REVIEWER'S REPORT

Manuscript No.: **IJAR-52517**   Date: 30-06-2025

Title: Analyzing the Effectiveness of Monetary Policy Transmission Mechanism in Ethiopia: A VAR Model Approach

Recommendation:

Accept as it is ....

Accept after minor revision.................

Accept after major revision ....

Do not accept (*Reasons below*) ....

Rating	Excel.	Good	Fair	Poor
Originality			✓	
Techn. Quality			✓	
Clarity			✓	
Significance			✓	

Reviewer Name: Mir Tanveer

Reviewer's Comment for Publication.

General Evaluation:

This study presents a rigorous empirical examination of Ethiopia's monetary policy transmission mechanism using a vector autoregressive (VAR) modeling framework. The work effectively blends theoretical grounding with quantitative analysis to evaluate the dynamic interrelationships between key macroeconomic indicators. It provides valuable insights into the effectiveness and limitations of monetary policy in a developing country context.

Abstract Evaluation:

The abstract concisely communicates the study's objectives, methodology, core findings, and policy implications. The articulation of the main results—such as the limited short-run impact of monetary variables on GDP growth and the absence of long-term co-integration among the variables—reflects a careful empirical investigation. The conclusions drawn are both policy-relevant and analytically grounded.

Keywords:

The keywords are well-selected and accurately represent the thematic and methodological core of the study. They are suitable for academic indexing and retrieval across economics and policy-related research databases.

International Journal of Advanced Research

Publisher's Name: Jana Publication and Research LLP

www.journalijar.com

REVIEWER'S REPORT

Introduction Evaluation:
The introduction offers a strong conceptual foundation, clearly explaining the role and relevance of the Monetary Transmission Mechanism (MTM) in macroeconomic policy. It contextualizes the research within the broader economic challenges faced by developing countries, including Ethiopia. Citations from relevant literature are well-integrated to support the rationale for the study. The discussion of monetary policy tools and objectives is both informative and aligned with contemporary macroeconomic discourse.

Methodological and Analytical Strengths:

- The application of VAR modeling is appropriate for evaluating dynamic interrelationships among macroeconomic variables over time.
- The use of time series data spanning from 1995 to 2024 provides a comprehensive temporal scope.
- The Johansen co-integration test enhances the analytical depth by exploring long-run equilibrium relationships.
- The study demonstrates clarity in interpreting the statistical outputs and linking them to economic reasoning.

Empirical and Policy Relevance:
The study makes a notable contribution to the understanding of monetary policy effectiveness in Ethiopia. It highlights the challenges of relying on monetary tools in the absence of deeper structural reforms and offers realistic recommendations that emphasize the complementary roles of fiscal policy, institutional development, and infrastructure investment. The findings are particularly relevant for policymakers in similar low-income and emerging economies facing comparable macroeconomic constraints.

Conclusion:
This is a well-structured, analytically sound, and policy-relevant study that successfully applies advanced econometric techniques to assess the monetary policy landscape in Ethiopia. The conclusions are supported by empirical evidence and the policy insights are timely and practical.