

Report on Bachelor / Master Thesis

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

Student:	Roman Gorgan
Advisor:	PhDr. Pavel Streblov MSc
Title of the thesis:	Microfinance institutions, an empirical study from Moldova.

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

Roman Gorgan's thesis covers a highly topical issue of the role of microfinance institutions in fostering rural development and the trade-off these institutions face between profitability and their outreach. The thesis is fairly well structured, it starts with a description of the role and clientele of microfinance institutions followed by section focused on different ways how to measure efficiency of these institutions. The core of the analysis lies in the third section where the author uses a unique set of data to assess the operations of the Moldavian microfinance institutions and also delivers an in-depth analysis of three major players from the sector.

The author provides a fairly solid introduction into the field of microfinance institutions and identifies the specifics and goals of this industry. The main focus is on the different measures of efficiency and sustainability of these institutions. The author further presents an overview of the Moldavian micro-credit sector and analysis of the different institutions operating in the market, their financial results and different efficiency ratios. Specifically, in Section 4.6 the author provides an interesting insight into the specifics of the Moldavian microfinance sector consisting of SCA (Saving and Credit Associations, exclusively used by its members) and MFIs (standard microfinance institutions for broad public) and compares the returns, reach and loan sizes of these two distinct concepts. Another finding worth mentioning is the author's conclusion that, given the average size of provided loans, none of the three main microfinance institutions that are analyzed in the thesis targets those poor clients for whom these institutions were often set-up in the first place.

Section 4 includes an econometric analysis of where the author tries to identify factors affecting efficiency and profitability of selected micro finance institutions. I believe the findings of the analysis could have been presented more clearly and some clear conclusions should have been drawn. The author focuses on cost of funds as one of the key parameters affecting profitability of the micro finance institutions and also concludes that an increasing size of loans positively affects the yield of the bank's portfolio, i.e. it is more profitable for the institutions to provide a smaller amount of larger loans.

There were some major shortcomings in the way the author historically worked with literature sources, yet the current version of his thesis shows an improvement. Nevertheless, I consider certain sections in his thesis as superfluous as the author's own input remains limited and their contribution to the main message of the thesis remains fairly limited (e.g. section 2.3.1).

In case of successful defense, I recommend to award the thesis a satisfactory (3) grade.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	3
<i>Methods</i> (max. 30 points)	16
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	10
TOTAL POINTS (max. 100 points)	54
GRADE (1 – 2 – 3 – 4)	3

NAME OF THE REFEREE: PhDr. Pavel Streblov MSc

DATE OF EVALUATION: 6.9.2012

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong Average Weak
20 10 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě