

Report on Bachelor / Master Thesis

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

Student:	Nicolas Griss-Trempe
Advisor:	Karel Janda
Title of the thesis:	Microcredit in developed countries: the case of Quebec

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

The aim of the thesis is to understand the impact of microcredit in a developed country setting and the role of training in increasing the impact.

In the second chapter the author provides a very broad overview of the studied setting (Quebeck), often discussing issues only distantly related to the topic of interest. For example, he includes a table describing the revenues and expenditures of Quebeck administration. When reporting sources of data in tables the author says they are outcome of his research – did he collected those data on his own? This sounds implausible...

In third chapter the author compares prevalence of poverty in Canada, France, Germany and CZ. Are poverty lines in these countries comparable (clearly they are not based on the \$2 per day line, which is often used for international comparisons)? Often, poverty lines are set at some fraction of median income in a given country. Given that median income is different across these countries, does it make sense to compare prevalence of poverty using these measures?

Chapter 4 is a description of formal banking based on one study.

Chapter 5 is provides literature review. It is somewhat outdated and some of the information are not accurate. There is quite of few MFIs that provide credit together with training in dev'ing countries (e.g., Pro Mujer, BRAC in Bangladesh, etc). Further, there are recent rigorous evaluations of adding training module to microcredit provision: Karlan and Valdivia (2011) --

http://www.mitpressjournals.org/doi/pdf/10.1162/REST_a_00074., or Berge et al (2011) --

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1750026

These should be cited and discussed, since the training component seems to be one of the motivations for the author to study the microcredit in Quebeck.

Chapter 6 describes microcredit in Quebeck, in particular the characteristics of clients and loan characteristics. Based on the descriptive statistics about the use of credit by clients (or where clients work after training), the author conjectures that these are the impact of microcredit. This is of course very problematic, because one needs to have a good control group to estimate impacts of an intervention – an example of study that does this is here Banerjee et al 2009 <http://ipl.econ.duke.edu/bread/papers/working/278.pdf> or in Karlan and Zinman (2011) in Science <http://www.sciencemag.org/content/332/6035/1278.short>

Chapter 7 provides data analysis – the author runs regressions with repayment rate being the dependent variable and loan and client characteristics being the explanatory variables. The author does not distinguish between causal effect and correlation and then draws strong policy implications in the concluding section. Perhaps more importantly, he does not take into account statistical significance of the estimated correlations (even insignificant results are taken as reliable estimates to be discussed and contrasted with existing literature).

In sum, the thesis is very descriptive, the text is often hard to follow, the author took some effort to get potentially interesting data, but then the data analysis is weak and interpretation often problematic. In my view the thesis is a borderline case for satisfying requirements for an MA thesis at IES.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	10
<i>Methods</i> (max. 30 points)	10
<i>Contribution</i> (max. 30 points)	11
<i>Manuscript Form</i> (max. 20 points)	10
TOTAL POINTS (max. 100 points)	41
GRADE (1 – 2 – 3 – 4)	<u>3-4</u>

NAME OF THE REFEREE: *Michal Bauer*

DATE OF EVALUATION: 31.5.2013

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