

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Genta Mullaj</b>
<b>Advisor:</b>	<b>Julie Chytilová, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Overview of Foreign Aid in the Balkan Countries: Selected Problems</b>

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

In this thesis, Genta Mullaj aims to study the impact of foreign aid provided by the World Bank on the economic development of the Balkan countries. The research question is an important one and also one that is very hard to investigate. Genta first presents findings of the existing literature and then the results of own empirical analysis.

I have several major comments about the quality of the thesis. It is very difficult to read. The quality of English is relatively poor, very often the sentences do not make sense both due to grammatical errors and lack of content. The arguments are not well structured.

In the empirical part, Genta attempts to test the effect of foreign aid on per capita GDP. A crucial and difficult aspect of this type of analysis is the ability to distinguish the direction of causal relationship. When we observe negative correlation between the amount of foreign aid and GDP, does this mean that there is a negative impact of foreign aid on GDP (as argued in the thesis) or that poorer countries tend to be supported more by the World Bank? The hypothesis is tested by a number of econometric models, but the reasons for their use is not clearly explained. For example, the author uses the 2SLS model to deal with the issue of endogeneity but does not explain what the instrumental variables for foreign aid are.

I suggest grade C (dobře, 3) if the author answers satisfactorily the following questions about the key findings of the thesis which are not clear from the thesis itself:

- Does the study identify negative impact of foreign aid on economic growth as stated in the abstract? If I am not mistaken the dependent variable is GDP per capita, not growth. Or does it rather show negative correlation between aid and GDP per capita? What are other potential interpretations of the results beside negative effect of foreign aid?
- In the abstract it is also claimed that one of the drawbacks of the World Bank foreign aid is that it created income inequalities. What methodology has been used to investigate this question and which part of the thesis analyzes this relationship?

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Genta Mullaj</b>
<b>Advisor:</b>	<b>Julie Chytilová, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Overview of Foreign Aid in the Balkan Countries: Selected Problems</b>

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	12
<i>Methods</i> (max. 30 points)	13
<i>Contribution</i> (max. 30 points)	10
<i>Manuscript Form</i> (max. 20 points)	5
<b>TOTAL POINTS</b> (max. 100 points)	<b>40</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>3-4</b>

**NAME OF THE REFEREE:** *Julie Chytilová*

**DATE OF EVALUATION:** *January 17, 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	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě