

Report on Bachelor / Master Thesis

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

Student:	Martin Černý
Advisor:	PhDr. Mgr. Zuzana Havránková
Title of the thesis:	Economic and Social Costs of Power Outages: The Case of Pakistan

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

In this bachelor thesis Martin Cerny analyzes the social and economic costs of electricity shortages on the case of Gilgit region in Pakistan. Author states clearly research question, i.e. what are social and economic costs of electricity supply shortages to households and businesses in the selected region, and describes a research method – surveys of local inhabitants and following qualitative and statistical analysis.

Author starts his thesis by discussing benefits of electricity and and power outages costs. Martin Cerny provides a thorough qualitative analysis based on existing studies and reports of several international bodies. Further in the paper Martin Cerny provides an extensive description of the subject geographical region's socio-economic characteristics. A brief description of literature and analytical methods follows.

Particularly interesting part of the thesis starts from the chapter five, where Martin Cerny describes the questionnaire structure and survey itself targeted at discovering willingness to pay (WTP) and willingness to accept (WTA) of the respondents. Author explains motivation behind the questionnaire structure, i.e. division of questions into three periods of the year (summer, winter and Ramadan), questionnaire language, and questions included in the questionnaire (24 questions for households and 25 questions for businesses). Martin Cerny also clearly states the limitations of the survey that directly affect the obtained results, namely socio-political situation in the region (due to safety reasons survey has taken place only in the area around central market of the city), ability to survey only male representatives of local population, low share of people over 50 years old due to short average life of locals. When discussing the survey results Martin provides a qualitative and statistical assesment of analyzed samples of respondents. Furthermore author discusses social costs of outages for different periods of the year and for different areas of life of the respondets, such as heat, entertainment, cooking etc. In the final part of the thesis author tests several hypotheses related to the costs of power outages for different social categories and determinants of WTP. To do so author uses liner econometric model.

Overall, I believe it is a very good bachelor thesis. I see the following strong parts of it:

- 1) Martin Cerny not only used available data from credible data sources (such as Asian Development bank, International Energy Agency, World Bank and others), but he also participated in the data collection through the interviewing representatives of local businesses and households of in the Gilgit, Pakistan. As per my understanding, such excercise required not only time and resources for getting to the remote area, but also a great piece of work in designing the survey and preparing the questionnaire. In my view, along with further processing of data, this is the most notable and important piece of work that should be noted when evaluating this thesis.
- 2) Author provides thorough analysis of the problem he tries to address, both in terms of existing literature and applicable methods, and in terms of discussing (even though rather qualitatively) effects of power outages on population.
- 3) The thesis is well structured, motivation and explanations provided throughout the text are clear, relevant and logically connected.
- 4) Author uses microeconomic concepts that are in line with the material covered during the bachelor studies.
- 5) Author uses statistical and econometric methods that are in line with the material covered during the bachelor studies.
- 6) Most importantly, author shows his ability to work with methods and concepts he has learned about during the bachelor studies at IES.
- 7) Manuscript form is excellent – thesis is very well typed and english is good and easy to follow.

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Even though one of the main conclusions of the thesis is the fact, that electricity power has strong benefits, especially for developing countries (which is rather straightforward and obvious statement), he also managed to decompose WTP into components and interpret results.

I give the author total of 90 points and suggest mark A if thesis is successfully defended.

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

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	25
Contribution (max. 30 points)	27
Manuscript Form (max. 20 points)	20
TOTAL POINTS (max. 100 points)	90
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Mgr. Vyacheslav Lypko

DATE OF EVALUATION: June 10, 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