissertationable basis is justified. It has been reported that the attractiveness of a country for foreign capital is determined by many factors which, taken together, form the investment climate. In the economic literature, there is no single model that reveals the motives and reasons for investing outside national borders. Usually, the decision to invest in another country is formed on the basis of an established high degree of correspondence between the criteria defined by the investors and the real socio-economic development of the recipient country.

The peer-reviewed scientific research is focused on the problems related to the assessment of the degree of influence and scope of FDI's impact on economic growth in Bulgaria, assessed by main macroeconomic indicators. The motivations for implementing European integration policies through macroeconomic policy convergence and greater capital mobility on the part of the EU will undoubtedly lead to convergence in income growth rates. For Bulgaria, as well as for the CEE member states, increasing the inflow of foreign capital is one of the main prerequisites for accelerating the process of economic and social convergence between the countries

within the Union.

The object of the research is the FDI flows in Bulgaria and the EU member states from Central and Eastern Europe. The subject of the development is focused assessment of the intensity of foreign direct investments in Bulgaria and their influence on the degree and speed of convergence within the European Union.

The main thesis of the study is that "... Improving the investment climate and taking measures to optimize the conditions for increasing the inflow of foreign capital is a prerequisite for economic growth and accelerating the process of real convergence of Bulgaria within the European Union..."

Doctoral student Petkova sets the goal of the dissertation work "... to establish the direction of impact of FDI intensity on economic growth and the degree of convergence of Bulgaria and the member states of Central and Eastern Europe within the framework of the European Union".

In the dissertation, the solution of the following tasks is set:

1) Clarifying the specifics, form of manifestation and types of foreign direct investment.

2) Revealing the degree and direction of impact of FDI on the economic growth of the recipient country and, on the basis of studied theoretical propositions and empirical studies, to summarize the effects of foreign investment flows on the socio-economic development of the host country.

3) Identification of the determining economic and non-economic determinants of attractiveness of foreign direct investments.

4) Analysis of the intensity of net foreign investments, the absolute size and structure of the main components of FDI and structural transformations of investment flows in Bulgaria.

5) On the basis of a comparative analysis, to analyze the existing dependencies between economic growth (measured by means of basic macroeconomic indicators) and the inflow of foreign capital in Bulgaria and in the CEE countries.

6) To construct an econometric model for assessing the degree of convergence in terms of income and FDI flows in CEE member countries.

7) To assess the degree of impact of FDI flows on the real convergence of CEE member states on the basis of macroeconomic indicators significant for economic growth.

The research methodology is based on the principles of the system approach to studying the problem. Methods of logical, comparative and statistical analysis, and synthesis and economic modeling were used to solve the tasks. The empirical information was processed with Microsoft Excel and the statistical package IBM

SPSS Statistics. The final results are illustrated by means of figures, tables and graphs.

In the first chapter, issues related to the specifics and forms of manifestation of FDI are discussed. The existing definitions in the scientific literature are analyzed and summarized, and the specifics of the different types of FDI are described. The theoretical statements, built on the basis of empirical studies, regarding the degree and direction of impact of FDI on the economic growth of the host countries are examined. As a result of the established multidirectionality, the ambiguous findings of the researchers are divided into four groups: conditionally positive, inconclusive positive, neutral and negative impact of FDI on economic growth. The various mechanisms by which foreign direct investment affects the economic growth of the host country are outlined. The determinants and established in world practice as a mechanism with a positive impact on the development of national economies, economic and non-economic determinants of attractiveness of foreign capital have been identified.

The emphasis in the second chapter is on the investment environment and the policies for attracting foreign investments in Bulgaria. The dynamics and rate of change of FDI flows in Bulgaria for the period 2010-2021 were analyzed on the basis of information on: net foreign investments in Bulgaria; the relative share of FDI in GDP; the direct investment positions of foreign capital in the EU (EU-28) and Bulgaria; the main components of FDI and the amount of foreign and national investments in fixed assets in Bulgaria. The sectoral structure of FDI and domestic investments in fixed assets is characterized. Based on the values of the coefficients for absolute structural changes and integral indicators for structural differences, an assessment of the structural changes and differences between FDI and domestic investments in fixed assets in Bulgaria for the period 2010-2021 was made.

The third chapter is dedicated to clarifying the issue of whether and to what extent FDI flows influence the ongoing processes of socio-economic convergence of the CEE member states and, in particular, Bulgaria. The essence of the models for economic convergence and the prerequisites for real convergence of the member states within the European Union, which can be considered as the main goal for less developed countries to join the regional economic integration scheme, are derived. This is also the case with the countries of Central and Eastern Europe (CEE), which entered the European Union after 2004.

In the search for indications of ongoing processes of real convergence of the EU member states from CEE, a comparative analysis was carried out to assess the degree of economic growth of the countries of Central and Eastern Europe (CEE) and

trends in changes in FDI flows based on information on the amount of real GDP, estimated at market prices from 2020, of GDP per capita based on purchasing power parity (PPP) and PPP flows for the period 2010-2021.

The measurement and assessment of the degree of influence of FDI flows on the real convergence of four of the CEE member states (Bulgaria, Romania, Latvia and Lithuania) was carried out by means of applying the techniques of correlation and regression analysis. For each of the countries included in the sample, the impact of FDI flows on three macroeconomic indicators was assessed: GDP per capita (PPP), GDP per employed person (constant PPP \$ for 2017) and labor productivity per employed (Index, 2015=100).

In the conclusion, the results of the scientific research are summarized and the main trends of the influence of FDI on economic growth and the degree of convergence of Bulgaria within the Union are shown.

3. Evaluation of the obtained scientific and scientific-applied results

The tasks set in the dissertation can be assessed as correctly completed. For the purposes of the abstract, a representative number of scientific and scientific-applied contributions can be cited. They are logical proof of a motivated doctoral student guided by the department and the supervisor. An authentic methodology with the highest degree of econometric analysis is applied, which is the basis for scientifically sound results and contributions.

4. Evaluation of the achieved theoretical, theoretical-applied and empirical contributions

The conclusions stated in the conclusion are evaluated as original and scientifically substantiated. Identifying the determinants of FDI attraction is defined as a complex problem that depends on the specific features of each country, economic sector and company. For Dr. Petkova, they vary significantly depending on the degree of socio-economic development, geographical location, investment climate, etc. The identification of the specific, for each country, attractiveness factors for FDI is important for the formation of an adequate investment policy. All these factors can be grouped into three broad categories: economic policy of the host country, socio-economic characteristics and degree of attractiveness of the national economy.

It is established that the effects of foreign direct investment on the economic growth of the host country are manifested through various mechanisms, the most significant of which are: transfer of new technologies and know-how; increasing the quality of human capital; integration into the global economy; increased competition

in the host country and development and restructuring of local firms. We should also add the influence of the inflow of foreign capital on domestic investments and market structure to the mentioned impact mechanisms. The effects of FDI can be both positive and negative.

Claimed contributions can be defined as correctly defined and scientifically proven as follows:

1. The specificity, the form of manifestation and the types of foreign direct investments are clarified.

2. The extent and direction of the impact of FDI on the economic growth of the recipient country is revealed, and on the basis of studied theoretical statements and empirical studies, the effects of foreign investment flows on the socio-economic development of the host country are summarized.

3. The determining economic and non-economic determinants of attractiveness of foreign direct investments are identified.

4. The intensity of net foreign investments, the absolute size and structure of the main components of FDI and the structural transformations of investment flows in Bulgaria were analyzed.

5. On the basis of a comparative analysis, the existing dependencies between economic growth (measured by means of basic macroeconomic indicators) and the inflow of foreign capital in Bulgaria and in the CEE countries have been analyzed.

6. An econometric model was constructed to assess the degree of convergence in terms of income and FDI flows in CEE member countries.

7. On the basis of macroeconomic indicators significant for economic growth, the degree of impact of FDI flows on the real convergence of CEE member states was "measured".

Conclusion: The author uses a professional scientific approach for her research hypotheses. It applies a classic scheme for structuring the dissertation in three chapters, supported by modern methodology and rich empirical evidence. The rules of scientific ethics are strictly followed.. Wide awareness of the achievements of scientific thought in the researched field and comprehensive practical-applied awareness are considered. The research methods used are at the highest scientific level. The assessment of established scientific contributions is positive. Through them Dr. Petkova demonstrated qualities and skills to systematize, research, model, problematize and prove. The professional scientific support from the scientific supervisor, Assoc. Dr. Anelia Radulova, is visible at every stage of the research.

5. Evaluation of dissertation publications

Three publications are presented in support of the dissertation. They correctly reflect the scientific potential of the author and support the popularization among the scientific and professional community of the main contributions and achievements in the work of the doctoral student.

6. Criticisms, recommendations and questions

They are not placed.

7. Conclusion

There is a successful doctoral program leading to dissertation research with high econometric complexity, publications and scientific appearances. The support from the research supervisor is visible and positive in all sections and directions.

On the basis of all the above, I express a positive conclusion - "FOR" the awarding of the "doctor" degree in Economics to Anna Dimitrova Petkova from the "Finance and Credit" Department of the "D. A. Tsenov" Academy of Economics.

11.12.2023
Svishtov

Reviewer:.....
/Prof. Dr. Andrey Zahariev/