

# Report on Bachelor/Master Thesis

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

<b>Student:</b>	<b>Lenka Dokulilová</b>
<b>Advisor:</b>	<b>Doc. Ing. Karel Janda M.A., Dr., Ph.D.</b>
<b>Title of the thesis:</b>	<b>Microfinance and Microcredit: Sustainability of MFIs and Impact of the Financial Crises</b>

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

The thesis focuses on an up-to-date topic of the current financial crisis and the author attempts to describe the link between the crisis and the microfinance movement which made it possible for millions of poor people worldwide to get credit in recent decades. I find the question of whether and to what extent the current crisis influences microfinance as very interesting and therefore I was little bit disappointed that before getting to the topic the reader has to go through almost 70 pages of description of what microfinance is and its history. Although all this is interesting I think it would have been beneficial for the thesis to make this part denser and focus more on the topic of interest. The more so given the fact that there were several diploma thesis about microfinance in recent years. I liked to read Chapter 7 where the impact of past crises as well as the current one on microfinance in different parts of the world is described and recommendations for microfinance institutions, donors and policy makers are provided.

I must admit that I found more shortcomings than only the overall structure of the thesis. In particular it is very difficult to determine what is author's own contribution and where she uses literature as a source. Lenka read lot of literature, however, she does not reference all of it properly, e.g. many times she uses data and numbers without referencing the source. I appreciate that she made an interview with Tomas Hes – a microfinance practitioner – but again in the last chapter including recommendations it is not fully clear what are Mr. Hes's ideas and what is the contribution of the author.

At some places the text is little bit confusing, does not flow smoothly or the author mentions microfinance institutions about which she did not say anything before. At other places she includes tables into the text which does not relate to the content of the tables and she systematically makes no references to the tables in the text as well as data sources. I give few examples below.

- On p. 13 it seems that the author mixes PGR (poverty gap ratio) and IGR (income gap ratio), the IGR seems to be criticised before it is explained what it actually is („The PGR, is often considered..... The IGR is not a good measure of poverty.”)
- Lots of data is presented, e.g. on pp. 13-16, 72, and very rarely there is a reference to the source of the data.
- Footnote 9 gives us a rough estimate of poor people in the world although the whole previous subchapter was dedicated to who the poor are and provided very detailed data about poverty.
- On p. 18-19 there is no reference in the text to Figures 1 and 2. Figure 2 which shows fraction of households with an account in a financial instution might better fit to the next subchapter about traditional banks rather than to microfinance subchapter.
- I do not understand the difference between the following two effects of collater described on p. 31: “The security of loans is not the only reason for requiring collateral. Another logical effect of presence of collateral is the same as in commercial sphere: a decrease of the average default rate and thus reduction of losses for the institution at given interest rate.”
- On p. 32, in the last paragraph the first sentence says: “As we said before every GBs borrower must have three savings accounts”. I did not notice this in the text.
- On p. 35 there is Table 6 showing the development of the number of microcredit clients in 1997-2007. But the text before and after this table describes the Irish loan funds in 17<sup>th</sup> – 19<sup>th</sup> century! Similarly Table 7 does not fit into this subchapter.

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- I doubt that we can say Bangladesh, India and Bolivia are neighbouring countries as it is said on p. 36.
- In chapter 7.3 there are subchapters 7.3.1 The Crisis and 7.3.2 The Impact of Crisis on MFIs, but the first one is also about the impact and not so much about the crisis itself.
- In p.88 the author mentions MFIs PAR +30 which is used many times later in the text but I have not found any explanation of what PAR +30 means and had to google it.
- On p. 88-89 we get to know that Mr. Hes cooperates with the company Oikocredit and later its strategy during the crisis is described but unfortunately the reader does not know any information about this company. Is it a microfinance institution? If so, how many clients does it have and in which country does it operate?

Despite these shortcomings I find the quality of the thesis sufficient for the defense at the Institute of Economic Studies and recommend grade „dobre“ (3, C).

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

<b>CATEGORY</b>	<b>POINTS</b>
Literature (max. 20 points)	12
Methods (max. 20 points)	15
Contribution (max. 30 points)	15
Manuscript Form (max. 20 points)	10
<b>TOTAL POINTS</b> (max. 100 points)	<b>52</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	

**NAME OF THE REFEREE:** *PhDr. Julie Chytilova, Ph.D.*

**DATE OF EVALUATION:** *August 25th, 2009*

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**Referee Signature**