

Report on Bachelor / Master Thesis

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

Student:	Abeba Nigussie Turi
Advisor:	Pavel Vacek, PhD
Title of the thesis:	FDI and the spillover effect analysis: the case of Ethiopia

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

Summary

The author studies spillover effects from FDI in Ethiopia, focusing on manufacturing firms and distinguishing between three types of spillovers (upward and downward vertical and horizontal). Using panel data analysis as well as other methods dealing with endogeneity, the author identifies important vertical but no horizontal spillover effects.

Motivation

The thesis has a clear research question and the author sets out hypotheses and makes a useful distinction between different types of spillovers (horizontal, vertical – upward, downward).

It's also nicely motivated by referring to current debates in Ethiopia about the privatization strategies, in particular whether to open the privation process to foreign companies. Knowledge of about FDI spillovers can be a useful input.

Data analysis

The author shows that he can find a suitable data set for a research question at hand, work with large data set, perform panel data analysis and interpret the findings.

I particularly appreciate the authors ability to point out limitations of the analysis and the effort to use alternative estimation strategies that can address that.

Findings

The author arrives to useful findings: he finds evidence of vertical (both upstream as well as downstream) spillover effects of FDI but no horizontal spillovers.

As the author mentions, there is a potential for follow-up work, exploiting more the firm level data (much of the analysis is at the level of industries)

Style

The main weakness of the thesis is the writing style and formatting of the text. Also, the tables could have been given more care, to make them easier to read.

Since the author finds nuanced spillover effects, it might be interesting to discuss during the defence the policy implications of the findings for Ethiopian privatization strategies.

In sum, I think the author has done a really good job in what concerns the core of the thesis: finding a research question, a suitable data set and performing a competent data analysis. The overall impression

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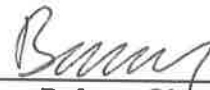
would however be much better, if the author had a chance to pay more attention to writing and formatting. I consider the thesis to be a borderline case between grade A and B.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	10
TOTAL POINTS (max. 100 points)	80
GRADE (1 – 2 – 3 – 4)	1-2

NAME OF THE REFEREE: *Michal Bauer*

DATE OF EVALUATION: *September 9th, 2014*



Referee Signature