Report on **Bachelor / Master Thesis**

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

Student:	**Bc. Jan Žalman**
Advisor:	**Doc. Petr Janský, Ph.D.**
Title of the thesis:	**Effect of Enhanced Financial Transparency on Foreign Aid Captured by Elites**

OVERALL ASSESSMENT

Contribution

Jan Žalman wrote an excellent thesis, in which he connects the important policy-relevant topics of foreign aid and tax evasion. In my reading, his biggest contributions is that his results suggest that aid disbursements lead to an increase in deposits in tax havens, indicating that some of the funds may be diverted to tax havens. These suggestive results are in line with the partial capture of foreign aid in developing countries, where elites divert the aid intended for economic growth and poverty reduction to offshore bank deposits in tax havens.

One contribution of the thesis by Jan is that it is a careful re-estimation of an influential paper published in Journal of Political Economy in 2022 by Jørgen Juel Andersen, Niels Johannesen and Bob Rijkers. As I see it, he does as well as he can in this contribution (although he could be sometimes even clear about the differences).

In addition, his findings suggest that the increased financial transparency has positively impacted the capture of aid in tax havens. He draws tentative recommendations from his empirical analysis that could be of interest to policymakers. For example, Jan suggests on the basis of his estimates that policymakers should continue to advocate for greater transparency in the global financial system and work towards closing existing loopholes that allow individuals and companies to evade taxes.

Methods

Jan seems to have done a careful empirical analysis of the topic at hand, applying the appropriate methodology to the best publicly available data.

One of Jan's limitations is that he uses only the publicly available data (in particular in the case of the the Locational Banking Statistics of the Bank for International Settlements). As he is well aware of this limitation (which is hard or close to impossible to overcome for him), I am only mentioning it as a fact and it is also one of the reasons why he is not able to compare his work as closely with the paper by Andersen et al (2022). Similarly with other limitations that he openly discusses, such as endogeneity issues. I also appreciate some of his robustness checks such as the heterogeneity of tax havens and testing for specific individual tax havens.

Literature

Jan has done a very good job of understanding the relevant literature. Some parts of the development economics literature review are relatively broad (Sachs, Collier, etc – and I do appreciate his broadly defining understanding of the world and the existing literature), and likely appropriate for a thesis (although this and other parts should be streamlined for any future journal article version).

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

Manuscript form

The thesis is written in appropriate English. The formatting of the text is adequate for a thesis. My personal preference is for students to use "I" form rather than the "we" form Jan uses, but it is okay.

Report on **Bachelor / Master Thesis**

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

Student:	**Bc. Jan Žalman**
Advisor:	**Doc. Petr Janský, Ph.D.**
Title of the thesis:	**Effect of Enhanced Financial Transparency on Foreign Aid Captured by Elites**

Jan seems to have written parts of the thesis with the intention to further rework it and publish it in an academic journal. In case he was capable of getting even better data that is currently not publicly available, he might be thinking of highly-regarded academic journals such as Journal of Public Economics or International Tax and Public Finance. In any case, even if he was only restructuring and rewriting his thesis into an academic manuscript, I believe that he could end up publishing it in one of the well-regarded journals in public economics, international economics or development economics (e.g., Public Choice, Review of International Economics or Journal of Development Studies).

Suggested questions for the committee

In your thesis you rely on the publicly available data. Imagine that you are granted access to all administrative data by the government of a developing country. Imagine that the government asks you to test whether foreign aid ended up with private accounts in tax havens. What data would you ask for and what methodology would you apply?

Summary

In short, the thesis fulfils the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, and, in my view, Jan Žalman did an excellent job of writing a thesis and I recommend **a grade of A**.

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

CATEGORY	POINTS
Contribution (max. 30 points)	26
Methods (max. 30 points)	26
Literature (max. 20 points)	20
Manuscript Form (max. 20 points)	20
TOTAL POINTS (max. 100 points)	**92**
GRADE (A – B – C – D – E – F)	**A**

NAME OF THE REFEREE:

DATE OF EVALUATION:

Digitally signed (15. 6. 2023)
Petr Janský

_____

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

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