

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Jan Žalman</b>
<b>Advisor:</b>	<b>PhDr. Miroslav Palanský, M.A., Ph.D.</b>
<b>Title of the thesis:</b>	<b>Effect of Enhanced Financial Transparency on Foreign Aid Captured by Elites</b>

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

### **Short summary**

This thesis presents an empirical analysis of foreign aid capture that is manifested in increased foreign bank deposits in tax havens following aid disbursements. The thesis replicates, builds upon, and extends a recent influential paper in the field published in the Journal of Political Economy. Jan finds that the effect of captured aid is indeed detectable even if the sample is extended to 1990-2018 (as opposed to the original paper's covered time period of 1990-2010), but importantly, he finds that the effect disappeared after 2008. This coincides with the leaked release of customer information from Switzerland, which emerges from the analysis as the top tax haven of choice for corrupt officials in developing countries. The thesis also examines the relationship between portfolio investment of aid-dependent countries and the aid they receive and finds no significant effect.

### **Contribution**

I believe Jan has been able to provide a valuable contribution to the field with his thesis. It is important that well-published papers are replicated, especially if the replication can be extended, as in the case of Jan's thesis, in several directions: by including more recent data, analyzing the results in more detail at the tax haven level, and by focusing further on the role of corruption estimates in explaining the results. The result that the effect is driven largely by Switzerland, and largely disappears after the first large leak of Swiss confidential documents in 2008, is a very important result and has implications for how the original paper should be interpreted for policy purposes.

### **Methods**

I find the methods used in this thesis to be entirely appropriate for the research question at hand – not only for the replication part (where, logically, the method used is dictated by the original paper) but also in the extension part. Jan has done an exceptional job working with several large and complex datasets, and it was a pleasure to watch him go through the journey of this significant empirical undertaking that lies behind the thesis. His insights added to the original analysis and the way he has been able to interpret the results are well above what I consider as the average Master's student at our Institute.

### **Literature**

Jan has identified very well the existing relevant literature on foreign aid, corruption, and illicit financial flows. The literature review could have been better tied to the results of the thesis so that the contribution of the thesis is clearer, but overall it is well structured and very well-written.

### **Manuscript form**

The thesis is well-written and I enjoyed reading it. The structure is clear and serves nicely the purpose of the thesis. It is clear that the author has taken the time to carefully read and edit the text and to think about the presentation of the results. Figures and tables are polished and self-explanatory.

### **Overall evaluation and suggested questions for the discussion during the defense**

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A.

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The results of the Urkund/Turnitin analysis do not indicate significant text similarity with other available sources.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	29
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	18
<i>Manuscript Form</i> (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>97</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A</b>

**NAME OF THE REFEREE:** PhDr. Miroslav Palanský, M.A., Ph.D.

**DATE OF EVALUATION:** 16.6.2023

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**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

**CONTRIBUTION:** *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

**METHODS:** *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

**LITERATURE REVIEW:** *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

**MANUSCRIPT FORM:** *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

**Overall grading:**

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F