

Report on Bachelor / Master Thesis

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

Student:	Ketevan Megrelishvili
Advisor:	Jaromír Baxa
Title of the thesis:	Inflation Targeting Turns Ten in Georgia: Assessment of the Experience

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

The thesis by Ketevan Megrelishvili aims to assess the decade of the Georgian experience with inflation targeting. Essentially, it has two parts: In the first part, the author surveys and provides narrative evidence on monetary policy in Georgia. This description here is sufficiently comprehensive. In the second part, monetary transmission mechanism is being estimated. Besides the traditional VAR model the identification via sign restrictions is used as well.

Let me stress this is one of the pioneering studies on the effectiveness of monetary policy in Georgia, not much has been written before. As it showed up, even data collection for this purpose was quite challenging.

Methods

The empirical part relies on VAR models and it goes beyond the simple VAR models. The description of the methodology is beyond the top level, it's more about several points on methodology rather than a coherent description of estimation methodology. The VAR analysis seems to be well implemented, the results of the sign restrictions suggest that perhaps somewhat different combination of restrictions would lead to different and perhaps somewhat better results.

Literature

The main literature is surveyed, I appreciate the literature survey on challenges related to adoption of inflation targeting in emerging countries which covers the relevant findings quite well.

Manuscript form

The language isn't perfect, but the thesis is still readable. The structure of the thesis is OK. Overall, the thesis could benefit by careful proof reading, clean-up and minor reorganization of some small parts of the text, for example the literature review can be merged with the first section on monetary policy in Georgia and the second chapter could be written more as a paper and a little bit less as an empirical exercise.

Minor points: Figure 3 – the units on the vertical axis are unclear; it seems some typo appeared during editing because the plot was correct in the preliminary version of the thesis.

Summary and suggested questions for the discussion during the defense

Let me write something personal here. My experience with thesis supervision is already quite extensive. There were students so skilled that they mostly demonstrated their already high knowledge in their theses. On the other hand there were (few) cases of students with much more limited background from their previous studies, often abroad, who had to work really very hard to deliver a piece I would even allow to be passed for the defense.

My collaboration with Ketevan surely fits the second case. So, there is still space for improvement in her thesis. But I appreciate very much the effort embedded in her thesis and the overall progress she

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made. This is where this thesis stands out, what I personally value at most and why I do suggest the grade I do.

For the final defense let me suggest the obvious question whether there are any straightforward policy implications that can be devised from the analysis and what can be said about monetary policy in Georgia based on the results presented in the empirical part.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	20
<i>Methods</i> (max. 30 points)	20
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	12
TOTAL POINTS (max. 100 points)	71
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: **Jaromír Baxa**

DATE OF EVALUATION: **January 25**



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

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

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

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	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F