

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Bc. Michal Kotrč
Advisor:	PhDr. Lenka Šťastná, Ph.D.
Title of the thesis:	The Impact of Structural Funds and Cohesion Fund on Convergence: The Case of Slovak Districts

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Contribution

The thesis analyzes the impact of EU funds on the economic performance of Slovakian districts. Using data from 2009—2018, the author estimates the effects of funding in the areas of human resources, industry and services, environment, and rural development on the change in the unemployment rate, employment rate, and average wage. The thesis contributes to the literature on the effects of EU funds in Slovakia by analyzing smaller geographical units and by expanding the analysis for spatial effects that take into account interdependencies between neighboring districts.

Methods

The author elaborates on the methodological section very extensively and carefully describes the methodology applied. As a starting point, the author chooses the fixed effects panel data model and carries out the tests necessary to judge whether spatial regression is more appropriate. The author then reestimates the models with a spatial lagged dependent variable among covariates (SAR model). I would expect a more profound discussion about why the SAR model is appropriate that would explain the intuition behind the model.

I also miss the share of university-educated people among covariates, as this variable could affect the unemployment rate, I think.

There exist some possible extensions to the methodology applied. The author might estimate the SARAR model (as it takes into account a potential spatial error autocorrelation that seems to be present - unemployment rates in geographically close districts could be affected by common shocks – for example, opening/closing a big factory). Or the Spatial Durbin model that includes spatially lagged control variables could also be appropriate. Nevertheless, the used methodology is correct and well-applied.

Literature

The author demonstrates the command of recent literature related to the thesis topic. The author appropriately quotes relevant literature.

Manuscript form

The thesis has a clear structure; the language and style are appropriate. The text effectively refers to graphs and tables and disposes of a complete bibliography. Data are visualized using maps, which is highly appreciated in the spatial analyses.

There are some minor deficiencies related to the manuscript form:

- Table 4.4 – summary of matrix – it is not very informative”
- Table 5.6 is redundant (completely the same as Table 5.5)
- It is a bit confusing that y_{it} is denoted as a dependent variable in the methodological section, while it is an explanatory variable in the estimated equation.

Summary and suggested questions for the discussion during the defense

In my view, the thesis is an excellent piece of work, which meets the requirements for a master thesis at the IES, Faculty of Social Sciences. The author studies a relevant topic and applies the

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Bc. Michal Kotrč
Advisor:	PhDr. Lenka Šťastná, Ph.D.
Title of the thesis:	The Impact of Structural Funds and Cohesion Fund on Convergence: The Case of Slovak Districts

methodology that goes beyond the curriculum at the IES. The results of the Urkund analysis do not indicate significant text similarity with other available sources. Despite possible methodological improvements (which should be taken into account while rewriting the thesis as a journal article) , I recommend it for the defense and suggest a grade A.

During the defense, I recommend Michal to carefully explain the intuition behind direct and indirect effects in the context of results.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	29
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	93
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *PhDr. Lenka Šťastná, Ph.D.*

DATE OF EVALUATION: *September 7, 2020*

*Digitally signed (7.9.2020)
Lenka Šťastná*

Referee Signature