# Report on Bachelor / Master Thesis

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

| Student: | Anežka Neckářová |
|---|---|
| Advisor: | Mgr. Marek Šedivý |
| Title of the thesis: | The Evolution of Intra-household Consumption Inequality in Nigeria |

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

**Short summary**

The thesis analyzes consumption inequality within Nigerian households using data from 2018-2019. The author bases their work on previous research by Lechene et al. (2022), replicating their approach but employing more recent data. The results are unexpected, showing that budget shares allocated to women are higher compared to men. This suggests that women's status in Nigerian households may have improved since the previous study. However, the author notes several limitations in the analysis that could affect the reliability of these results.

**Contribution**

As previously mentioned, the author adopted the methodology of Lechene et al. (2022) and replicated the model using more recent data, with the code for estimation available. However, Lechene et al. (2022) did not present the final results on intrahousehold inequality for Nigeria because the data did not pass one of the identification tests. Consequently, the author could not compare all the results with the previous study. Additionally, due to several limitations in the current study, the results should be interpreted with caution.

**Methods**

The model estimates the fraction of total household expenditure allocated to each household member using a linear approach and applying Seemingly Unrelated Regression (SUR). This approach appears appropriate for the question analyzed.

In this thesis, the Engel curve illustrates how the share of the budget (rather than the absolute budget) for a specific good changes relative to the overall household budget. This interpretation deviates from the general definition of the Engel curve and deserves further discussion in the thesis.

The author uses the same notation for both the type of good and the type of individual, which is confusing in formulas.

The graph showing the individual Engel curve in Figure 3.1 lacks clarity. What variable is on the vertical axis? Is it the share of the budget spent on a good by a household member? What are the units of measurement for the horizontal axis—percentages or monetary units? Why is the slope negative? Can the author interpret the intercepts? Additionally, there is no discussion of the fundamental assumptions of the method, such as the equal slopes of the Engel curve for different household members.

On page 29, the author mentions that Nigeria did not pass the second of the identification tests in the previous study. However, in this thesis, the author did not conduct the second

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test. This raises questions: Why didn't the author conduct the second test? Or, if the test was conducted, did the model fail it?

The estimations are based on the shares of the budget allocated to assignable goods, specifically clothes for a particular household member. However, expenditures on clothes for men and women account for only 1% to 2% of the total budget on average (Table 4.2). Does it really matter who spends more or less? Does this indicate anything about problematic inequality within the household?

What explains the low expenditure on housing? The author did not explore this aspect in detail. What about housing utilities?

## Literature
The author discusses in detail a few studies that are highly relevant to the topic analyzed. However, the literature on intra-household inequality is much broader. I believe that a more extensive discussion of the research conducted in this field would be beneficial. Chiappori's (2015) chapter on Intrahousehold inequality in the *Handbook of Income Distribution* is notably absent from the thesis. The author quotes relevant literature in a proper way.

## Manuscript form
The thesis is well-structured, and the author uses appropriate academic language and style. However, some sections contain lengthy and overly detailed descriptions of data operations, which could be written more briefly.
Table captions should be better placed above the tables consistently throughout the thesis. There is no link to the Appendix on page 18 (see the Appendix ??). Additionally, Table 4.2 does not present the shares of food expenditure for different types of households, which could be different.

Interpretation: On page 30, the author states, "The slope estimated by Lechene et al. (2022) is higher (closer to zero) than the estimates we obtained for both household compositions." However, as shown in Table 5.1, this is not true for the MFC household composition.

## Overall evaluation and suggested questions for the discussion during the defense

The thesis is an interesting exercise in which the author demonstrates her ability to replicate a methodology used by others. However, the thesis itself makes a modest contribution, and the results must be interpreted with caution. I highly appreciate the discussion at the end of the Results chapter, where the author acknowledges the limitations of her study that might affect the reliability of the results.

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade C.

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

**Suggested question:**

What are the major limitations of the methodology and how can you overcome them?

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

| CATEGORY | | POINTS |
|---|---|---|
| *Contribution* | *(max. 30 points)* | 15 |
| *Methods* | *(max. 30 points)* | 24 |
| *Literature* | *(max. 20 points)* | 15 |
| *Manuscript Form* | *(max. 20 points)* | 17 |
| **TOTAL POINTS** | *(max. 100 points)* | **71** |
| **GRADE** | **(A – B – C – D – E – F)** | **C** |

*NAME OF THE REFEREE: PhDr. Lenka Šťastná, Ph.D.*

*DATE OF EVALUATION:* 16.8.2024

*Digitálně podepsáno (16.8.2024)*
*Lenka Šťastná*

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*Referee Signature*