



CASE – Centrum Analiz Społeczno-Ekonomicznych
CASE – Center for Social and Economic Research



Annual Report 2015

■ TABLE OF CONTENTS

Letter from the President...	3
About CASE...	5
The CASE Network...	6
CASE People...	9
CASE Highlights 2015...	16
Thematic Areas	
Macroeconomics and Macroeconomic Policy...	25
Trade, Economic Integration, and Globalization...	29
Public Finance and Financial Sector...	36
Labor Markets, Migration, Social Policy, and Social Services...	47
Private Sector Development, Innovation, and Knowledge-Based Economy...	52
Governance and Institutional Reform...	57
Infrastructure, Energy, and Climate Change...	60
CASE Communications...	65
Financing of CASE Activities...	69



Letter from the President

Friends, Family, and Colleagues,

As always, I am pleased to share with you this report of CASE's activities over 2015. By any metric, 2015 was highly successful and an important year for the Center. We were once again ranked as one of the best think tanks in Central and Eastern Europe (number 3 in the highly-respected University of Pennsylvania rankings) and also climbed to be recognized as the fourth-ranked social policy think tank in the entire world. In addition to this international recognition, CASE has continued to contribute to policy debates in Poland and Europe, and our work has been in high demand everywhere CASE has a presence. If 2014 appeared to be a turning point, 2015 represents a successful step towards our goal of becoming a preeminent think

tank in Europe.

As we approach our 25th anniversary this year, CASE has been able to build on its original mandate of focusing on transition and our work continues to shift towards issues of European integration and crafting better macroeconomic and social policies for growth. By the end of 2015, CASE had participated in 42 separate projects, with the bulk of these projects coming from the various organs of the European Union, including Directorates-General of the Commission and the European Parliament. From examining the effects of overlapping preferential trade agreements for the European Parliament to starting a project on Fiscal Rules under the Horizon 2020 program to continuing our work in electromobility and studying active ageing as part of an EC Framework Contract, CASE had a hand in several major European policy issues.

This does not mean that CASE has not been active in our traditional focus on transition economies, and CASE continues to play an active role in our eastern neighbors, both through our work in Poland and through our daughter organizations. Underscoring the importance of Ukraine's continuing transition, CASE was instrumental in working with the OECD to identify regulatory barriers to investment in agriculture. We also lent our expertise to a Visegrad project, hoping to transfer lessons from Central and Eastern Europe to Belarus. But CASE has also stepped out of its traditional geography to undertake studies for the European Parliament on Turkey, Chile, and Mexico. In the coming years, we plan to raise our visibility in the Mediterranean and North African region. And in 2015, CASE went even farther afield and concluded a project for UNDP in North Korea.

In tandem with our success in projects, our visibility has remained high, with opinion pieces and analyses appearing in publications around the world, including *Handelsblatt Global Edition*, *Rzeczpospolita*, and other major outlets like *The Washington Times*, *Russia Direct*, and *Gazeta Wyborcza*. CASE has also continued to host regular seminars, workshops, and events, including our noted mBank seminar series, now entering its 24th year of existence. In 2015, we also held a ground-breaking event on special economic zones, bringing together representatives from the business, NGO, and academic communities. We intend on increasing the reach of such public events in coming years, including a 25th anniversary conference to be held in November 2016. CASE has also expanded

into the “2.0 era,” hosting and participating in webinars, building our online presence on Facebook and Twitter, and even integrating the internet into our project on consumer prices in Poland. Across all media, CASE is on the move.

In regards to our internal organization, the CASE family bid farewell to some long-term employees who left for bigger and better challenges. We took this opportunity to welcome new staff, all of whom have already had an impressive impact on our ability to generate new business. In the coming year, we look forward to the addition of a new senior economist to help our move towards in-house idea generation, and we also look forward to welcoming back some members of the family who have gone off to finish their PhDs. The CASE family is always changing, based on our needs, but the office remains a conduit for researchers young and old. In our extended network as well, change was afoot in 2015. We formally ended our association with CASE Advisors (“CASE Doradcy”), and they will be changing their name and ending their use of the CASE logo. This move was done to avoid confusion in the public’s mind about the products put out by the Foundation, as well as to help further build the CASE brand in Poland.

As with every year, challenges still remain in our forward planning. In particular, the scramble for research funding in Europe makes finding dedicated sources of revenue more difficult. The intensity of the competition of these funds was strongly felt at CASE during the Horizon 2020 calls, where CASE made several valiant efforts to secure funding but came up empty. Continued sluggish growth in Europe and political change in Poland also helped to create policy uncertainty, making our internal forecasts of business opportunities subjected to greater margins of error than usual.

Despite these challenges, we remain optimistic about 2016 and beyond. As promised in last year’s report, CASE has undertaken a dedicated effort to diversify our sources of funding and we have undertaken several projects with the corporate sector in Poland and elsewhere. Our growing cooperation with businesses is exemplified in the fact that Miszerak and Associates joined CASE as our first Corporate Member, part of the Corporate Membership Program we launched at the end of 2015. We have also worked on projects and secured collaboration with firms such as JTI, Bank Pekao, and with the Polish timber industry. Building on this momentum, CASE will continue to approach a variety of funding agencies and foundations in order to secure longer-term, programmatic funding for our ideas. We will also continue to forge relationships across Europe and the world, leveraging our own resources in consortia to create greater impact for our ideas.

To summarize, CASE’s prospects at the end of 2015 remained on an upward trend and are set to continue. With our 25th anniversary celebration underway in 2016, we expect to be able to continue to build on these successes of the past and present for the future. We anticipate that CASE will continue to remain a major player in better policymaking in Poland and Europe, and we will continue to leverage our resources to deliver innovative policy proposals for the world. I invite you to read about our successes in the coming pages, and invite you to continue your support of CASE as we start our next 25 years.

Sincerely,

Christopher A. Hartwell
President of the Management Board

■ About CASE

CASE – Center for Social and Economic Research is the top-ranked economics think tank in Central Europe (4th place among social policy think tanks worldwide and 3rd among CEE think tanks in 2015 according to the University of Pennsylvania Global Go To Think Tank Index). Established in Warsaw in 1991 by a group of economists to help guide the transition process in post-communist countries, CASE is now an internationally-renowned organization drawing on the talents of prominent economists from the entire world, with the ambition to work on key challenges facing global and European economies and societies.

CASE's research remains focused on five core thematic areas: (1) European Neighbourhood Policy, enlargement, trade, and economic integration; (2) labor markets, human capital, and social policy; (3) innovation, competitiveness, and entrepreneurship; (4) reforms, growth, and poverty reduction in developing and transition countries; and (5) macroeconomics and public finance.

CASE relies on its pool of internationally-recognized economic experts and Warsaw-based staff to carry out the following activities:

- Conducting independent, high-quality research and analysis;
- Advising governments, international organizations, and the NGO sector;
- Informing and encouraging public debate;
- Disseminating economic knowledge and research results; and
- Supporting the growth and independence of the NGO sector in post-communist countries.

Since 1991, the organization has concluded over 350 projects in 50 countries on 5 continents.

■ The CASE Network

CASE boasts of a network of independent research institutes across post-communist countries (including, among others, Ukraine, Belarus, Georgia, and Russia) as well as numerous partner organizations. We are a member of five pan-European research networks.

CASE Internal Network

CASE has helped establish a network of independent research institutes across post-communist countries, starting with CASE-Kyrgyzstan in 1998. With the addition of CASE-Georgia, the latest member established in 2011, the CASE Network boasts of a substantial presence in the CIS and includes the following institutions:

- CASE-Belarus (Poland)
- CASE-Moldova, Chisinau
- CASE-Georgia, Tbilisi
- CASE-Ukraine, Kyiv
- CASE-Kyrgyzstan, Bishkek
- IPM-CASE Research Centre (Belarus)
- Gaidar Institute for Economic Policy (Russia)

This network represents CASE's continuing effort to increase the range and quality of economic information available to decision makers and the public across the post-communist world, as well as to foster vibrant think tank sectors in these societies.

CASE External Network

In addition to the CASE Network, CASE is also an institutional member of five pan-European research networks:

EUROMESCO

The Euro-Mediterranean Study Commission (EuroMeSCo) is the main network of research centers on politics and security in the Mediterranean. EuroMeSCo was established in 1996 with the goal of fostering research, information, and social relations among its members as well as acting as a confidence-building measure in the framework of the Barcelona process. EuroMeSCo comprises 107 institutes coming from 32 countries out of the 43 members of the Union for the Mediterranean.

EUROFRAME-EFN

The European Forecasting Network (EFN) is an initiative for improved forecasting and macroeconomic analysis in the European Union. *Coordinator:* Economic and Social Research Institute (ESRI), Dublin.

ERAWATCH

A European web-based service that supports evidence-based policymaking in Europe and contributes to the realization of the European Research Area (ERA). The ERA aims to create a more coherent science and technology environment across the European Union through the improved coordination of existing and future Member States' national scientific and technology capacities. The overarching objective of this network is to provide knowledge and a better understanding of national and regional research systems and of the environment in which they operate. The network is a joint initiative of the European Commission's Directorates-General for Research and Joint Research Centre - Institute for Prospective Technological Studies (IPTS) in Seville, Spain, in collaboration with CORDIS.

FEMISE

Forum Euroméditerranéen des Instituts de Sciences Économiques is a network that brings together more than 70 independent economic institutes from across the Mediterranean regions to conduct socio-economic analysis of the Euro-Mediterranean Partnership. *Coordinators:* Institut de la Méditerranée (IM), Marseille, and the Economic Research Forum (ERF), Cairo.

PASOS

The Policy Association for an Open Society supports the development and strengthens the outreach and impact of its Member Policy Centers and Associate Members, who provide policy advice to European and Central Asian decision makers and international organizations on issues as diverse as human rights, economic development, legal reform, management of governmental reforms, social policy, education, health, religion, international co-operation, small enterprise development, public participation, and public sector management. The PASOS secretariat is located in Prague.

■ CASE People

At the heart of CASE is its full-time employees, as the quality of a think tank must be measured by the quality of its staff. Over 2015, we said goodbye to some long-term associates of CASE, and welcomed staff who will be the basis for the next generation of CASE.

CASE Fellows play a key role in conducting and organizing our research activities. CASE Fellows are drawn from the ranks of senior researchers and experts with outstanding and internationally recognized academic and professional records in economics and other social sciences. In 2015, CASE Fellows were actively engaged in CASE events (such as real-time webinars) and projects, and helped us to best share knowledge on complex social and economic topics.

Supervisory Council

Chairwoman

Ewa Balcerowicz, Economist, Member of the Management Board of the Society of Polish Economists, Coordinator of mBank-CASE seminars

Vice Chairwomen

Barbara Błaszczuk, Senior Researcher, Institute of Economics, Polish Academy of Sciences, Warsaw, Member of the Society of Polish Economists, Warsaw

Stanisława Golinowska, Head of the Health Economics and Social Security Department, Jagiellonian University, Krakow

Members

Tadeusz Baczko, Associate Researcher at the Institute of Economics of the Polish Academy of Sciences, Warsaw

Leszek Balcerowicz, Professor of Economics at the Warsaw School of Economics, Warsaw

Władysław Brzeski, Partner at REAS Residential Advisors, Warsaw

James Cabot, Corporate Development Manager, Southworth International Group, Portland

Krzysztof Chmielewski, CASE Co-Founder

Andrzej Cylwik, President of CASE-Advisors, Warsaw

Wojciech Góralczyk, Associate Professor, Department of Administration and Administrative Law, Akademia Leona Koźmińskiego, Warsaw

Piotr Kozarzewski, Professor of Political Science at the University of Computer Sciences and Economics, Olsztyn

Richard Woodward, Lecturer in International Business at the University of Edinburgh Business School, Edinburgh

Advisory Council

Chairman

Anders Aslund, Senior Fellow at the Atlantic Council, Washington DC

Members

Vittorio Corbo, Member of the Management Council of the Fundación

Chilena del Pacífico (Chilean Pacific Foundation), Santiago

Fabrizio Coricelli, Professor of Economics at the Paris School of Economics, Université Paris 1 Panthéon-Sorbonne, Paris

Georges de Menil, Professor of Economics, Ecole des Hautes Etudes en Science Sociales,

Paris, and Member of the Governing Board, Paris School of Economics, Paris

Daniel Gros, Director of CEPS – Center for European Policy Studies, Brussels

Irena Grosfeld, Director of Research at the Paris School of Economics, Paris

Simon Johnson, Ronald A. Kurtz (1954) Professor of Entrepreneurship, Professor of Global Economics and Management at MIT Sloan School of Management, Boston

Vladimir Mau, Rector of the Russian Presidential Academy of National Economy and Public Administration, Moscow

Lucjan T. Orłowski, Professor of Economics and International Finance, Sacred Heart University, Fairfield

Vladimer Papava, Rector and Professor of Economics at Tbilisi State University, and Senior Fellow of the Georgian Foundation for Strategic and International Studies (GFSIS), Tbilisi

Jeffrey Sachs, Director of the Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy and Management at Columbia University, New York

Susan Schadler, Senior Visiting Fellow at the Centre for International Governance Innovation (CIGI), Waterloo, Ontario

Krassen Stanchev, Associate Professor, Sofia University, Sofia

Nicholas Stern, IG Patel Chair and Director of the Asia Research Centre, London School of Economics, London

Jan Svejnar, Director of the International Policy Center and Professor of Economics and Public Policy at the University of Michigan, Ann Arbor

Stanisław Wellisz,* Kathryn and Shelby Cullom Davis Professor Emeritus of Economics and International Relations, Columbia University, New York

** Stanisław Wellisz passed away on February 28, 2016. Stanisław's cooperation with CASE started early in the Center's life. He participated in our research and policy advising projects in Poland, Ukraine, and Georgia. He authored and co-authored CASE publications, including a policy memorandum: "The Economy of Ukraine." He also served as a tutor of CASE young researchers in the 1990s.*

Wing Thye Woo, Professor, Department of Economics, University of California, Davis; Director, East Asia Program, Center for Globalization and Sustainable Development, Columbia University, New York

Charles Wyplosz, Professor of International Economics and Director of the International Centre for Money and Banking Studies, Graduate Institute in Geneva, Geneva

CASE Fellows

Mark Allen

Expertise: global economic governance, financial crises, economics of transition

Kathryn Anderson

Expertise: social policy, labor markets, health economics, development economics

Luca Barbone*

Expertise: fiscal policy, social policy and poverty reduction, growth, innovation and external financing imbalances, political economy of reforms and social cohesion, migration and development, tax policy

** Luca Barbone, a former President of CASE and CASE Fellow, passed away on September 1, 2015. His numerous engagements and contributions to CASE, including his projects and subsequent publications, concentrated on the issues of migration, tax policy coordination in the EU (especially in respect to VAT), economic governance in the EU and EMU, pension systems, and economic reforms in countries of the former USSR.*

Misha Belkindas

Expertise: statistics, development economics

Emmanuel Bergasse

Expertise: energy policy analysis, market reforms, and sustainable energy in economies in transition, South East Europe, the CIS, and developing countries

Marta Castello-Branco

Expertise: international macroeconomics, economics in transition

Alexander Chubrik

Expertise: macroeconomics, private sector development

Marek Dąbrowski

Expertise: monetary and fiscal policies, financial crises, international financial architecture, EU and EMU enlargement, perspectives of European integration, European Neighbourhood Policy, political economy of transition

Daniel Daianu

Expertise: macroeconomics, public finances

Luc De Wulf

Expertise: sectoral policies/reform, trade, customs reform, macroeconomics, public finance

Ahmed Ghoneim

Expertise: macro and microeconomics, international trade, institutional economics, economics of the EU

Itzhak Goldberg

Expertise: microeconomics, financial sector, socialist transition, privatization, investment climate, productivity, innovation

Stanisława Golinowska

Expertise: social policy, labor market, pension system in Poland

Iraj Hashi

Expertise: microeconomics, governance reforms, industrial competitiveness, innovation and firm performance, SME policy

Elena Jarocińska

Expertise: political economy, fiscal federalism, public economics, labor economics, institutions

Camilla Jensen

Expertise: multinational firms and economic development and growth, mergers and acquisitions and industrial change, comparative economic systems and economic history, international trade, regional development, trade in services

Matthias Luecke:

Expertise: migration and development, social policy, and poverty reduction

Malcolm Maguire

Expertise: youth labor market, vocational education and training, lifelong learning, employee development, employer recruitment strategies, career guidance

Susan Maguire

Expertise: social policy, youth transitions, young people, NEET, policy development, post-16 education and training

Bryane Michael

Expertise: private placement investing, legal drafting, internal audit, political candidate advising, executive education

Roman Mogilevsky

Expertise: macroeconomics, fiscal and social policy, foreign trade, agricultural economics

Jorgen Mortensen

Expertise: European economy, internal market, pensions, aging

Boris Najman

Expertise: labor market, development economics, economics of transition

Richard Pomfret

Expertise: regional integration in Central, Eastern, and Southeast Asia, international economics, development economics, international trade

Cyrus Sassanpour

Expertise: macroeconomics, macroeconomic modeling, economics of oil producers, public finance

Marianne Schulze Ghattas

Expertise: macroeconomics, emerging market finance

Irina Sinitsina

Expertise: comparative macroeconomic studies of transition economies, social policy and poverty reduction

Janusz Szyrmer

Expertise: economic forecasting, statistical and data analysis, economic policy

Irina Tochitskaya

Expertise: economics and trade policy instruments, foreign direct investments, energy sector development, SME development, regional and economic development

Irena Topińska

Expertise: poverty measurement, social policy, and poverty reduction

Uladzimir Valetka

Expertise: labor market, demographic economics, urban and regional development

Dusan Vujovic

Expertise: macroeconomics, institutional reforms, financial markets

Richard Woodward

Expertise: industrial privatization, knowledge-based economy, SMEs, and local economic development

Anna Wziątek-Kubiak

Expertise: innovation, international economics, development

Canan Yildirim

Expertise: banking in transition, corporate governance, insurance, the markets of EU and Turkey, international capital flows

CASE Office in 2015

Management Board

The Management Board is responsible for CASE and CASE Network activities, as well as the generation and management of projects in order to ensure the growth and development of the institution.

President:

Christopher A. Hartwell

Vice President:

Izabela Styczyńska

Operational Staff

Innovation & Knowledge-Based Economy

Program Director

Małgorzata McKenzie (Jakubiak)

Secretariat

Katarzyna Czupa

Communications

Katarzyna Sidło

Agata Kwiek (from March 2015)

Applications Team

Iryna Shuvaieva (to August 2015)

Joanna Śmigiel

Małgorzata Czarkowska (to August 2015)

Karolina Zubel (from August 2015)

Senior Economist

Grzegorz Poniatowski

Junior Economists

Gokben Aydilek (to April 2015)

Karolina Beaumont

Bartosz Radzikowski

Jan Teresiński (to May 2015; from May: Economist)

Publications

Katarzyna Sidło

Agata Kwiek

Irina Makenbaeva

Katarzyna Czupa

Coordinator, mBank-CASE Seminars

Katarzyna Sidło

IT Specialist

Michał Dąbrowski

2015 Interns

Meline Aslanyan

Karolina Beaumont

Joanna Lickiewicz

Anna Nowak

Adam Śmietanka

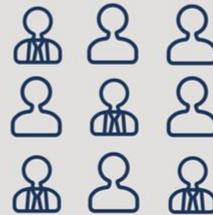
■ CASE Highlights 2015



42 projects conducted in 2015



18 events attended by



771 persons

and watched live



by a further **4 885** individuals



18 new publications



more than **7 000** people regularly receive our newsletters

CASE launched a Twitter account



.....

180 followers including journalists from Gazeta Wyborcza, Puls Biznesu and Russia Direct

CASE's Facebook page received



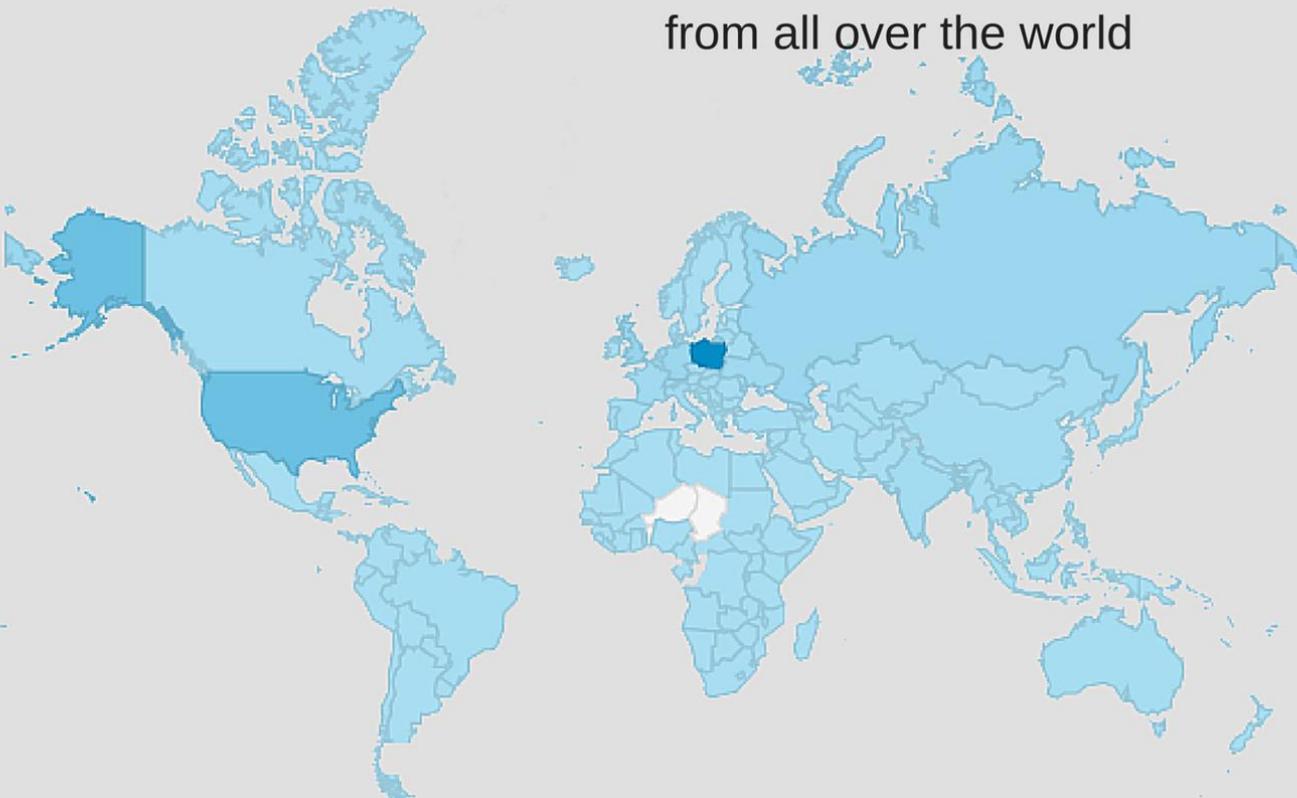
670 new
LIKES

.....

which means we grew by **40%**

.....

CASE's website was visited **74 094** times by over **56 000** users from all over the world



source: google.analytics

Highlights: Projects

Measuring Consumer Inflation in Real Time

Under this project, CASE developed an innovative method for measuring inflation in Poland and created a consumer inflation index divided by product category and pursued on an aggregated level and that is updated weekly. This index is comparable to the consumer price index (CPI) published by the Central Statistical Office of Poland, which is published six weeks after the end of the month in which inflation has been measured.

This project is conducted by CASE economists Bartosz Radzikowski and Adam Śmietanka.

The gap between the measurement and dissemination of the Central Statistical Office's CPI results from the dispersion of data sources and the time required to perform surveys. Under our project, the data can be collected and published in as little as a few hours. This project was sponsored by Bank Pekao S.A. through December 2015, but is still ongoing.

Press coverage (Polish media):

[CASE zaczyna mierzyć inflację w czasie rzeczywistym, publikacja efektów jesienia](#)
11.03.2015 | PAP

[Internet robot measures inflation. CASE releases index faster than the Statistical Office](#)
28.10.2015 | Gazeta Wyborcza

[CASE zaczyna mierzyć inflację w czasie rzeczywistym, publikacja efektów jesienia](#)
11.03.2015 | Onet Biznes

[Deflację widać także w internecie](#)
28.10.2015 | Rzeczpospolita

[CASE będzie przedstawiał inflację w czasie rzeczywistym](#)
12.03.2015 | Wyborcza.biz

[Znamy już październikową deflację](#)
28.10.2015 | Puls Biznesu

[CASE będzie przedstawiał inflację w czasie rzeczywistym](#)
12.03.2015 | Puls Biznesu

[Roboty internetowe mierzą inflację. CASE podaje ją szybciej niż GUS](#)
28.10.2015 | Gazeta Wyborcza

[Wskaźnik cen towarów i usług CASE będzie przedstawiał inflację w czasie rzeczywistym](#)
12.03.2015 | PR News

[Ceny w Polsce nadal spadają. W przyszłym roku można się spodziewać ich ponownego wzrostu](#)
12.11.2015 | Wirtualne Media

[Zakupy w internecie coraz tańsze](#)
13.11.2015 | Inwestycje.pl

[Spadek cen w sklepach internetowych szybszy niż w tradycyjnych](#)
13.11.2015 | Onet Biznes

[W sklepach internetowych jest taniej - ale niewiele](#)
13.11.2015 | Forbes

[Ceny w sklepach internetowych spadły szybciej niż w tradycyjnych](#)
13.11.2015 | Newseria Biznes

[Zakupy w internecie stają się coraz tańsze](#)
14.11.2015 | Interia Biznes

[Ceny w sklepach internetowych spadły szybciej niż w tradycyjnych](#)
15.11.2015 | WP Finanse

[\(Nie\)dobra deflacja: ceny nadal spadają](#)
17.11.2015 | Polskie Radio

Study to Quantify and Analyse the VAT Gap in the EU-27 Member States (2012 and 2013 update)

This project was the continuation of the “Study to quantify and analyse the VAT gap in the EU-27 Member States” implemented by CASE as part of a consortium led by the CPB Netherlands Bureau for Economic Policy Analysis in 2013. The objective of the study was to update the results obtained in the VAT gap report for 2012 and 2013, and was sponsored by the European Commission (DG TAXUD).

Based on the study, in 2013, EU Member States lost approximately **€168 billion** in VAT revenues due to non-compliance.

Compared to 2012, the then EU-26 saw a €2.8 billion increase in VAT gap in absolute numbers. Overall, 15 Member States decreased their VAT gap, with the largest improvements noted in Latvia, Malta, and Slovakia. However, at the same time, 11 Member States saw an increase in their VAT gap, with the largest deteriorations in Estonia and Italy.

Emphasizing the diversity of the EU’s tax administrations, the study estimated that VAT non-compliance in 2013 ranged from 4% in Finland, the Netherlands, and Sweden, to as much as 41% in Romania.

The study also provided new and expanded evidence on the policy gap for the EU-26. The policy gap is an indicator of the additional VAT revenue that a Member State could theoretically collect if it applied the standard rate to all consumption goods and services supplied for consideration. The study showed that several Member States, including Belgium, Finland, France, Greece, Ireland, Luxembourg, Netherlands, Portugal, Spain, and the United Kingdom, could collect up to 50% more revenue if they applied a unified tax on all consumption.

This project was conducted by a team of CASE experts: Luca Barbone, Mikhail Bonch-Osmolovsky, and Grzegorz Poniowski.

Press coverage (Polish media):

[Przez szarą strefę w VAT wyphywają miliardy złotych](#)

08.09.2015 | Forbes

[Na unikaniu płatności VAT Polska traci 42 mld zł rocznie](#)

21.09.2015 | Newseria

[Batalia o VAT wędzie długa](#)

22.02.2016 | Puls Biznesu

Highlights: Events

CASE conference: “The Political Economy of Place-Based Policies with a Focus on Special Economic Zones” | April 23-24, 2015

Can Poland afford to not have Special Economic Zones?

Over 100 academics and representatives of Special Economic Zones (SEZ) from Poland and abroad discussed the benefits and challenges related to special economic zones during a two-day conference in Warsaw. It was agreed that SEZs do not solve all economic problems of countries, but they significantly contribute to regional development. This was the first conference dedicated to SEZ issues that gathered academics, NGOs, and business representatives.



Christopher A. Hartwell, President of CASE, noted that SEZs are “small countries in large countries” and that they positively influence the functioning of the host country through effective self-organization, a better observance of property rights, and less corruption.

Adam Ambroziak from the Warsaw School of Economics showed in his analysis of the influence of SEZs on Polish poviats that medium-developed regions receive measurable benefits, whereas the impact of SEZs on poor or rich regions is negligible.

Katarzyna Kopczewska from the Faculty of Economic Sciences of the University of Warsaw presented an analysis according to which SEZs do not contribute to a significant improvement of the financial situation of local governments. Similarly, Andrzej Cieřlik from the University of Warsaw pointed out that the emergence of SEZs in the early 1990s in Poland was due to the lobbying efforts of local politicians who hoped for a quick economic recovery in the regions affected by unemployment after 1989. According to Radosław Pastusiak from the University of Łódź, 9 out of 10 investors would invest in present SEZ regions even without the zones being established there.

Real time webinar: The Political Economy of Ukraine | April 02, 2015



On April 2, CASE broadcasted its first webinar on the most current topics relating to CEE countries. The webinar was dedicated to the Political Economy of Ukraine and featured Professor Anders Åslund, Dr. Christopher A. Hartwell, and Professor Oleh Havrylyshyn.

Real time webinar: Greece – What Next? | July 09, 2015

What will be the future of Greece and the Eurozone after the national referendum in which Greece backed the Syriza government? International experts: Professor Steve Hanke, Dr. Christopher A. Hartwell, Dr. Andrea Montanino, and Dr. Vassilis Monastiriotis commented on the recent events in Greece and discussed possible future scenarios for Greece and the Eurozone.

Realtime: Greece — what next?

a webinar organised by
CASE — Centre for Social and Economic Research
and Why Emerging Europe
in partnership with the Atlantic Council



141st mBank-CASE Seminar: The European crisis is not simply one crisis; it has many waves | November 26, 2015



"That what we call the European crisis is not just a one event, there are waves of the crisis," said **Hans-Werner Sinn**, Professor of Economics and Public Finance at the University of Munich, President of the Ifo Institute for Economic Research, Director of the University of Munich's Center for Economic Studies, and Director of CESifo, and guest of the 141st mBank-CASE seminar "The European crisis," held on November 26, 2015.

the crisis are critical to understanding what is happening in Europe. The bursting of the economic bubble in Southern Europe led to a decline in the competitiveness of the

The current situation in Europe was caused by the bursting of the bubble created via the introduction of the euro as the common European currency.

In Professor Sinn's view, the overall causes of the economies of Greece, Spain, Portugal, Italy, and Cyprus. As Professor Sinn pointed out, to better understand the course of the economic crisis in Europe, one should look at the production level of individual countries. In Germany, production has

already returned to the pre-crisis level. However, in Portugal and France, its value shrunk by 10 and 17 percent, respectively. The crisis in the south also affected the rest of the Europe. The French financial sector was one victim, as the exposure of French banks was much larger than that of their German counterparts. The situation is even more dire when one looks at Italy, where production declined by 24 percent. Of all the countries affected by the crisis, only one managed to fully recover, namely Ireland, whose production increased by 40 percent.

According to Professor Sinn, the current situation in Europe was caused by the bursting of the bubble created by the introduction of the euro as the common European currency. Fixed domestic currency exchange rates against the euro led to a decrease in uncertainty in the governmental bonds market, fueling an expansion of cheap credit.

Facing lax fiscal constraints, governments across Europe borrowed to raise salaries in public administrations, while consumers took loans to invest in the real estate market, bringing a concomitant boom in real estate and growth in employment and wages in the sector. The improvement in the economic situation was not associated with improving competitiveness, as the pay increases in the government and real estate sectors were financed with loans, which resulted in the loss of competitiveness of the countries of southern Europe. However, until capital markets wanted to refinance the loans, the situation was under control. Difficulties emerged when the European crisis broke out, which was sparked (and strongly interrelated with) the worsening situation of the US real estate market. As a result, risk

aversion increased, which brought increases in bond spreads, as investors feared that countries would not be able to pay back their liabilities (there were concerns that because of inflation and devaluation, bonds will not be repurchased). Professor Sinn's talk examined these effects in detail, and cautioned against a repeat of past mistakes.

Macroeconomics and Macroeconomic Policy

Projects

Measuring Consumer Inflation in Real Time

Under this project, CASE developed an innovative method for measuring inflation in Poland and created a consumer inflation index divided by product category and pursued on an aggregated level and that is updated weekly. This index is comparable to the consumer price index (CPI) published by the Central Statistical Office of Poland, which is published six weeks after the after the end of the month in which inflation has been measured.

The gap between the measurement and dissemination of the Central Statistical Office's CPI results from the dispersion of data sources and the time required to perform surveys. Under our project, the data can be collected and published in as little as a few hours. For more details, see CASE Highlights (p. 19).

Experts:

Bartosz Radzikowski, Economist at CASE

Adam Śmietanka, CASE Expert

Sponsor:

Bank Pekao S.A.

Mapping Out Vulnerable Sectors in Eastern Partnership Countries

This project will provide an overview of the major post-Soviet economic clusters, in particular, the machinery industry and the energy sector, which are both crucially tied to the fate of the modernization of Eastern Partnership (EaP) countries. The project will also examine past and current Visegrad 4 experiences in the transformation of these industries. Furthermore, the project's aim is to increase public awareness in Visegrad 4 societies and in the broader expert community to the economic hardships of these processes.

Experts:

Małgorzata McKenzie, Innovation & Knowledge-Based Economy Program Director

Partners:

Research Center of the Slovak Foreign Policy Association (SK)

Institute for Economic Research and Policy Consulting (UA)

Viitorul - Institute for Development and Social Activities (MD)

CASE BELARUS – Center for Social and Economic Research Belarus

Sponsor:

International Visegrad Fund

Events

Mapping Out Vulnerable Sectors in Eastern Partnership Countries: A Macroeconomic Workshop



The workshop marked the opening of the project “**Mapping out vulnerable sectors in Eastern Partnership countries – structural change, Visegrad experience, and relevance for EU policy**” (for more details, see the project description above).

04.16.2015

Presentation of the IMF’s Outlook for Central, Eastern, and Southeastern Europe

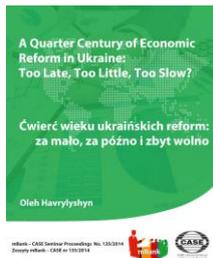
The IMF teamed with CASE to present its Regional Economic Issues (REI) report, covering recent developments, forecasts, and risks to the outlook for Central, Eastern, and Southeastern Europe (CESEE). This edition of the report, entitled “CESEE Outlook: Reconciling Fiscal Consolidation and Growth,” provided recommendations on growth-friendly fiscal policies and detailed consolidation needs in the region.

11.20.2015



Publications

A Quarter Century of Economic Reforms in Ukraine: Too Late, Too Little, Too Slow?

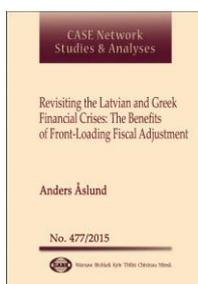


Oleh Havrylyshyn

mBank-CASE Seminar Proceedings No. 135, March 2015

The first aim of this paper is to describe the main developments in the Ukrainian economy since its independence in 1991, focusing on the evolution of output and the path of economic reforms—that is, to simply show what happened. The bottom line on that is well known: Ukraine’s economy performed very poorly, and its reforms moved quite slowly, lagging behind most of central Europe and the Baltic, and even behind some former Soviet Union (FSU) countries. This first task is a relatively easy one, though some measurement issues do need discussion. In comparison, the second aim—explaining why it happened and identifying the explanatory and causal factors—is much more difficult and contentious. Indeed, causation here means two dynamics: the relationship between performance and reform pace, and the underlying determinants of the slow reforms.

Revisiting the Latvian and Greek Financial Crises: The Benefits of Front-Loading Fiscal Adjustment



Anders Aslund

CASE Network Studies and Analyses No. 477, May 2015

This paper discusses why Greece has done so poorly in comparison with all other EU countries since the onslaught of the global financial crisis in 2008. To show what was wrong with its fiscal adjustment, this paper compares Greece with the other EU country that faced the most severe fiscal crisis, namely Latvia. The conclusion is that front-loaded fiscal adjustment works much better. Greek economic policy has been a popular topic among opinion writers, notably Nobel Prize winner and New York Times columnist Paul Krugman, who claimed that Greece suffered from austerity. Because of his prominence in the international public debate, the author of this study scrutinized Krugman’s arguments on the Greek crisis. The paper also examines what policy the IMF has

| Trade, Economic Integration, and Globalization

Projects

The Implementation of the Provisions in Relation to Ex-Ante Conditionalities During the Programming Phase of the European Structural and Investment (ESI) Funds

The need for this project arose as inappropriate policies, as well as administrative and institutional bottlenecks, have limited the effectiveness of EU funding in the past. Therefore, ex-ante conditionalities have been introduced in the regulatory framework for the ESI Funds for the 2014-2020 period to ensure that the effectiveness of EU investment is not undermined by unsound policies or regulatory, administrative, or institutional bottlenecks. The overall purpose of the study was to develop an evidence base on how the regulatory provisions relating to ex-ante conditionalities have been applied in the programming phase. The findings feed into the Commission's assessment of the outcome of programming negotiations and into further reflections on the future of the policy.

Experts:

David Rucki, CASE Expert

Andrius Tamosiunas, CASE Expert

Partners:

METIS (Austria), Panteia, AEIDL, ICF

Sponsor:

European Commission: DG Regional and Urban Policy

Preparing the Prognosis for the Development of Cabotage Services in Land Transportation of Goods

The aim of this project was to prepare the prognosis for the development of cabotage in international road transport. The prognosis addressed the issues of the domestic deficit and external demand for cabotage services in selected countries. The research showed which markets—if any—needed to employ cabotage services from other countries due to a shortage of domestic supply. Within this project, CASE prepared an econometric model, assessed the social, economic, and environmental impact of the prognosis, and prepared a final report.

Experts:

Grzegorz Poniatowski, Senior Economist at CASE

Michał Sikora, CASE Expert

Sponsor:

Polish Ministry of Foreign Affairs (Ministerstwo Spraw Zagranicznych)

Analysis of Pro-Export Innovative Businesses and Product or Service Groups of the Polish Economy that have a Promotional Potential in Foreign Markets

This project aimed to develop an analysis of the innovative industries and product or service groups of the Polish economy that have pro-export potential and could be promoted in foreign markets. The study was implemented in four stages:

- Ranking sectors, products, and service groups according to two criteria: (i) innovation and (ii) export capacity, and on that basis, preparing an export-oriented Innovative Industries Index.
- Creation of a list of industries and products that meet the criteria of innovation and export capacity; then choosing 20 industries that will undergo a thorough comparative analysis.
- Creation of an econometric model based on 20 proposed sectors, which will be used to measure the impact of EU funds on export development.
- Presentation of the results and findings of the study, along with recommendations concerning innovative sectors that have the potential to be promoted in foreign markets.

Experts:

Małgorzata McKenzie, Innovation & Knowledge-Based Economy Program Director

Grzegorz Poniatowski, Senior Economist at CASE

Jan Teresiński, Economist at CASE

Bartosz Radzikowski, Economist at CASE

Sponsor:

Ministry of Development

Transatlantic Trade and Investment Partnership

CASE contributed to the World Trade Institute study on the economic effects of the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US. The study consisted of a comparison of existing TTIP studies, as well as the consumer, SME, social, and environmental effects of the TTIP. For this study, CASE analyzed regulatory cooperation under TTIP as well as its social protection aspects.

Experts:

Jan Teresiński, Economist at CASE

Christopher A. Hartwell, President of CASE Management Board

Sponsor:

World Trade Institute

Study on EU Trade Relations with Latin America, the Results and Challenges in Implementing the EU-Colombia/Peru Trade Agreement

The purpose of this study was to review trade relations between the EU and key Latin American trading partners, describing the evolution of and main differences among the existing trade agreements between the parties. The study focused on the implementation of the latest generation free trade agreement (FTA) between the EU and Colombia and Peru, and in particular, the chapter on sustainable development and the main challenges, thus far, regarding implementation.

Experts:

Maria Garcia, CASE Expert

Sponsor:

European Parliament

Comparison of the EU Service Offers for the TTIP and TiSA Negotiations

In this project, CASE compared the service offers that the EU has made for the negotiations on the Transatlantic Trade and Investment Partnership (TTIP) and the Trade in Services Agreement (TiSA). In general, both treaties follow similar approaches and the points of difference are minor; both TiSA and TTIP apply a positive listing approach in regards to market access and a negative listing in regards to national treatment, and the rules governing market access and national treatment do not differ between the two agreements. The project showed that the most significant differences in sector-specific provisions are featured in the transport sector and educational services, while the highest harmonization of provisions is in the energy sector and communications. Overall, the authors concluded that service provisions in TiSA and TTIP are very similar, although it seems that the level of trade liberalization is higher in TiSA. This report was presented to the European Parliament by the main author, Jan Teresiński.

Experts:

Jan Teresiński, Economist at CASE

Christopher A. Hartwell, President of the CASE Management Board

Karolina Beaumont, Junior Economist at CASE

Sponsor:

European Parliament

Trade Sustainability Impact Assessment (Trade SIA) in Support of Negotiations of a Comprehensive Trade and Investment Agreement between the EU and Japan

The study aimed to assess how the trade and trade-related provisions under negotiation could affect economic, social, and environmental issues in the EU and Japan. Furthermore, the study proposed measures (trade or non-trade – the so-called “beyond the border” dimension/issues) to maximize the benefits of the DCFTA with Japan and prevent or minimize potential negative impacts. The assessment also informed policy makers to allow them to set up the right accompanying policies at regional, territorial, national and EU level, so as to maintain and improve global competitiveness of industry and services and ensure support for the necessary labor market and social adjustments.

In addition to providing insights into expected impacts of the DCFTA and informing negotiators policy makers the study served as a contribution to the Commission’s dialogue with stakeholders and trading partners.

Experts:

Toyomitsu Terao, CASE Expert

Partners:

London School of Economics and Political Science (LSE)

Sponsor:

European Commission: DG Trade

Scope to Bring EU-Turkey Trade and Investment Relations Up-to-Date

This project assessed the case for modernizing the EU-Turkey Customs Union (CU) and considered how such changes could be made. The paper maintained that the EU-Turkey CU of 1995 covering industrial goods should be modernized to take into account the various and growing criticisms of the original CU. Furthermore, the authors agreed that economic integration between the EU and Turkey should be strengthened by signing a complementary deep integration regional trade agreement (RTA) covering agriculture, SPS measures, services, government procurement, investment, and dispute settlement. In their opinion, such an approach should increase competition and lead to the better allocation of resources in both Turkey and the EU. This paper was presented to the European Parliament in 2016.

Experts:

Sübidey Togan, CASE Expert

Kamala Dawar, CASE Expert

Sponsor:

European Parliament

Analysis of the Prospects for Updating the Trade Pillar of the EU-Chile Association Agreement

The perception of the present state of trade relations with Chile is obscured by a lack of adequate understanding of its legal framework as well as of the policy behind it. This study attempted to clarify the present state of and future prospects for trade between the EU and Chile through an examination of previous agreements and the EU's new approach to trade liberalization. The authors agreed with the large consensus existing on both the EU and Chilean sides regarding the efficacy of the Association Agreement, but noted that any extension of an agreement with Chile should capture the spirit of older EU agreements rather than simply following the "NAFTA route." The study also included a comparative analysis between the EU-Chile agreement and current trade agreements being negotiated by the EU and Chile with third countries.

This report will be presented to the INTA Committee of the European Parliament in June 2016.

Experts:

Rodrigo Polanco, CASE Expert

Sponsor:

European Parliament

Publications

Will Belarus Fully Benefit from the Eurasian Economic Union?



Sierż Naūrodski, Uladzimir Valetka, Christopher A. Hartwell

CASE Network E-briefs No. 1/2015, June 2015

The Eurasian Economic Union, an ambitious project intended to benefit the countries in the post-soviet zone, evokes questions about its future. Is pulling together regional cooperation and tightening its relationship with Russia beneficial to Belarus in the long run? Having analyzed the recent trends in trade, labor, and capital flows, Sierż Naūrodski, Uladzimir Valetka, and Christopher A. Hartwell shed light on the highly questionable nature of the potential benefits that the Union could bring to the Belarusian economy within its current macroeconomic and institutional framework.

Cross-Cutting Effects of the EU's Preferential Trade Agreements (PTAs) on Developing Economies

Christopher A. Hartwell

Other Publications No. 3/2015, July 2015



The world has seen rapid growth of preferential trade and investment agreements (PTAs) that, by definition, aim to go beyond the existing WTO obligations of the parties. With this growth comes the danger of incompatible obligations as these PTAs overlap within a country. This study examined the sources of overlap in various PTAs and the compliance costs that PTAs may create for a developing country, with a special focus on the agricultural realm. Examining the reality of divergent SPS standards, the author concluded that better-targeted “Aid for Trade” and regulatory streamlining within the EU can help to mitigate compliance costs in developing countries. Additionally, involvement of the private sector at an earlier stage in PTA negotiations may also help to clarify compliance costs and build their mitigation into the agreements.

Comparison of the EU service offers for the TTIP and TiSA negotiations

Christopher A. Hartwell, Jan Teresiński, Bartosz Radzikowski, Karolina Beaumont

Other Publications No. 4/2015, December 2015



A comparison of the services offers which the European Union has made for the negotiations on the EU-US Transatlantic Trade and Investment Partnership (TTIP) and the Trade in Services Agreement (TiSA) shows that, in general, both treaties follow similar approaches and points of difference are minor; both TiSA and TTIP apply a positive listing approach in regards to market access and negative listing in regards to national treatment, and the rules governing market access and national treatment do not differ between the two agreements. The most significant differences in sector-specific provisions are featured in the transport sector and educational services, while the highest harmonisation of provisions is in the energy sector and communications. Overall, the service provisions in TiSA and TTIP are very similar, although it seems that the level of trade liberalization is higher in TiSA.

| Public Finance and Financial Sector

Projects

Study on the Effects and Incidence of Labor Taxation

In the context of the European Semester, many Member States have received recommendations to reform their tax system to become more growth-friendly. The objectives of this study were to give precise answers to questions regarding the place and means of tax system regulation to induce the growth potential of Member States. The study was prepared after analyzing labor market regulations and institutions, wage-setting procedures, and reasons of unemployment.

CASE was responsible for reviewing the sources of employment problems. The task was divided into the two sub-tasks: the review of key literature to identify the labor demand and supply factors influencing employment and the presentation of indicators that reflect sources of employment problems.

Experts:

Izabela Styczyńska, Vice President at CASE

Grzegorz Poniatowski, Senior Economist at CASE

Partners:

HIS, CPB, IFS, ETLA, CAPP

Sponsor:

European Commission: DG TAXUD

Study to Quantify and Analyse the VAT Gap in the EU-27 Member States (2012 and 2013 update)

This project was the continuation of the “Study to quantify and analyse the VAT gap in the EU-27 Member States” implemented by CASE as a part of the consortium led by CPB Netherlands Bureau for Economic Policy Analysis in 2013. The objective of the study was to update the results obtained in the VAT gap report for 2012 and 2013, extending the geographical coverage to the two Member States that were not included (Cyprus and Croatia).

Within the framework of this project, CASE developed methodological guidelines, collected data and calculated VAT gaps for 28 EU countries, validated the results and examined trends, organized seminars with national authorities, and updated the 2012 and 2013 reports.

Experts:

Mikhail Bonch-Osmolovsky, CASE Expert

Grzegorz Poniatowski, Senior Economist at CASE

Partners:

CPB

Sponsor:

European Commission: DG TAXUD

FIRSTRUN - Fiscal Rules and Strategies under Externalities and Uncertainties

The FIRSTRUN project advances the theoretical and practical debates on the effective mechanisms of fiscal policy coordination. It analyzes the very reason why fiscal policy coordination may be needed in the first place, namely cross-country externalities (spillovers) related to national fiscal policies. Specifically, it identifies different types of spillover effects, investigates how they work in the EU and in the EMU, and analyses whether they work in the same fashion under different states of the economy and over the short and the long run. The project describes different forms that fiscal policy coordination can take in practice, for example, ex-ante coordination and risk sharing, and provides a critical assessment of the mechanisms already put in place. The FIRSTRUN project provides new tools for fiscal policy design by incorporating the new EU fiscal rules regarding, for example, government debt and deficit, into applied models for fiscal policy evaluation. The tools can be used to support decision makers in the implementation of the enhanced EU economic governance. This project is currently ongoing.

Experts:

Grzegorz Poniatowski, Senior Economist at CASE

Partners:

IHS - Institute for Advanced Studies (Austria)

LSE - London School of Economics (GB)

LUISS University (Italy)

IER (Slovakia)

CEPS - Centre for European Policy Studies (Belgium)

NIESR - National Institute of Economic and Social Research (GB)

Sponsor:

European Commission: DG RTD

Financial Taxation: International Practices

The Gaidar Institute in Russia contracted CASE to analyze key features of international tax regulation practices in regards to financial markets. The objective of the report was to draw conclusions for measures that could be reasonably applicable to the Russian tax code. A comparative analysis, concentrated on 34 high-income OECD countries with the strongest fiscal institutions, was conducted across a broad range of issues. In many places, the analysis presented in the project took into account historical and cultural contexts, such as the development and evolution of tax regulation measures, as well as regulations that have not yet been implemented. The project concluded with an analysis of the proposed European Union Financial Transaction Tax (EU FTT).

Experts:

Christopher A. Hartwell, President of CASE Management Board

Grzegorz Poniatowski, Senior Economist at CASE

Bartosz Radzikowski, Economist at CASE

Anna Wojtyniak, CASE Expert

Jan Toczyński, CASE Expert

Gokben Aydilek, CASE Expert

Sponsor:

Ye.T. Gaidar Institute for Economic Policy

Analysis of the Effectiveness of the Reverse Charge Mechanism for Steel Commodities Introduced in Poland by the Act of July 26, 2013

The aim of the analysis was to evaluate whether the introduction of the Act reversing VAT on certain steel products, which came into effect on October 1, 2013, reduced VAT abuse in the circulation of these goods. It also evaluated whether there was an improvement of operating conditions for the entrepreneurs involved in the steel industry.

Experts:

Bartosz Radzikowski, Economist at CASE

Grzegorz Poniatowski, Senior Economist at CASE

Sponsor:

Ministry of Finance (Poland)

Sovereign Bond Purchases and Risk Sharing Arrangements: Implications for Euro-Area Monetary Policy

This project reviewed the main features (e.g. size and structure, among others) of the sovereign bond markets in euro area Member States and discussed, in the relation to the

EAPP, the financial risks the Eurosystem potentially took on its balance sheet in view of currently extremely low (negative) yields. This paper was produced under CASE's framework contract with the European Parliament to provide monetary policy expertise to the Parliament on short notice.

Experts:

Monika Błaszkiwicz, CASE Expert

Sponsor:

European Parliament

Easing Legal and Administrative Obstacles in EU Border Regions

The overall objective of this ongoing contract is to conduct a policy review of the existing legal and administrative obstacles that currently hinder deeper integration between internal land border regions. This project also will assess how these obstacles could be addressed in future policymaking.

Experts:

Izabela Styczyńska, Vice President at CASE

Daina Calite-Bordane, CASE Expert

Partners:

Panteia B.V.; European Association for Information on Local Development (AEIDL); ICF GHK

Sponsor:

European Commission

mBank-CASE Seminars

mBank-CASE Seminars are a CASE project with a 25-year tradition. The Seminars provide a forum for discussion among academics, economists, bankers, students of economics, and journalists specializing in economic affairs. With six Seminars per year, the project brings in highly-respected and visible policymakers and academics to speak on key issues of the day, including macroeconomics, the financial sector and public finance in Poland and the European Union, the monetary union, as well as important issues of economic policy in Poland, the EU, and worldwide. The Seminars are broadcast on the Bankier.pl portal to increase their reach, and are followed by a publication, "mBank-CASE seminar proceedings," published in Polish and English and available via CASE's website.

The Seminars are organized thanks to the generous support of mBank.

Events

mBank-CASE Seminars

Corporate Debt Securities Market in Poland: State of Art, Problems, and Prospects for Development

136th mBank-CASE Seminar | 03.05.2015

Speaker: Piotr Kowalski, Agnieszka Gontarek, Tomasz Gałka



Dr. Ewa Balcerowicz, Tomasz Gałka, Agnieszka Gontarek, and Piotr Kowalski during the 136th mBank-CASE Seminar

Banking Union-State of the Art

137th mBank-CASE Seminar | 04.09.2015

Speakers: Andrzej Reich, Leszek Pawłowicz, Stefan Kawalec



Andrzej Reich, Stefan Kawalec, Dr. Ewa Balcerowicz, and Prof. Leszek Pawłowicz during the 137th mBank-CASE Seminar

An Assessment of Direct and Indirect Liabilities of Polish Banks AD 2015

138th mBank-CASE Seminar | 05.28.2015

Speakers: Mieczysław Groszek, Witold Skrok

Quo Vadis, Ukraine? Can it Succeed?

139th mBank-CASE Seminar | 09.24.2015

Speaker: Ivan Mikloš



Dr. Ewa Balcerowicz and Ivan Mikloš during the 139th mBank-CASE Seminar

The Condition of and Prospects for the Private Equity Funds Market in Poland

140th mBank-CASE Seminar | 10.22.2015

Speakers: Barbara Nowakowska, Piotr Nocoń, Michał Surowski, Michał Popiołek

The European Crisis

141st mBank-CASE Seminar | 11.26.2015

Speaker: Hans-Werner Sinn

Other Events

The Anatomy of VAT and Excise Tax Non-Compliance in Poland

10.29.2015

Speaker: Grzegorz Poniatowski

CASE CPI - Measuring Consumer Inflation on the Internet

11.19.2015

Speakers: Bartosz Radzikowski, Adam Śmietanka



Grzegorz Poniatowski and Bartosz Radzikowski during the Seminar: the Anatomy of VAT and Excise Tax Non-Compliance in Poland

Publications

Challenges to Financial Stability – Perspective, Models and Policies Volume I: A Framework for Modeling Systemic Risk Drivers of Different Markets



Christopher A. Hartwell

Other Publications No. 1/2015, January 2015

The book consists of 19 chapters that are organized in two volumes: I. A Framework for Modeling Systemic Risk Drivers of Different Markets; II. Towards Financial Stability - Macroprudential Policy and Perspective. Chapter 5: “The Impact of Liberalization on Financial Volatility: The Case of Transition Economies” by Christopher A. Hartwell “examines the common determinants of financial volatility of Central and Eastern Europe and the former Soviet Union 20 transition economies. The results from Prais-Winsten and GMM regressions methods support the thesis that greater internal liberalization and more advanced property rights help to dampen financial sector volatility. The author explores that “while the interaction of financial liberalization and property rights does appear to increase volatility, this effect is dominated by the moderating influence of internal liberalization and better property rights at their levels.”

The book was published by ASERS Publishing.

On Competition in the Banking Sector in Poland and Europe Before and During the Crisis



Małgorzata Pawłowska

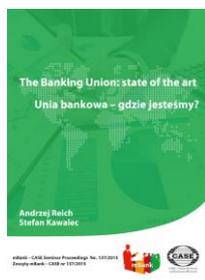
mBank-CASE Seminar Proceedings No. 134, January 2015

Over the past decades, the banking sector has come to be known in the literature as the banking industry, as it was geared to increasing profits, banks were growing, and banking products developed dynamically. It was believed that competition in the banking sector makes banks more efficient and stimulates financial innovation opening new markets. The financial crisis of 2007-2008 has sparked the interest of researchers and politicians on competition in the banking sector and its impact on the stability of the financial sector and overall economic growth. However, researchers cannot agree whether more competition improves or hinders stability.

This paper is comprised of three sections and a summary. The first section discusses the concept of competition in the banking sector as well as measures of competition. The second section is a review of the literature on competition in the banking sector and its determinants. The third section presents the results of research on competition in the EU,

including my own research as well as other research. The paper concludes with a short summary.

The Banking Union: State of the Art

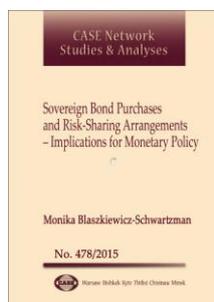


Andrzej Reich, Stefan Kawalec

mBank-CASE Seminar Proceedings No. 137, June 2015

It is widely believed that the creation of the banking union initiated the integration of the EU banking market. The process is traced back to June 2012 (when an EU Summit created the banking union), November 4, 2013 (the effective date of the Banking Union Regulation), and November 4, 2014 (the operational launch of the Single Supervisory Mechanism, SSM). However, the integration of the EU banking market began much earlier and the creation of the banking union should be considered the final, and not the first, step in the process.

Sovereign Bond Purchases and Risk-Sharing Arrangements – Implications for Monetary Policy



Monika Błaszczkiewicz

CASE Network Studies and Analyses No.478, July 2015

The design of the euro area quantitative easing (QE) program raises the question of whether insufficient liquidity in the bond markets will reduce the impact of the program and lead to market volatility. While estimates suggest that scarcity of around €102 billion may arise over the life of the program, to date, the QE program has met its monthly targets and bond market volatility has been managed. Questions also arise in respect of the fact that risk is not fully shared on up to €738.4 billion to be purchased over the life of the program. Partial risk sharing raises the specter of defaulting central banks exiting the euro system and existing members being unwilling to bear associated costs and, thus, the future of the euro area. However, estimations suggest that, at present, all national central banks should be able to bear losses stemming from sovereign debt purchases under the current round of QE.

An Assessment of Direct and Indirect Liabilities of Polish Banks AD 2015



Mieczysław Groszek, Marek Radzikowski

mBank-CASE Seminar Proceedings No. 138, August 2015

This report was an attempt to conduct a comprehensive analysis of the direct and indirect burdens imposed upon banks in 2015. The idea to present such factors—which are often extremely varied in nature—in a single study was born out of the fact that these factors are often considered separately and based on various criteria, which causes them to be split into different groups. This approach results in a fairly common tendency for a fragmentary assessment of their impact and, more importantly, in the adoption of piecemeal regulations which fail to take into account the full impact of the actions taken in different areas. This applies in equal measures to supervisory authorities, regulators, analysts, policymakers, and the media, which means that, in a somewhat oversimplified sense, the above statement is applicable to the public at large. This situation can be most succinctly characterized in the manner presented below. In the aftermath of the crisis, banks require a new set of instruments to regulate the functioning thereof. This is because they are to become more stable, safe, less risk-prone, and more customer-friendly. Each of these areas requires a separate set of regulatory instruments, along with the respective subgroups thereof. Oftentimes they are not synchronized with each other and are usually aimed at the implementation of a specific goal to an excessive extent. In addition, there are also “special tasks,” such as the reform of the Credit and Saving Unions (SKOK).

Corporate Debt Securities Market in Poland: State of Art, Problems, and Prospects for Development



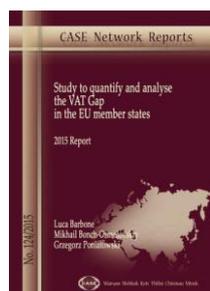
Agnieszka Gontarek, Tomasz Gałka, Piotr Kowalski

mBank-CASE Seminar Proceedings No. 136, September 2015

The development of the Polish corporate bonds market resulted from changes on the supply side. When the Lehman Brothers went bankrupt, Polish entrepreneurs realized that financing their companies’ operations only with the use of credit, even if contracted from different sources, might not be the best idea. Consequently, Polish business turned to debt instruments – said Piotr Kowalski, one of the keynote speakers during the mBank-CASE Seminar no. 136. In this publication, which is an extended and authorized version of the presentations delivered during the abovementioned seminar, the authors discuss the various aspects of the corporate debt securities market in Poland. Piotr Kowalski gives a

thorough presentation of the subject of the analysis, Agnieszka Gontarek presents domestic regulations and factors, and Tomasz Gałka writes about the consequences of excessive burdens.

Study to Quantify and Analyse the VAT Gap in the EU Member States. 2015 Report



Luca Barbone, Mikhail Bonch-Osmolovsky, Grzegorz Poniatowski

CASE Network Reports No. 124, September 2015

This report provided estimates of the VAT gap for 26 EU Member States for 2013, as well as revised estimates for the period 2009-2012. It was a follow-up to the report “Study to quantify and analyse the VAT Gap in the EU-27 Member States,” published in September 2013 (hereafter: 2013 Report), and to the report “2012 Update Report to the Study to Quantify and Analyse the VAT Gap in the EU-27 Member States,” published in October 2014 (hereafter: 2014 Report). As in previous reports, it was not possible to include estimates for Croatia and Cyprus, due to as-yet-incomplete national account statistics for the two countries.

The VAT gap is an indicator of the effectiveness of VAT enforcement and compliance measures, as it provides an estimate of revenue loss due to fraud and evasion, tax avoidance, bankruptcies, financial insolvencies, as well as miscalculations. As the VAT gap in this study is based on a top-down approach, it does not readily lend itself to be deconstructed according to industrial sectors or other criteria (i.e. territorial or professional), and can be best used as a diagnostic tool in the context of its evolution over time. The year 2013 saw a continuing overall unfavorable economic environment, as the GDP of the EU was nearly stagnant. This contributed to a slowdown of nominal final consumption and of other economic aggregates that form the basis of the VAT. Six countries applied changes to standard or reduced rates in 2013, marking a relatively stable policy environment. During 2013, the overall VAT total tax liability (VTTL) for the EU-26 Member States grew by about 1.2 percent, while collected VAT revenues rose by 1.1 percent. As a result, the overall VAT gap in the EU-26 saw an increase in absolute values of about €2.8 billion, to reach €168 billion. As a percentage, the overall VAT gap stayed constant at 15.2 percent. The median VAT gap rose by 1.6 percentage points, to reach 13.9 percent. In 2013, Member States’ estimated VAT gaps ranged from the low of 4 percent in Finland, the Netherlands, and Sweden, to the high of 41 percent in Romania. Overall, 15 Member States decreased their VAT gap, with the largest improvements noted in Latvia, Malta, and Slovakia. Eleven Member States saw an increase in their VAT gap, generally of small magnitudes, with the largest deteriorations in Estonia and Italy.

**| Labor Markets, Migration,
Social Policy, and Social
Services**

Projects

MOPACT - Mobilizing the Potential of Active Ageing in Europe

The MOPACT project (started in 2013 and continuing through 2017) aims at operationalizing the multidimensional concept of active aging as the basis on which longevity can be made an asset for social and economic development. The detailed objectives of the MOPACT project are as follows:

1. Conducting the most comprehensive review to date of the social and economic challenges of aging;
2. Collecting and analyzing social innovations and policy initiatives;
3. Mapping the steps required to realize active aging in Europe and to propose innovative ways of doing so;
4. Involving stakeholders, such as policy makers, practitioners, product producers, designers, and older people; and
5. Undertaking the wide and effective knowledge transfer and dissemination of the work of MOPACT.

CASE contributes to several work packages, which include, inter alia, identifying and assessing the motivations for and attitudes towards extended working lives for Poland and the Czech Republic, identifying and assessing the structural drivers of and barriers to innovation for Poland and the Czech Republic, conducting analysis on social engagement and participation and good practices in social engagement.

Experts:

Stanisława Golinowska, Vice Chairwoman of the CASE Supervisory Council

Elena Jarocińska, CASE Fellow

Jorgen Mortensen, CASE Fellow

Aart Jan Riekhoff, CASE Expert

Anna Maria Ruzik, CASE Expert

Agnieszka Sowa, CASE Expert

Izabela Styczyńska, Vice President at CASE

Partners:

Europaisches Zentrum Fur Wohlfahrtspolitik Und Sozialforschung (EUROPEAN CENTRE); Centre For European Policy Studies (CEPS); Stichting Katholieke Universiteit Brabant Universiteit Van Tilburg (TILBURG UNIVERSITY); Ministerie Van Economische Zaken, Landbouw En Innovatie (CPB); Collegio Carlo Alberto - Centro Di Ricerca E Alta Formazione (CCA); Elinkeinoelaemaen Tutkimuslaitoksen Kannatusyhdistys R.Y. (ETLA); University Of Kent (UNIKENT); National Institute of Economic and Social Research Lbg (NIESR); Istituto

Nazionale Di Riposo E Cura Per Anziani (INRCA); Kopint-Tarki; Konjunkturakutato Intezet Zrt (KOPINT-TARKI); Age Platform Europe Aisbl (AGE); Instituto De Ciencias Sociais Da Universidade De Lisboa (ICS-UL); Università Degli Studi Di Napoli Federico II. (UNINA); Ruhr-Universität Bochum (RUB); Julius-Maximilians Universität Würzburg (UWUERZ); Universitetet I Oslo (UiO); Cranfield University (CranU); Università Degli Studi Di Salerno (UNISA); Magyar Tudományos Akadémia Tarsadalomtudományi Kutatóközpont (IS RCSS HAS); Westfälische Hochschule Gelsenkirchen, Bocholt, Recklinhausen (IAT); Universität Innsbruck (UIBK); Technische Universität Braunschweig (TUBS); University Of Southampton (Southampton); Forschungsgesellschaft für Gerontologie e.V. / Institut für Gerontologie an der TU; Dortmund (TUB/IFG); Sihtasutus Poliitikauringute Keskus PRAXIS (PRAXIS); and Institutul National De Cercetare Stiintifica In Domeniul Muncii Si Protectiei Sociale (INCSMPS).

Sponsor:

European Commission: DG Research and Innovation

NEUJOBS – Employment 2025: How Will Multiple Transitions Affect the European Labour Market

The objective of NEUJOBS was to imagine the future, or rather, various possible futures, under the conditions of a socio-ecological transition (incorporating other key influences), map the implications for employment overall, but also in key sectors and relevant groups, and integrate this under a single intellectual framework. CASE led the work packages “work life balance and welfare transformation” and “employment of the elderly.” CASE also participated in the research activities of “healthcare and services for the aging population.” Additionally, CASE experts were the authors of three publications: “Impact of ageing on curative health care workforce. Country report Poland,” “The impact of institutional and socio-ecological drivers on activity at older ages,” and “Regional disparities, ageing and territorial aspects of employment.” The project publications are available on the CASE website.

Experts:

Stanisława Golinowska, Vice Chairwoman of the CASE Supervisory Council

Elena Jarocińska, CASE Fellow

Ewa Kocot, CASE Expert

Boris Najman, CASE Fellow

Alexander Neumann, CASE Expert

Aart Jan Riekhoff, CASE Expert

Agnieszka Sowa, CASE Expert

Constantin Zaman, CASE Expert

Partners:

€PRISM - Europrism Research Centre (Cyprus) Ltd; CEPS - Center for European Policy Studies (Belgium); CEU CPS - Közép-Európai Egyetem; DELFT - Technische Universiteit Delft; DIW -

Deutsches Institut für Wirtschaftsforschung (Germany); ESRI - The Economic and Social Research Institute (Dublin); ETUI - Institut syndical européen; IBS - Fundacja Naukowa Instytut Badań Strukturalnych; IHS - Institute for Advanced Studies (Austria); IWM - Institut für die Wissenschaften vom Menschen; IZA - Forschungsinstitut zur Zukunft der Arbeit GmbH; LSE - London School of Economics and Political Science (UK); LUISS (Italy); MU - Masarykova Univerzita; MZES - Mannheimer Zentrum für Europäische Sozialforschung, Universität Mannheim; NIDI - Netherlands Interdisciplinary Demographic Institute; OSE - Observatoire Social Européen ASBL; RUC - Roskilde Universitet; SAVBA - Ekonomický ústav Slovenskej Akadémie Vied; SEURECO - Société Européenne d'Économie; SGI - Inštitút pre dobre spravovanú spoločnosť; TCBE - The Conference Board Inc.; TML - Transport and Mobility Leuven; UNI-KLU (ISE) - Universitaet Klagenfurt; University of Birmingham; University of Leiden (Netherlands); and UWS - University of the West of Scotland; VU - Vereniging Voor Christelijk Hoger Onderwijs Wetenschappelijk Onderzoek en Patientenzorg.

Sponsor:

European Commission: DG Research and Development

Local Economic Strategies for Shrinking and Ageing Labour Markets

Demographic changes will have broad economic, social, and political impacts worldwide, with some local areas experiencing the effects of an aging population, stagnation in population growth, or even shrinking populations particularly sharply. For these areas, the importance of strengthening economic and social resilience as opposed to a singular focus on growth is clear. Better managing and supporting older workers will become increasingly relevant, including creating opportunities for more flexible working later in life and easing transitions into retirement. Additionally, new economic opportunities will come from an increased demand for products and services oriented to the aging population (the “silver” and “white” economies). Taking these issues into consideration, the research project addressed the following policy issues:

- Management practices for older workers in firms and their impact on productivity;
- Skills development and training for older workers;
- Programs and initiatives for intergenerational solutions;
- Local economic strategies and initiatives for aging skills ecosystems; and
- Net migration flows of skilled individuals to/from aging local labor markets.

Experts:

Izabela Styczyńska, Vice President at CASE

Sponsor:

Organization for Economic Cooperation and Development (OECD)

Sustainability of the Current EU Legislative Framework to Protect Consumers and SMEs in the Digital Sphere

Since the EU regulatory framework on consumer protection and SMEs has been shaped mainly to address the off-line challenges, it may no longer fit its purpose in the digital world. This project assessed the suitability of the already adopted legal acts and their implementation by Member States, and sought to address the question of the added value of an appropriate EU-level response to these challenges.

Experts:

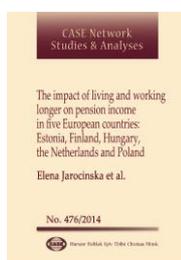
Maik Masbaum, CASE Expert

Sponsor:

European Parliament

Publications

The Impact of Living and Working Longer on Pension Income in Five European Countries: Estonia, Finland, Hungary, the Netherlands, and Poland



Elena Jarocińska, Anna Ruzik-Sierdzińska, Theo Nijman, Andres Vörk, Robert Gál, Niku Määttänen,

CASE Network Studies and Analyses No. 476/2015, May 2015

Life expectancies are rapidly increasing and uncertain in all countries in Europe. To keep pension systems affordable, policy reforms are to be implemented which will encourage individuals to work longer. In this paper, CASE experts analyzed the impact of working and living longer on pension incomes in five European countries and assessed the impact of these policy reforms on the financial well-being of the elderly. The paper shows the diversity of the policy measures taken in these countries. Furthermore, the authors analyzed the financial incentives for working longer and postponing claiming pension benefits and assessed the attractiveness of these options. Lastly, the authors studied how increases in life expectancies and survival probabilities affect pension incomes.

**Private Sector Development,
Innovation, and Knowledge-
Based Economy**

Projects

Analysis of Existing Policies Aiming to Mobilize Private Investment in the Agribusiness Sector in Ukraine

The analysis aimed to evaluate and design policies to mobilize higher and better private investment in Ukraine's agribusiness sector. A coherent policy framework is an essential component of an attractive investment environment for all investors, be they domestic or foreign, small or large. The analysis focused on selected policy areas covered by the OECD Policy Framework for Investment in Agriculture (PFIA). The PFIA is a flexible tool proposing questions in 10 policy areas to be considered by any government interested in creating an attractive environment for investors, and in enhancing the development benefits of agricultural investment.

Experts:

Christopher A. Hartwell, President of CASE Management Board

Sponsor:

OECD

"Ex-Post" Evaluation of Cohesion Policy Programs, 2007-2013, Financed by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF)

The project aimed at performing an ex-post assessment of the effectiveness and overall impact of the European Regional Development Fund (ERDF) in supporting SME innovation and development throughout the EU over the 2007-2013 programming period.

The evaluation study was part of a comprehensive program of ex-post evaluations of the ERDF and the Cohesion Fund (CF) in 2007-2013, taking place in the context of the Commission's efforts to fulfill commitments in terms of transparency and accountability and to foster evidence-based and result-oriented policy making. It took on a specific strategic importance for two reasons: the relevance of measures dedicated to SMEs in the overall ERDF budget, and the importance of SMEs for the European economy in general and European regions in particular.

The general objective of the study was to collect important evidence and build up cases concerning the conditions under which SME business and innovation support deployed in the context of the ERDF is effective, as emerging from a sample of 50 operational programs.

Experts:

Elena Jarocińska, CASE Fellow

Jan Teresiński, Economist at CASE

Partners:

CSIL; CSES

Sponsor:

European Commission

Lessons from the Polish Mining Industry for Kosovo

Within the framework of this project, CASE prepared a case study on KGHM Polska Miedź—one of the largest producers of copper and silver in the world. The analysis included the production areas and operations of KGHM, the corporate governance of the company, its relationship with government and parliament, as well as a SWOT analysis. A particular focus was put on the ownership arrangements of KGHM, especially the history of its privatization. CASE examined how successful the privatization was, particularly taking into account the performance of KGHM after the transformation process.

Experts:

Grzegorz Poniatowski, Senior Economist at CASE

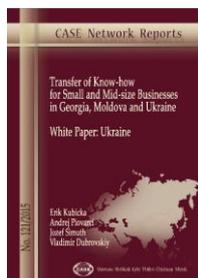
Jan Teresiński, Economist at CASE

Sponsor:

Parliamentary Committee for Economic Development, Infrastructure, Trade, and Industry of the Republic of Kosovo

Publications

Transfer of Know-How for Small and Mid-Size Businesses in Georgia, Moldova, and Ukraine White Paper: Ukraine



Vladimir Dubrovskiy

CASE Network Reports No. 121, March 2015

The publication was issued within the project “Transfer of Know-how for Small and Mid-size Businesses in Georgia, Moldova, and Ukraine,” which aimed to assist SMEs in these countries by providing support to stakeholders in their efforts to develop analytical and policy advocacy capabilities and by opening new channels of communication between SMEs and NGOs in the Visegrad countries (Czech Republic, Hungary, Poland, and Slovakia) and the rest of the EU. The objective of the study was to deliver the complete findings and outcomes of the project focused on Ukraine. This White Paper served as an authoritative document with action plans, budgets, and a tangible way for the beneficiary country stakeholders to

move forward with the agenda of small and medium-sized business development. It presents an overview of background information and contains basic data on the countries, including some key macroeconomic comparisons as well as rankings in major competitiveness reports (e.g. the World Bank's Doing Business report), identifies project stakeholders, and provides an overview of the situation of small and medium-sized enterprises in Ukraine. It also includes the findings of two surveys implemented by the Slovak-Ukrainian team.

Transfer of Know-How for Small and Mid-Size Businesses in Georgia, Moldova, and Ukraine White Paper: Moldova

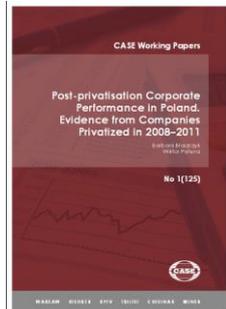


Magdolna Sass, Oliver Kovacs, Lidia Garbovan, Gabor Hunya

CASE Network Reports No. 122, May 2015

The report was part of the project “Transfer of Know-how for Small and Mid-size Businesses in Georgia, Moldova, and Ukraine,” and focused on the potential of the development of small and mid-size businesses in Moldova. It provides an economic overview of the country, and analyzes various best practices and lessons learned from the development of SMEs in the Visegrad countries, especially Hungary. The report provides a description of economic developments, main trade figures, relevant labor developments, migration and the role of remittances, and defines the bottlenecks for SME development in the country. The authors built their analysis on the available literature and statistics as well as their own survey and interview series. The study highlights six case studies relevant for SME development selected for deeper investigation, such as simplified tax schemes, online tax reporting, entrepreneurship education, agriculture and producer organizations, the wine industry, and issues of measurement in the SME sector. Finally, the report develops potential intervention schemes for Moldovan stakeholders and provides further recommendations for longer-term initiatives and actions taken to support economic and SME development.

Post-Privatization Corporate Performance in Poland. Evidence from Companies Privatized in 2008-2011



Barbara Błaszczyk, Wiktor Patena

CASE Working Papers No. 1(125) October 2015

The study concerns the effects of the Polish privatization program conducted during 2008-2011. After drawing a broad picture of this process, the authors investigated the performance of 59 privatized companies, conducting a deeper analysis of three companies, which is the core part of their study. They tested the hypotheses that privatization increases a company's profitability, labor productivity, capital investment spending, plow-back ratio, and leverage. In the case studies, the authors additionally explored the effect of privatization on each company's value. The outcomes concerning the larger group of companies were partly ambiguous (with four hypotheses confirmed and four rejected). Profitability did not visibly improve, although a number of positive initiatives and improvements in performance occurred. By contrast, the three case studies showed a significant improvement in profitability and all other performance indicators observed, as well as a considerable increase in company value. The results show that privatization works, though its full effects need time to be realized.

Governance and Institutional Reform

Projects

The Place of Local and Regional Self-Government in Eastern Partnership Policy Making and Delivery

In light of existing and new developments in EaP countries at the political level, this study aimed to provide quantitative and qualitative data and an assessment of the economic developments in each EaP country and their current and possible future impact in the regional and local economies of these countries. The study also aimed to provide a clear picture of the situation within EaP countries regarding the devolution and division of competences on the one hand and the provision of adequate financial resources, through fiscal decentralization, on the other. Changes in the decision of powers on the administrative side are not necessarily mirrored by changes in the budgetary decision of powers or allocation of budget. One of the project's tasks was to provide the basis for an analysis of the dynamic relationship of these two sides, thus going beyond a static ad hoc picture of one country.

Experts:

Irina Tochitskaya, CASE Fellow

Maria Shappo, CASE Expert

Sponsor:

Committee of Regions FWC External Relations

Publications

Revisiting the Environmental Rewards of Economic Freedom



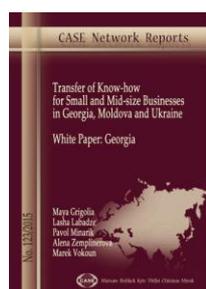
Christopher A. Hartwell, Don L. Coursey

Other Publications No. 2/2015, March 2015

Previous research has detailed the positive link between economic freedom and environmental and public health outcomes. However, advances in the interim in our knowledge of how economic freedom affects various economic outcomes, as well as in the quantification of various economic institutions, calls for a re-examination of the results. Compiling a new panel data set that picks up where the prior analysis left off, the authors of the article utilize FE-GLS methods to find that economic

freedom writ large leads to a cleaner and healthier environment. Additionally, economic freedom as manifested in contracting institutions also correlates with positive health and environmental outcomes, even in the presence of differing control sets.

Transfer of Know-How To Small and Mid-Size Businesses in Georgia – White Paper



Lasha Labadze, Maya Grigolia, Alena Zemplerova, Marek Vokoun, Pavol Minarik

CASE Network Reports No. 123, September 2015

This report has been prepared in the framework of the project “Transfer of know-how to small and mid-size businesses” of the International Visegrad Fund (IVF) and USAID. It summarizes the conditions of the SME sector in Georgia, identifies the main problems in their development, and provides recommendations for further interventions based on the Czech experience, existing literature, and a survey implemented among SME stakeholders. Georgia generally receives favorable evaluations of its business environment. It ranks high in indices of economic freedom and is among the top countries with respect to ease of starting a business and doing business. On the other hand, the SME sector suffers from several problems. The most serious obstacle to SME development seems to be in the area of finance; access to finance is difficult for SMEs and the cost of credit is high. Human capital and innovations are among the weak points of Georgian SMEs as well. The different shortcomings of the environment and markets call for different interventions. The paper is roadmap of concrete activities—it contains a set of recommendations to support SME development drawn from three different sources: first, the theoretical foundations of entrepreneurship policy, second, the Czech experience and know-how in the SME sector, and finally, the ideas of local experts and stakeholders generated during interviews and workshops.

Infrastructure, Energy, and Climate Change

Projects

Dynamic CGE Model for Energy Policy Analysis

This ongoing project has two primary aims. First, CASE is interested in identifying and assessing the direct and indirect effects resulting from the implementation of three main alternative scenarios of the modernization of the energy sector on the Polish economy within the next two decades (through 2035). Second, we are in the process of developing an analytical tool, a dynamic computable general equilibrium (CGE) model, dedicated to a countrywide analysis of energy policy. The model will simulate the economic effects of sector regulations and new policy targets within each scenario, accounting for complex sets of linkages between the energy sector and other parts of the economy.

Experts:

Grzegorz Poniatowski, Senior Economist at CASE

Maciej Sobolewski, CASE Expert, former Acting President at CASE

Jan Teresiński, Economist at CASE

Partners:

Narodowe Centrum Nauki

Sponsor:

University of Warsaw

Socio-Economic Analyses for Two UNDP DPRK projects: Supporting Socio-Economic Development of Rural Areas (SED) and Strengthening Ecosystem Resilience and Community Adaptive Capacity in Climate Affected River Basins (SERCARB)

The SED project aimed to improve the living standard of people in the rural areas of the Democratic People's Republic of Korea (DPRK). The project is expected to benefit the rural population in pilot counties by promoting employment and income generation, improving household food security, and strengthening rural production systems through the revitalization of county- and village-level small food and daily necessities factories, raw material bases for daily necessities factories and enterprises, as well as the human and social resources necessary for such development.

The specific objectives of the project were to: provide up-to-date information on the socio-economic and climatic situation relevant to the pilot areas in the DPRK; identify the key drivers relevant to the theories of change informing the projects; and through the implementation of identified analyses and surveys, provide data and statistics for project

management. CASE's role in the project was on the socio-economic and conceptual side of the survey design.

Experts:

Paul Gregory Hare, CASE Expert

Katarzyna Czaplicka, CASE Expert

Magdalena Lukowska-Sumila, CASE Expert

Partners:

Global Development Research Group (GDRG, Poland)

Sponsor:

UNDP

Development of the Timber Industry in Poland in the Context of Regulatory Changes in Domestic and International Trade – A Forecast Project

This project concerned the analysis of Polish timber industry and wood market, specifically its development in recent years and its current state—in comparison with selected European countries (Sweden, Finland, Germany, Lithuania, Bulgaria, and Slovakia). Within the framework of the project, CASE analyzed various timber industry policies in the EU and the structure of the wood market. The analysis also included a forecast of the development of the Polish timber market and industry based on various scenarios. The outcome of the project was a report providing suggestions on best policies that could support the development of the timber industry in Poland.

Experts:

Izabela Styczyńska, Vice President at CASE

Jan Teresiński, Economist at CASE

Grzegorz Poniatowski, Senior Economist CASE

Aldona Rakauskaite, CASE Expert

Konstantin Kolev, CASE Expert

Anna Mądrawska, CASE Expert

Sponsor:

Polish Economic Chamber of Wood Industry

Low Carbon (Energy) Growth Study – Kosovo

This project gathered existing data, proxies based on the team’s proprietary knowledge and expertise, as well as international benchmarks, and used these sources as a basis for the Business as Usual and scenario projections of emissions. The project aimed to create a starting point for the low carbon growth strategy, and assess a range of measures that can be prioritized according to their expected impact and related costs. By sharing the resulting database and the tool that generates marginal abatement cost curves (MACCs) based on the collection of required inputs, the research ascertained that insights can be sharpened and further tailored to local conditions, as additional data would be collected in the near future.

Experts:

Agon Nixha, CASE Expert

Sponsor:

Ecofys Netherlands B.V.

Analysis of Energy Prices and Costs in the EU, its Member States, and Major Trading Partners

This study updated and extended the analysis on energy prices and costs in the EU and its major trading partners by assessing the recent evolution, composition, and drivers of energy prices and costs for households and industries in the context of competitiveness, affordability, and their role as market signals for investment needs and market scarcity.

Experts:

Grzegorz Poniatoski, Senior Economist at CASE

Valentina Ivan, CASE Expert

Lisa Pace, CASE Expert

Kristina Petrikova, CASE Expert

Slavica Robić, CASE Expert

Stefan Bouzarovski, CASE Expert

Saska Petrova, CASE Expert

Jaanus Uiga, CASE Expert

Milan Scasny, CASE Expert

Jaako Karas, CASE Expert

Marika Rosa, CASE Expert

Gabor Csanak, CASE Expert

Migle Vakarinaite, CASE Expert

Partners:

Fraunhofer ISI

Sponsor:

DG Energy

CASE Communications

Communications

Communications is one of the key pillars of CASE activities. CASE carries out an active communication strategy designed to encourage and stimulate socio-economic dialogue, to inform the general public about ongoing CASE initiatives and the results of its projects, and, most importantly, to provide CASE's audience with impartial analysis and to help them to form their opinions on social and economic issues.

CASE's communication strategy is based on an integrated approach; it involves a wide variety of information measures: media relations, events, web communication, social media, publications, and video materials. Through these channels, CASE connects to its target audience of academics, policy makers, and members of the international business community.

Media

In 2015, the presence of CASE-affiliated experts in international media, such as the Washington Times, Handelsblatt Global Edition, Russia Direct, and World Commerce Review, among others, has significantly increased. Moreover, CASE has been present in national and regional media, including Ukrainian Week (Ukraine), Bulgarian National Radio, and Dukascopy.tv. CASE experts have also published in and have been interviewed by the Polish media, e.g.

Gazeta Wyborcza, Rzeczpospolita, and Radio TOK FM, Newseria to name a few. Moreover, CASE developed regular cooperation with the Polish Press Agency (PAP Biznes), which currently releases monthly updates of the Online CASE CPI. Additionally, we have continued advancing our presence in broadcast media, with an increasing number of CASE experts' interviews for TV, radio, and Internet media services. On average, CASE was present in various media outlets five times per month.



An important milestone in 2015 media relations activities was the launch of the Online CASE CPI and the EU report about the VAT gap in EU-27 countries. Both topics raised a considerable interest among Polish media. Experts from both projects were interviewed by the Polish TV and Radio, and the outcomes of the projects were widely discussed in the press.

GLOBAL EDITION
Handelsblatt



Equally importantly, CASE cooperated regularly with both the general and vertical media, which helped to disseminate information not only within a groups of experts, but also among wider audiences.

Website

CASE's website (www.case-research.eu) is the main mode of communicating information about our mission, upcoming events and activities, recently completed projects, and latest publications. Our website is the backbone of CASE's dissemination strategy as it serves as a repository of all CASE and mBank-CASE publications, which are published and archived online. The website is run in both English and Polish, and is updated regularly. We are currently in the process of updating our website in 2016, as security issues with the previous provider led to two unfortunate hacking incidents in 2015; we anticipate a new website to be up and running this year. The website has been and will remain a key medium for the communication of CASE activities and outputs, and the new site will reflect its importance in our communications strategy.

Social Media

Given the heart of contemporary communication beats strongest in social media channels, CASE actively engages in dialogue on social media outlets. The number of followers of CASE's Facebook page grew by 40% in 2015 and CASE launched a new Facebook series: CASE Quotes and CASE & Numbers, which refer to famous economists and to significant numbers from CASE research, respectively. CASE also launched a Twitter profile: @CASE_research, which gained over 110 followers, including journalists.

CASE maintains a LinkedIn page and shares its publications, presentations, and briefs on the popular online sharing service—SlideShare.

Outreach

CASE provides its audiences with regular updates on its institutional activities by disseminating a newsletter, e-briefs, and events newsletters, and by publishing reports and analyses. Altogether, our newsletters reach more than 8,000 recipients globally, and present the latest information on new publications, recent and forthcoming events, and information on CASE research and advisory project activities.

Our publications are not only accessible through our website but can be also found at various academic search engines like: the Social Science Research Network (SSRN), the

Research Papers in Economics (RePEc), EBSCO, ProQuest, and Open AIRE. We also actively use our social media channels, and channels of our Networks, to promote our research and make it accessible to the readers from all over the world.

Events

Each year CASE hosts a series of events that promote the awareness and understanding of the implications of global economic policy, as well as foster the debate on key socio-economic issues. The events are most often related to CASE's research projects. As with the past several years, CASE welcomed speakers from many leading institutions, including the IMF, the World Bank, the Atlantic Council, and the London School of Economics.

Financing of CASE Activities

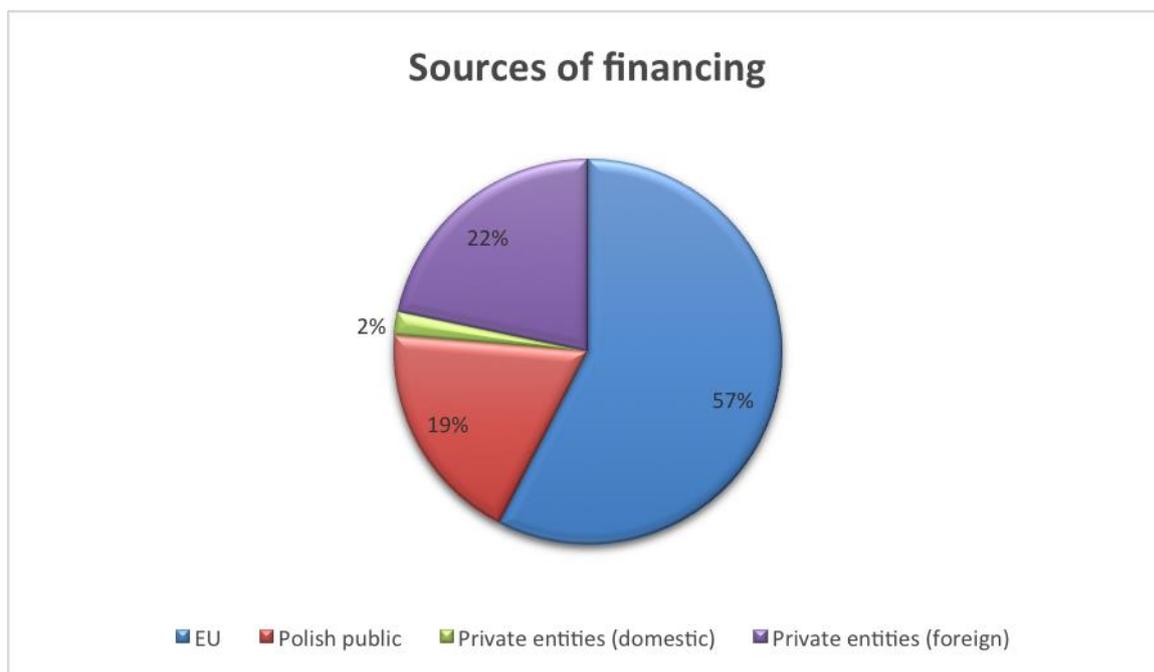
Sources of Financing

Breakdown of total revenue	PLN	EUR
1. Revenue from statutory activity	4 256 891,15	998 918,49
1.1. Project-based funding	4 256 891,15	998 918,49
1.2. Institutional support	0,00	0,00
2. Operating revenue	4 432,01	1 040,01
3. Financial revenue	69 026,77	16 197,76

CASE financing 2015	PLN	EUR
1. Margin from statutory activities	1 519 776,89	356 629,56
2. Financial and operating revenues	73 458,78	17 237,78
3. Operating expenses	933 203,30	218 984,70
4. Financial expenses	200 077,18	46 949,94
5. Net result	459 955,19	107 932,70

Exchange rates based on NBP rates 1 EUR=4,2615 (31 Dec 2015)

As in previous years, CASE's statutory activity in 2015 was solely based on project activities (both non-profit and for-profit). Funds were obtained from the following sources (as a percentage of total project revenues for 2015):



The European Commission continued to provide the greatest portion of CASE’s revenue. Its share increased by 5 percentage points when compared to 2014, and represents 57% of project funding. In 2015, we experienced a growth in funding coming from the Polish public sector—this share increased by 13 percentage points, reaching 19% in 2015. Funding from private domestic entities is the smallest source of financing for CASE statutory activities (2%).

Changes in the value of the endowment in 2015	PLN	EUR
1. Stocks at the beginning of 2014	3 154 142,39	740 148,40
2. Interest and profits from the endowment in 2015	53 918,56	12 652,48