

### ***Bachelor's thesis evaluation by the supervisor***

**Title of the Bachelor's thesis:**

Foreign direct investment in the Czech Republic and the effect of fiscal and monetary policy.

**Author of the Bachelor's thesis:**

Gregory Otieno

**Objectives of the Bachelor's thesis:**

The main aim of this thesis is to look into the trend of Foreign Direct Investment (FDI) inflows into Czech Republic since 1993 and main factors that influence the inward FDI; the trend before and after the 2007/8 financial crisis; the trend before and after Czech Republic joining the European Union

EVALUATION OF THE BACHELOR'S THESIS	
Criteria (max. 10 points per category)	Points awarded
1. The objectives of the thesis are evident and accomplished	8
2. Demands on the acquisition of additional knowledge or skills	9
3. Adequacy and the way of the methods used	8
4. Depth and relevance of the analysis in relation to objectives	7
5. Making use of literature/other resources, citing	10
6. The thesis is a well-organised logical whole	9
7. Linguistic and terminological level	9
8. Formal layout and requirements, extent	9
9. Originality, i.e. it is produced by the student	9
10. Practical/theoretical relevance/applicability	9
<b>Total score in points (max 100)</b>	<b>87</b>
<b>Final grading</b>	<b>Very good (2)</b>

**Overall evaluation and questions to be answered in the course of the defense:**

The financial crisis of 2008/2009 had significant impacts on the economies of almost all developed countries, which is due to the current stage of globalization, in which a crisis in one large country (in this case, the US) spreads to other countries. The crisis also affected the behaviour of investors and therefore FDI flows. The author of the thesis analyses the inflow of FDI into the Czech Republic in the period of 1993 to 2015. The author also identifies the key changes in fiscal and monetary policy in the Czech Republic and analyses their impact on FDI. In the theoretical part, the author shows relatively good orientation in the field. In explaining the basic characteristics of FDI, he uses relevant sources, including a new methodology of the IMF Balance of Payments BPM6. In the analytical part, he analyses the flows and stocks of FDI into the Czech Republic, both in total amount and by sector and country of origin. The effect of changes taken by the CNB on monetary policy instruments on FDI inflows is investigated through a regression analysis. It is a basic method that does not, however, comprehensively illustrate this effect. The total influence of fiscal policy on FDI inflows is deduced from no more than two recent examples of FDI. Even given the limitations of these examples, the effect of the government's fiscal policy could certainly be analysed in greater depth.

Despite some reservations, especially concerning the depth of the analysis, I believe that the work meets the requirements for this type of work, and I recommend the thesis for defence.

Question: Investment incentives are one of the key factors influencing the inflow of FDI into the Czech Republic. The maximum aid intensity that the Czech Republic can provide was reduced last year in accordance with EU rules. However, the government also made some changes that should maintain the Czech Republic's competitiveness against other countries. What is the author's view on investment incentives? Is the Czech Republic able to compete with other countries of the Visegrad Group?

**Name of the Bachelor's thesis supervisor:**

doc. Ing. Tomáš Pavelka, Ph.D.

**Occupation of the Bachelor's thesis supervisor:**

Department of Microeconomics, University of Economics, Prague

May 24, 2016

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Signature of the Bachelor's thesis supervisor