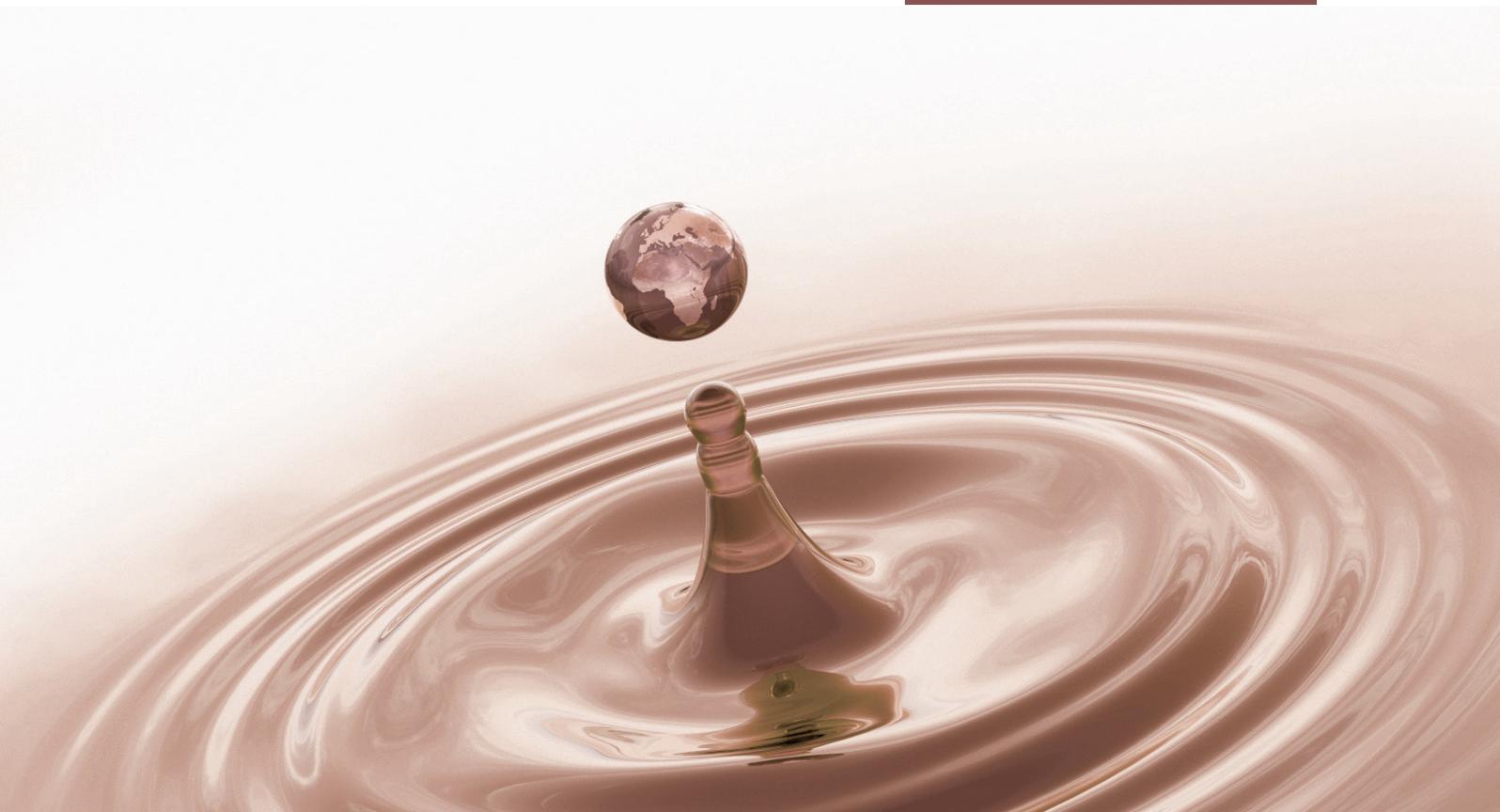


Annual Report

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Center For Social And Economic Research

Letter from the Board

CASE is an economic and public policy research institution founded on the idea that evidence-based policy making is vital to the economic welfare of societies. The year 2007 presented a number of policy challenges for Central and Eastern Europe, the European Union and the global community. True to our institutional mission, we strove to contribute high quality research and unique insights to a specific set of policy debates in which we feel that we have the opportunity to make a difference.

Some of these challenges are of a longer term nature, such as the ongoing shift in the global economic balance-of-power toward the emergent economies of Asia. Our major event of 2007 was an international conference held in Kiev in March at which academics and policy-makers from across the world convened to examine this phenomenon. This conference facilitated an exchange of view-points on key issues such as global macroeconomic imbalances. It also enabled a deeper comparative analysis of economic policy choices in Asia and Europe and the linkages between these and economic growth rates. Finally, as befitting a conference held in Kiev, capital of a country in which Euro-Atlantic integration has been high on the political agenda, the conference allowed a range of analysts and policy-makers to assess the developing economic relationship between the European Union member-states and their eastern neighbours and the potential impact of the European Neighbourhood Policy.

In the shorter-term, our researchers contributed insights to key policy questions surrounding European Union trade policy, labour market policies, social policies and efforts to stimulate more innovation and competitiveness in European economies, particularly in Central and Eastern Europe. While remaining focused on our five core thematic areas of: (1) European Neighbourhood Policy, enlargement, trade and economic integration, (2) labour markets, human capital and social policy, (3) innovation, competitiveness and entrepreneurship, (4) reforms, growth and poverty reduction in developing and transition countries, (5) macroeconomics and public finance, we are also cognizant of new policy challenges facing Europe, including the economic impact of climate change mitigation policies and the economics of energy policy. We hope to develop and sustain the capacity to add an important central European voice to these debates as well.

In addition to expanding our thematic reach, we are also broadening our geographic horizons. In 2007 we were increasingly active in the Middle East and North Africa region through our participation in the FEMISE network of European and Mediterranean research institutes and through our participation in projects and events in Egypt, Morocco, Syria and Yemen. We will continue to strengthen our focus on the Middle East and North Africa in 2008.

Beyond our core research, our networking and communications activities remain central to our organizational development. From its inception, CASE has been an organization focused on building networks of institutions and individuals. On the institutional level we continue our membership of various European, Eurasian and Mediterranean research networks. We also continue to build our own network of associated institutions in post-Soviet countries. In 2007 we launched CASE Belarus, the newest member of the CASE network, which we hope will play an important role in developing economic policy and reform in that country. We also continue to grow our networks of individual CASE scholars. We have also enhanced our communications activities in 2007 with the launch of our new E-Briefs series of short, policy-oriented, English-language publications targeted at a policy-making, media and business audience. Financially, with continued critical support from the Third Sector Program co-financed by the Trust for Civil Society in Central and Eastern Europe and administered by the Stefan Batory Foundation, and from visionary private donors, we have made progress in growing our endowment.

Finally, 2007 saw a leadership transition at CASE, with Artur Radziwiłł stepping down from his post as vice president. Małgorzata Jakubiak, one of our most accomplished researchers, has stepped in to this role.

With best wishes,



Ewa Balcerowicz

Małgorzata Jakubiak

James Cabot

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About Case

CASE - Center for Social and Economic Research is an independent non-profit institute founded on the idea that research-based policy-making is vital for the economic welfare of societies. Established in Warsaw in 1991, today CASE is an internationally renowned think tank drawing on the talents of prominent economists and driving the creation of a network of partner institutions in transition countries. CASE carries out policy-oriented research and development assistance projects, specializing in questions of European integration, post-communist transition, and the global economy.

Mission

Our mission is to provide objective economic analysis and to promote constructive solutions to the challenges of transition, reform, integration and development in order to improve the socio-economic well-being of societies.

Activities

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

- Conduct independent, high-quality research and analysis
- Advise governments, international organizations and the NGO sector
- Inform and encourage public debate
- Disseminate economic knowledge and research results
- Support the growth and independence of the NGO sector in post-communist countries

Values

We define ourselves by our values: integrity, quality, transparency, diversity and non-partisanship and, above all, by a commitment to the pursuit of excellence in all areas of our activities.

We seek to be an institution defined both by institutional integrity, and by the integrity of our experts and staff.

We seek to be a group of scholars and experts defined by the quality of our research outputs and our advisory and technical assistance activities.

We seek to maintain full transparency with regard to our sources of funding, our participation in projects and other institutional activities.

We seek to be characterized by diversity in the projects we tackle, the experts we contract, the partners with whom we work, and the donors who support us.

Finally, we seek to maintain a strict sense of non-partisanship in all of our research, advisory and educational activities.

Network

CASE has capitalized on its institutional experience by helping to co-found a network of independent research institutes across post-communist countries:

- CASE-Belarus (Warsaw, Poland)
- CASE-Kyrgyzstan
- CASE Moldova
- CASE-Transcaucasus
- CASE Ukraine
- IPM-CASE Research Centre (Belarus)

The network represents our continued efforts 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 civil sectors in these societies.

External Research Networks

CASE is an institutional member of six external networks:

ENEPRI - European Network of Economic Policy Research Institutes (ENEPRI) brings together 22 leading national economic policy research institutes from across the European Union. The goals of the network are to foster the international and pan-European diffusion of existing research, to conduct joint research projects and to increase public awareness of the European dimension of national economic policy issues. ENEPRI is one of the primary avenues through which CASE participates in pan-



European research projects focused on health and social policy issues. In 2007, our researchers worked alongside ENEPRI partners in the AHEAD and AIM projects (please see below). ENEPRI is coordinated by the Centre for European Policy Studies (CEPS) in Brussels. Its website can be found at: www.enepri.org

EUROFRAME-EFN: EUROFRAME-European Forecasting Network (EFN) brings together ten of the most respected economic forecasting and research institutes in Europe to produce twice-yearly reports on the euro area for the European Commission's Directorate-General of Economic and Financial Affairs. The reports include economic forecasts, policy monitoring and coverage of special policy topics. CASE joined EUROFRAME-EFN in late 2007 after contributing to specific EUROFRAME-EFN projects from 2005 onward. The network is coordinated by the Economic and Social Research Institute (ESRI) in Dublin. Its website can be found at: www.euroframe.org

FEMISE – Forum Euro-Méditerranéen des Instituts Economiques (FEMISE) is a Euro-Mediterranean network which brings together more than 70 independent economic institutes from across the European Union and Middle East and North African regions to conduct socio-economic analysis of the Euro-Mediterranean Partnership. CASE joined FEMISE in late 2006 and began to actively participate in FEMISE activities in 2007. FEMISE is coordinated by the Institute for the Mediterranean in Marseille and the Economic Research Forum in Cairo. Its website can be found at: www.femise.org

ERAWATCH – is a network designed to support policy making in the research field in Europe. Its objective is

to provide knowledge and a better understanding of national and regional research systems and of the environment in which they operate. ERAWATCH is also contributing to the realization of the European Research Area (ERA), which aims to create a more coherent science and technology environment across the European Union through improved coordination of existing and future member-states' national scientific and technology capacities. CASE is an associate member of ERAWATCH. The network is a joint initiative of the European Commission's Directorate-General for Research (DG Research) and the European Commission's Joint Research Centre – Institute for Prospective Technological Studies (IPTS) in Seville. Its website can be found at:

www.cordis.europa.eu/erawatch

ARETT – the Association of Russian Economic Think Tanks (ARETT) was created in 2002 in Moscow to bring together scientific and research institutes and non-profit organizations, as well as teams of researchers studying economic policy. CASE joined ARETT in the fall of 2004 as an observer.

In 2007, we continued to support the Association of Polish Non-Governmental Organizations known as 'GRUPA ZAGRANICA'. This is a group of 40 Polish organizations which are united by the international scope of their work and by their aim to educate and inform Europeans about the needs of people living in developing countries. Grupa Zagranica in turn gave us valuable support in developing the concept behind a project that we will launch in 2008 that will focus on increasing understanding of the European Union's international development agenda in the new member-states.

Key Institutional Achievements in 2007

Focusing on European Union economic relations with the CIS

In 2007 CASE led the ENEPO research project, which examines critical areas of the economic relationship between the Eastern Europe and Central Asia region and the European Union. Separately, we produced a focused report on the shape of a potential EU-Russia free trade agreement for the European Commission's Directorate-General for External Trade. We then launched similar studies on the shape of potential free trade agreements between Armenia and the EU and between Georgia and the EU, also for DG Trade. These studies follow earlier reports on enhancing trade relations between the EU and Moldova and Ukraine. Finally, a CASE-led multi-national team began a study on the role of the energy sector in the economies of the CIS countries for the EC's Directorate-General for Economic and Financial Affairs. CASE is a vital resource for European and national-level policy-makers, academics, journalists, businessmen and citizens wishing to know more about the nature of the Union's economic relations with its eastern neighbourhood and how these might evolve in the future.

Expanding our geographic scope

In 2007 we expanded the geographic reach of our activities to the Middle East and North Africa region. Our staff was active in Egypt, Morocco, Syria and Yemen, where we advised governments, conducted research and analysis and organized conferences and work-shops. Additionally, 2007 saw the start of active CASE involvement in the FEMISE network of European and Mediterranean policy research institutes. We are confident that this forum will enable us to build strong and productive working relations with colleagues and institutions in the Middle East and North Africa region in the years to come.

Strengthening network activities

CASE works through many different networks. At the most basic level, CASE as a think-tank institution exists as much in network form as it does in physical form. While our Warsaw headquarters hums with the work of administrators, communications specialists, financial staff and project managers, much of our work is conducted by teams of researchers who are based across wide physical spaces – from Kyrgyzstan to the United States. In 2007 we continued to grow

and strengthen this research network. At the next network level exists our daughter-organizations and in 2007 we launched a new daughter-organization that focuses on Belarus. While CASE-Belarus will be based in Warsaw, its focus will be squarely on analyzing developments in the Belarusian economy and on assessing the extent to which market reforms can be implemented. At the third network level, CASE continues to participate actively in a range of pan-European and international public policy networks.

Increasing our visibility in Brussels and other decision-making centres

As all who follow European affairs are aware, an increasing number of important policy decisions are being taken in Brussels. No where is this more true than in the sphere of economic policy, where external trade relations and internal market policies are firmly within the EC's sphere of competence. One of our key goals, then, has been to increase our visibility in Brussels and in other key decision-making centres. In 2007 presentations on economic relations between the EU and Moldova and the EU and Ukraine were given in Berlin (to coincide with the German presidency of the European Union), and presentations on future economic relations between the EU and Ukraine in Brussels and Strasbourg. Simultaneously, a new English-language "E-Briefs" publications series was launched with the goal of concisely and widely disseminating the policy implications of our research.

Research Program in 2007

In 2007, the CASE research program continued to focus on five areas that were of importance to the European Union, to member-state governments and to Europe's partners to the east and across the developing world. These areas are:

- European Neighbourhood Policy, enlargement and external trade
- Labour markets, human capital and social policy
- Innovation, competitiveness and entrepreneurship
- Reforms, growth and poverty reduction in developing and transition countries
- Macroeconomics and public finance

Our research activities have a network component and often reflect the cumulative efforts of teams of researchers based in different countries and different types of institutions such as universities, think-tanks, and the private and public sectors. We believe that this combination of national and sectoral diversity adds value to our research efforts and enables us to produce more timely and targeted research results. It is important to remember, however, that as an institution we merely provide a forum through which researchers carry out their work, produce results and formulate policy recommendations. CASE does not take an institutional position on any of the topics that our scholars consider.

Following the resignation of Artur Radziwiłł as vice president for research programs at CASE, Małgorzata Jakubiak has stepped into this role. Małgorzata is responsible for developing our research agenda and focusing the efforts of our network, in addition to conducting her own research.

What follows is a brief overview of each of the five main thematic areas of CASE research. Within these narrative descriptions, each reference to a project is followed by a number which refers to further information about the project in the table following the narrative descriptions.

European Neighbourhood Policy, enlargement and external trade

Following the completion of the 2004 and 2007 rounds of European Union enlargement, the central and eastern European economic space continues to undergo a profound transformation. New questions

have come to the fore regarding how the EU should structure its economic and trade relations with the new neighbours of Belarus, Moldova and Ukraine, the scope for expansion of economic and trade relations with the Transcaucasus region and Central Asia, the similarities and differences between approaches to the eastern neighbourhood and to the southern neighbourhood, and, of course, how to manage the growing economic relationship with Russia. CASE engaged with these questions, seeking to illuminate debates and illustrate choices with research-based analysis and insightful publications.

In 2007, the key CASE project in this area continued to be ENEPO (11), coordinated by Marek Dąbrowski and Maryla Maliszewska. This is a multi-year, multi-institution project focused on the future of relations between the EU and the CIS in the spheres of trade, investment, labour movement, institutional development and technical cooperation. 2007 saw the release of 21 different publications on topics ranging from migration to investment to justice and home affairs. A major project meeting was held in Kiev in March 2007, coinciding with the 2007 CASE international conference. A second conference focused on European Neighbourhood Policy and justice and home affairs was hosted by the Centre for European Policy Studies (CEPS) in Brussels on 30 November. As ENEPO now enters its final year of active existence, we look forward to a series of stimulating publications and events between now and May 2009.

Beyond ENEPO, CASE was active in examining trade relations between the EU and key eastern European partners. On 7 July members of a research team led by Maryla Maliszewska presented the findings of a study on the implications of a potential EU-Russia Free Trade Agreement (FTA) (9). Using a computable general equilibrium model, the research team presented analyses of the likely implications of different forms of trade relations ranging from shallow liberalization based only on tariff elimination to deep integration including harmonization of legislation and changes in domestic policy in key areas such as energy reform. Simultaneously, a research team led by Dr. Maliszewska and working with respected macroeconomic analysis firm Global Insight launched a year-long project to assess the impact of Free Trade Agreements between Armenia and the EU and Georgia and the EU (8). The results of these studies are being delivered to the European

Commission's Directorate-General for External Trade in March and April of 2008.

Separately, a research team led by Wojciech Paczyński and including researchers from across the CIS launched a study on the role that the energy sector plays in the economies of the CIS countries (7). This is a timely study, as Brussels and the European national capitals struggle to understand the underlying dynamics of the increasingly vital energy relationship with the CIS. The research team is presenting the study to the European Commission's Directorate-General for Economic and Financial Affairs in March 2008.

Labour markets, human capital and social policy

2007 saw further changes in central European and EU labour markets. Unemployment in central Europe continued to decline. Wages across the region rose dramatically, as multi-national and home-grown employers competed for workers. Simultaneously, policy-makers in Poland and other central European countries continued to grapple with the challenges of reforming health, social protection and educational systems, and our researchers sought to assist them in this by providing high-quality analytical research and succinct policy recommendations.

As participants in a broader consortium co-organized by the ENEPRI network of European public policy research institutes, CASE experts are handling a part of the European Social Observatory project (16), which covers demographic trends, including the monitoring of developments in fertility, mortality and migration, as well as the implications of population developments for economic growth, quality of life, human resources development, the labour market, social protection, migration and household structures. The overall project analyses the interplay between demographic trends and social developments, with an eye toward the ensuing consequences and policy challenges. We also continued important work from 2006 on aging, health, and social security in response to an increasing need to understand the policy implications of Europe's demographic decline. A CASE team continued to conduct research on the adequacy of old-age income maintenance in the European Union through the AIM project (2). A second team is carrying out research on the current state of public health systems in Central and Eastern Europe through the AHEAD project (1). AIM and

AHEAD are both ENEPRI-network research projects supported by the EC's Sixth Framework Research Programme.

Within Poland, our researchers produced a series of vital reports in 2007 for different areas of the Polish government. A team led by Mateusz Walewski produced an authoritative report on the size of unregistered employment in Poland and the causes and effects of this (26). This was particularly timely as unemployment has been a key political issue in Poland since the start of the transition period, but official figures are also thought to show much higher unemployment levels than exist in reality. Utilizing a series of surveys supplemented by in-depth interviews and focus groups, the research team concluded that official unemployment numbers for Poland are probably higher than real unemployment. The study was delivered to the Polish Ministry of Labour and Social Affairs in December.

Separately, a research team examined the changing structure and distribution of salaries in Poland from 1996 to 2006, a particularly relevant topic given recent wage increases and lingering doubts about whether wage growth has outpaced productivity growth (27). This report was delivered to the Polish Ministry of Labour and Social Affairs in November.

With a renewed focus in Poland on closing the development gap with more developed areas of the European Union, a CASE research team coordinated by Malgorzata Jakubiak examined the main areas of socio-economic convergence between Poland the rest of the European Union (28). The results of this project, including policy recommendations on how to close the development gap, were presented to the Polish Ministry of Regional Development in June.

As Poland seeks to transition toward a post-industrial knowledge economy, considerable demands are being made of educational policy makers to remedy perceived problems in the educational system and to prepare students for the challenges of a globalised world. With fellow EU member-states such as Ireland providing examples of using educational investment to propel high-tech booms, there is an increased understanding of the importance of getting education policy right. Toward this end, Jerzy Wiśniewski coordinated a series of seminars throughout the year that brought together former Polish education ministers from the period 1989 to 2005 to debate the most significant problems within the Polish educational system and to attempt to close the gap between research and policy-making in education

(30). One of the outcomes of these meetings has been the contribution of a chapter on Poland to the book *Evidence in Education: Linking Research and Policy*, published by OECD in 2007.

Continuing in the field of education, in February a research team finished a report on vocational education and training (VET) in Poland as part of a comparative study on VET across Europe, which was coordinated by the EC's European Centre for the Development of Vocational Training (CEDEFOP) (29). Finally, in 2007 CASE continued work begun in 2006 to evaluate the EQUAL Community Initiative for Poland in 2004-2006 (13).

Looking to the east of Poland, researchers led by Marek Góra have continued to contribute to a study of the Economic and Social Consequences of Industrial Restructuring in Russia and Ukraine, known by the acronym of ESCIRRU (14). The project examines the underlying economic processes driving the restructuring of industry in Russia and Ukraine, with a specific focus on particular regions where former military production has been converted to civilian production. Our view is that a deepened understanding of how the restructuring and civil conversion processes have affected the performance of the Russian and Ukrainian industrial sectors, coupled with insights into the socio-economic impact of these processes at the household level, is vital to enhancing the appropriateness of European policies toward these key eastern neighbours. This kind of innovative project is also exciting for us because it crosses different research orientations, linking our efforts to contribute to a better understanding of economic developments in the neighbourhood countries with conceptual work in the area of social policy that builds on similar work done on EU member-states.

Finally, in December a pan-European research team under the direction of CASE and Jerzy Wisniewski launched a study on Key Competences and Teacher Education across the EU (21). The project will assess the extent to which key competencies for life-long learning, as defined by the European Parliament in its recommendation adopted in Lisbon in 2006, are being implemented in primary and secondary schools across the EU. The findings of the study will be presented to officials from the European Commission's Directorate-General for Education and Culture in 2009.

Innovation, competitiveness and entrepreneurship

Although some key European economies such as Germany appeared to enjoy a rebound in growth and the competitiveness of their enterprises in 2007, the ability of European enterprises to compete in a global economy remains an area of interest for policy-makers and an area of research focus for CASE.

In 2007 a CASE research team began work in earnest on the MICRODYN project, coordinated by the Vienna Institute for International Economics (22). This is a four-year, multi-institute research project focused on the competitiveness of European firms, regions and industries and the potential for job-rich growth in a Europe situated firmly in the knowledge economy. In 2007 CASE researchers travelled to workshops in Vienna (12-14 April) and Cambridge (10-12 September) and participated in work-packages 2: innovation, competitiveness and the dynamics of market structure, 3: firms and European job and productivity dynamics, 5: internationalization of corporate activity and competitiveness, 6: policies for competitiveness and job-rich growth in Europe and 7: methods and data.

Concurrently, researchers Rick Woodward and Deniz Yoruk continued research on growth, employment and competitiveness in the knowledge-based European economy within the framework of the KEINS project ('Knowledge-based Entrepreneurship: Innovation, Networks and Systems) (19). The project examines the relevance and features of knowledge-based entrepreneurship in Europe by examining three particular kinds of entrepreneurship: start-up, corporate and academic. KEINS is coordinated by the Centre for Research on Innovation and Internationalization at the Luigi Bocconi University in Milan.

Within Poland, Michal Gorzynski conducted research on the impact of foreign direct investment (FDI) on research and development (R&D) activity, financed by the Polish Ministry of Higher Education. The work examines stimulants and barriers to FDI into the R&D sector in Poland through qualitative and quantitative surveying of foreign R&D centres and cooperating companies and academic institutions. An accompanying analysis looks at the factors stimulating or blocking spill over effects of FDI into the R&D sector to domestic companies and institutions.

Reforms, growth and poverty reduction in developing and transition countries

Our efforts in the thematic area of reforms, growth and poverty reduction in developing and transition countries bridge the gap between theory and practice and are an exciting part of our overall activities. In particular, alongside traditional research on the role of economic development and institutional reform in promoting growth and reducing poverty, our experts and staff are increasingly participating directly into EuropeAID, World Bank, Polish Ministry of Foreign Affairs and private donor supported education and technical assistance projects. We believe that we bring great value to such activities by linking these to our research outputs and personnel and by drawing on our vast institutional experience gained during the central European transition process.

In 2007 CASE participated actively in projects in Albania, Azerbaijan, Belarus, Bosnia and Herzegovina, Egypt, Georgia, Moldova, Morocco, Serbia, Syria, Tajikistan, Ukraine and Yemen. Several of these projects were particularly noteworthy:

In Belarus, a CASE team led by Piotr Kozarzewski examined the role of small business in Belarus and developed policy recommendations for more effective small business development strategies as well as for roles that small businesses in Belarus can play in becoming advocates of pro-market reforms (4). The project produced two papers in Russian and an English-language e-brief which asked 'Will private business in Belarus support market reforms?' For the answer, please visit our website. The project was supported by the Polish Ministry of Foreign Affairs.

In Egypt, Marek Dąbrowski offered long-term on-site advice to the Cabinet Information and Decision Support Center (IDSC), a government think-tank supporting the Egyptian prime ministerial cabinet's decision-making processes in the area of socioeconomic development (10). The project culminated in October and November with a month-long internship for two IDSC staff at our Warsaw headquarters, where we shared our institutional expertise in the areas of project development and management, knowledge management and knowledge dissemination. Separately, a second group of senior IDSC staff visited leading Brussels and Hague think-tanks and the EC institutions in September.

In Kazakhstan, Przemyslaw Wozniak contributed to a project on inflation in the Kazakh economy by preparing and presenting a paper on inflation processes in Poland and lessons for Kazakh policy-makers. The project is being conducted under the auspices of the Kazakhstan Revenue Watch Program of the Soros Foundation-Kazakhstan (20).

In Moldova, a team led by Sierz Naurodski and Andrius Tamosiunas implemented a project designed to increase awareness at the community level of the importance of establishing transparent and open processes for creating annual community budgets (23). This was a pilot project which was implemented with the cooperation of specific target communities. Project activities included organized trainings on budget analysis, identifying and involving relevant stakeholders, and the role of elected officials in the budget development process. During a study-tour to Poland, Moldovan community leaders observed the budget formulation process in similarly-sized Polish communities and networked with counterparts facing similar issues in community budget development. The project was supported by the Polish Ministry of Foreign Affairs and the Central European Initiative, based in Trieste, Italy.

In Tajikistan, Roman Mogilevsky implemented two projects focused on supporting the process of preparing a country Poverty Reduction Strategy Paper (35) and on increasing capacity to provide an adequate social protection net (36). Separately, CASE launched a project in support of enhanced public financial management capabilities. Technical assistance will strengthen the Public Internal Financial Control and the Treasury Management Information System within the Tajik Ministry of Finance (37). CASE is implementing the project with SOFRECO, a leading French development consultancy firm. The project is underwritten by EuropeAID and is one of several EuropeAID projects that we have recently added to our portfolio.

In Ukraine, a team led by experts Andrzej Cylwik and Michał Wilczyński analysed the potential for the liquid bio-fuel sector in Ukraine, with particularly emphasis on how the bio-fuels industry can strengthen the Ukrainian agricultural sector and support existing regional development strategies (41). The project was supported by the Polish Ministry of Foreign Affairs.

In Yemen, a team led by Artur Radziwiłł provided policy advice and capacity-building to the Ministry of

Planning and International Cooperation (42). The CASE team focused on developing a methodology for assessing proposed investment projects for economic and social returns, assessing the economic impact of greater integration with neighbouring Gulf economies by using the example of European integration, and developing a strategy for Yemeni public officials to use to drive forward long-term economic integration with the Gulf Cooperation Council, a regional grouping of states in the Persian Gulf. This project was a component of an on-going GTZ/BMZ supported project in Yemen.

At our March international conference held in Kiev, an entire panel session was devoted to the question of the necessity of aid in a world of free trade. The panellists, led by long-term CASE colleague Peter Mihalyi, discussed optimal development aid strategies and the effectiveness of such tools as trade liberalization, financial aid and technical assistance and the debates surrounding the utility of this tool and the question of country ownership. The session was held under the special patronage of the German Marshall Fund of the United States. Earlier in the conference, Jonathan White of the German Marshall Fund presented the 2006 GMF Trade Survey recording global perspectives on trade, agricultural subsidies, development aid and the competitiveness of countries and regions.

In October we hosted Jeffrey Sachs of the Earth Institute at Columbia University. Sachs, speaking at a forum co-hosted with the Polish daily newspaper *Gazeta Wyborcza*, presented his latest thoughts on development and poverty reduction and called for greater support for the international development agenda from countries such as Poland which have recently transitioned from recipient to donor status.

Finally, in 2007 CASE secured funding for a new project to be implemented in cooperation with the Overseas Development Institute in London. The project will focus on fostering new linkages between non-profits based in the new member-states and focused on international development and their counterparts in the EU-15 and among developing country partner networks. It will also work to build greater understanding of development challenges,

encourage stronger support within the new member-states for the European development agenda and contribute to more strategic and evidence-based policy dialogue on development issues with the EU. The project will be implemented from 2008 to 2010. We look forward to providing updates on this project through our website and communication materials.

Macroeconomics and public finance

The thematic area of macroeconomics and public finance has long been central to our work at CASE and 2007 was no exception. Throughout 2007 CASE was an active participant in the European Forecasting Network (EFN) (17), where we contributed to the production of twice-yearly macroeconomic forecasts for the Eurozone, the EU as a whole and other global regions of interest, together with analyses of topical policy issues. Separately, researchers Przemysław Woźniak and Wojciech Paczyński produced an analysis of business cycle coherence between the eurozone and the new member-states of the European Union (15).

In the area of transition countries, small teams continued analytical work on the impact of macro-financial assistance from the European Commission to transition countries, through a standing framework contract with DG Economic and Financial Affairs and in partnership with ECORYS, a leading Dutch research consultancy (18). 2006 saw work conclude on country studies for Bosnia and Herzegovina and Tajikistan and begin on studies for Albania and Macedonia.

While maintaining an agenda oriented toward the European policy-making level, our researchers paid special attention to the development of high quality evidence-based macroeconomic policies in Poland. Our macroeconomic team led by Maciej Krzak regularly published the Polish Economic Outlook (24), a quarterly report that is consistently rated among the best independent economic forecasts for Poland. Przemysław Woźniak, who is a member of the Polish Economic Outlook team, produced a separate paper estimating core inflation in Poland (29).

Ongoing Projects in 2007

	Title of Project	Financing Institution
1.	AHEAD - Ageing, Health Status and Determinants of Health Expenditure	European Commission: Sixth Framework Programme
2.	AIM - Adequacy of Old-Age Income Maintenance in the EU	European Commission: Sixth Framework Programme
3.	Azerbaijan: Implementation and Management Support Office in Azerbaijan (Europa House)	European Commission: EuropeAID
4.	Belarus: Support for small businesses' development and their readiness for market reforms	Polish Ministry of Foreign Affairs; PEKAO SA
5.	Bosnia and Herzegovina: EU Fiscal Policy Support	European Commission: EuropeAID
6.	Bosnia and Herzegovina: Analysis of Free -Trade Agreements and Policy Measures for Enhancing their Effectiveness	European Commission: EuropeAID
7.	Economic Aspects of the Energy Sector in CIS Countries	European Commission: DG ECFIN
8.	Economic Impact of EU-Armenia and EU-Georgia FTA (Free Trade Agreement)	European Commission: DG Trade
9.	Economic Impact of a potential Free Trade Agreement between the European Union and the Russian Federation	European Commission: DG Trade
10.	Egypt: Support the Institutional Strengthening of the Cabinet Information and Decision Support Center	European Commission: EuropeAID
11.	ENEPO - EU Eastern Neighbourhood - Economic Potential and Future Development	European Commission: Sixth Framework Programme
12.	Enterprise Funds and the Post-communist Transition: Efficiency of the Special US Assistance Program from the Host Countries' Perspective	Enterprise Fund
13.	EQUAL – Ongoing Evaluation of the EQUAL Community Initiative for Poland in 2004 -2006	European Social Fund
14.	ESCIRRU - Economic and Social Consequences of Industrial Restructuring in Russia and Ukraine	European Commission: Sixth Framework Programme
15.	European Union: A Time-Cycle Analysis of the Business Cycle Coherence between the Eurozone and the New Member States	Global Development Network
16.	European Social Observatory with the Aim of Informing the Social Policy Debate and Providing Analytical Input for the Report on the Social Situation in the European Union	European Commission: DG Employment and Social Affairs
17.	European Forecasting Network	European Commission: DG ECFIN
18.	Ex-post Evaluation of Macro-Financial Assistance (MFA) Operations: Albania, Bosnia and Herzegovina, Serbia and Montenegro, Tajikistan	European Commission: DG ECFIN
19.	KEINS - Knowledge-based Entrepreneurship: Innovation, Networks and Systems	European Commission: Sixth Framework Program
20.	Kazakhstan: Inflation Targeting in Poland and EU Influence, Common Trends with Kazakhstan	Soros Foundation Kazakhstan
21.	Key Competencies and Teacher Education in the European Union	European Commission: DG Education and Culture
22.	MICRODYN - Competitiveness in the Knowledge -Based Economy	European Commission: Sixth Framework Program
23.	Moldova: Strengthening of local governance through improving transparency of local budgets	Polish Ministry of Foreign Affairs; Westdeutsche Landesbank Polska S.A.

	Title of Project	Financing Institution
24.	PEO: Polish Economic Outlook	Fortis Bank Poland; PEKAO SA
25.	Poland: An Analysis of the Human Capital Operational Program in Poland	Polish Ministry of Regional Development
26.	Poland: Unregistered Work: Size, Characteristics and Social Consequences	Polish Ministry of Labour and Social Affairs (Structural Funds)
27.	Poland: Change in Salary Distribution and Structure: 1996 - 2006	Polish Ministry of Labour and Social Affairs
28.	Poland: A Comparison of Poland's Socioeconomic Development with the EU-25	Polish Ministry of Regional Development
29.	Poland: Estimation of Core Inflation in Poland using the Generalized Dynamic Factor Model	Polish Ministry of Learning and Advanced Studies
30.	Poland: Evidence-based educational policy research	CEO (Centrum Edukacji Obywatelskiej); Rabobank Polska SA
31..	Poland: Reporting on Vocational Education and Training	Cedefop – European Centre for the Development of Vocational Training
32..	Slovakia: Research on FDI in the automotive sector	World Bank
33.	Study on the Price Convergence in the Enlarged Internal Market	European Commission: DG ECFIN
34.	Syria: Lessons from Eastern Europe's Transition for Syria's ISMF Policy Roundtable	European Commission: EuropeAID
35.	Tajikistan: Assistance in Preparing the PRSP	European Commission: EuropeAID
36.	Tajikistan: Programmatic Policy Reform Matrix – Support Programme for Social Protection	European Commission: EuropeAID
37.	Tajikistan: Support to Public Finance Management Capacity Building	European Commission: EuropeAID
38.	Thematic Extension of the ERAWATCH Base-load Research Inventory	European Commission: DG Research
39.	Ukraine: Prospects of EU-Ukraine Economic Relations	Pekao SA Bank and Central European Initiative (CEI)
40.	Ukraine: Analysis of National Privatization Programme	Polish Ministry of Foreign Affairs; Rabobank Polska SA
41.	Ukraine: Research of resource potential and production capacity of liquid bio-fuels	Polish Ministry of Foreign Affairs; PEKAO SA
42.	Yemen: Institutional Capacity Development of the Ministry of Planning and International Cooperation	GTZ/BMZ

Events and Media

Our sixth bi-annual international conference, held in Kiev on 23 and 24 March, was our key event in 2007. The theme of the conference was the impact of globalization on Europe and Asia. Over 40 panellists, drawn from the World Bank, International Monetary Fund, European Commission, United Nations Economic Commission for Europe, various governments, leading Washington and Brussels-based think-tanks and universities across the world contributed their views on the Asian challenge to Europe, global imbalances, migration, aid and trade, governance and economic development and the European Union and its neighbourhood.

Conference highlights included Alan Gelb of the World Bank speaking on the economic development of Africa and Martin Wolf of the Financial Times, who dedicated his key note address to the challenges and risks of globalization. Oleksandr Savchenko of the National Bank of Ukraine kicked off the CASE 15th Anniversary Dinner, held on the first evening of the conference, with an address on Ukraine and the global economy. The entire CASE community is grateful to System Capital Management, which graciously served in the role of main sponsor of the conference, and to the German Marshall Fund of the United States, which sponsored session 4 on aid, trade and closing the international development gap.

Beyond our highly successful conference, we continued with a range of events and activities designed to promote and disseminate the results of CASE research projects, foster debate on key socioeconomic and policy issues and promote an awareness and understanding of the role that sensible economic policy plays in the development of societies. Of particular note was a new series of events launched under the heading of "CASE Policy Research Seminars." The aim of this series is foster high-level debate in Warsaw on key economic policy issues. In August, Wojciech Kopczuk of Columbia University initiated the series with a captivating talk on tax policy. Other fall speakers included Professor Iain Begg of the London School of Economics on expenditure priorities for the European Union budget and Professor Richard Pomfret of the University of Adelaide on agricultural price distortions in Kazakhstan and the use of energy resources to diversify the economy.

In 2007 we continued to produce the BRE-CASE seminar series, and we remain thankful to BRE Bank for its generous and visionary support.

We also held periodic events in Warsaw and in Brussels, Berlin and Strasbourg and a series of policy seminars for Yemeni policymakers in Sanaa under the Institutional Capacity Development of the Ministry of Planning and International Cooperation project (39). What follows is a detailed look at our 2007 events calendar.

Key Events

Berlin: Prospects for EU-Ukraine and EU-Moldova Economic Relations - 5 March

Following the completion of two key reports on the prospects of EU economic relations with the eastern neighbourhood countries of Moldova and Ukraine, members of the researcher teams presented findings at the German Institute for International Economics (DIW). These presentations were designed to coincide with the German presidency of the EU during the first half of 2007.

Presenters: Małgorzata Jakubiak and Wojciech Paczynski (CASE), Vitaliy Vavryshchuk and Anna Kolesnichenko (CASE Ukraine)

Warsaw: Friedrich Schneider on the shadow economy, tax morale, governance and institutional quality across the world - 19 March

In mid-March CASE, in conjunction with the Economics Department of Warsaw University, hosted Prof. Friedrich Schneider of the Johannes Kepler University Linz. Schneider is a world authority on the informal economy, tax avoidance and corruption. In his special seminar held in Warsaw, he offered some comparative international context to the discussions of shadow economy and corruption within Poland.

Presenter: Friedrich Schneider

Strasbourg: session of the Baltic Intergroup of the European Parliament - April 24

The Session of the Baltic Intergroup of the European Parliament was another occasion to present the report on future economic relations between the EU and Ukraine.

Presenters: Malgorzata Jakubiak (CASE) and Vitaliy Vavryshchuk (CASE Ukraine)

Brussels: Trade and Economic Relations with Ukraine – Hearings of the Committee on International Trade (INTA), European Parliament - 8 May

Following the highly successful presentation of the EU-Ukraine Prospects for Economic Relations report in Berlin in March, Małgorzata Jakubiak and Vitaliy Vavryschuk from CASE Ukraine presented findings from the report at a mini-hearing of the Committee on International Trade of the European Parliament and responded to questions from the assembled MEPs.

Presenters: Małgorzata Jakubiak (CASE), Vitaliy Vavryschuk (CASE Ukraine)

Warsaw: Presentation of Prospects for EU-Ukraine Economic Relations to the Polish Senate - 29 May

Following presentations in Kiev, Berlin, Strasbourg and Brussels, the research team behind the report on prospects for EU-Ukraine economic relations was invited to present the report to a joint session of the Committee on EU Relations and the Foreign Relations Committee of the Polish Senate and to respond to questions.

Presenters: Ewa Balcerowicz and Małgorzata Jakubiak (CASE), Dmytro Boyarchuk and Vitaliy Vavryschuk (CASE Ukraine)

Warsaw: Financing of Education in Poland - 21 June

Presenter: Rosalind Levacic

Warsaw: Presentation of the World Bank report entitled "From Red to Gray: The 'Third Transition' of Aging Populations in Eastern Europe and the former Soviet Union" - 26 June

CASE joined with the World Bank office in Poland to jointly present and discuss the "From Red to Gray" report on the aging of populations in central and Eastern Europe and what this will mean for societies that have recently made dramatic and painful political and economic transitions.

Panellists: Mukesh Chawla (World Bank), Stanisława Golinowska (CASE), Marek Góra (CASE, Warsaw School of Economics)

Warsaw: When is Development Assistance Effective? Jeffrey Sachs at CASE - 1 October

In early October Prof. Jeffrey Sachs, Director of the Earth Institute, Columbia University and member of the CASE Advisory Board, visited Warsaw to speak on the international development effort and the role of new donor countries like Poland in contributing to development and poverty eradication. Marek Dąbrowski, chairman of the CASE Supervisory Council, served as a discussant. The event was co-hosted with the Gazeta Wyborcza daily newspaper.

CASE Policy Seminars

Nr. 1: Evidence on taxable income elasticity and its implications for tax policy - 22 August

Presenter: Dr. Wojciech Kopczuk (Columbia University)

Nr. 2: The EU budget review: which expenditure priorities? - 29 October

Presenter: Professor Iain Begg (London School of Economics)

Nr. 3: Using Energy Resources to Diversify the Economy: Agricultural Price Distortions in Kazakhstan

4 December

Presenter: Professor Richard Pomfret (University of Adelaide, Australia)

BRE Bank – CASE Seminars

BRE-CASE seminars focus on the development of financial markets and the banking sector and the most important issues facing the economies of Poland, Europe and the world. The seminars have a 16-year tradition and are co-organized with, and generously supported by BRE Bank SA through the BRE Bank Foundation.

Six meetings from this series took place in 2007:

Nr. 88: Bulgaria and Romania join the EU: What does it mean for Poland? - 25 January

Panellists:

Wojciech Paczyński (CASE)

Mateusz Walewski (CASE)

Ewa Sadowska-Cieślak (National Bank of Poland)

Jacek Wojciechowicz (World Bank, Poland)

Nr. 89: Evolution of the Enterprise Sector in Poland since 1989 - 1 March

Panellists:

Barbara Błaszczuk (CASE)

Małgorzata Antczak (CASE)

Piotr Kozarzewski (CASE)

Maciej Bałtowski (Maria Curie-Skłodowska University in Lublin)

Nr. 90: SEPA – A Revolution in Banking - 10 May

Panellists:

Adam Tochmański (National Bank of Poland)

Janusz Diemko (Polcard S.A.)

Michał Szymański (KIR S.A.)

Robert Midura (BPH S.A.)

Nr. 91: Energy, Policy and Economy - 12 June

Panellists:

Andrzej Cylwik, moderator (CASE Advisors)

Robert Lieber (Georgetown University)

Jan Popczyk (Silesian University of Technology)

Tadeusz Syryjczyk

Nr. 92: Investment Risk in Poland - 13 September

Panellists:

Jacek Łaszek (National Bank of Poland)

Jerzy Tofil (BPH Bank S.A.)

Robert Chojnacki (redNet Property Group Sp. Z.o.o.)

Kazimierz Kirejczyk (REAS Sp. Z.o.o.)

Nr. 93: The Challenges of Institutional Inadequacy,
Trade Protectionism and Environmental Degradation
to Sustained High Growth in China - 11 October

Panellists:

Wing Thye Woo (Brookings Institution; University of
California Davis)



Media Relations

CASE carries out an active communications strategy designed to inform the public about our initiatives and the results of the projects we carry out. The communications strategy utilizes strong relations with the media, our website, e-mail distribution lists and CASE publications.

The CASE website (www.case-research.eu) is the main mode of communicating information about upcoming events and activities, recently completed

projects and the latest publications. The website is run in both English and Polish-language and is updated daily. In 2007, the web-site received 313,924 hits.

CASE's bi-monthly newsletter, which is received by over 7000 recipients globally, gives the latest information on new publications, forthcoming and recent events, as well as information about the people behind CASE.

Publications

CASE helps to inform public opinion through the dissemination of research findings in the form of publications. CASE experts are editors and co-authors of various books published by international publishing houses as well as articles in international journals. In addition, CASE produces several of its own publication series. In 2007, a total of 49 publications were produced.

CASE Reports/ CASE Network Reports

In 2007 CASE Reports series was expanded into the CASE Network Reports which represent the combined output of the entire CASE Network. The reports popularize the results of select CASE and CASE Network research projects and are intended to be peer-reviewed. In 2007, eight CASE reports were produced (one printed and seven in electronic format).

- No. 69 M. Jakubiak, A. Hadziomeragić, N. Oruc, W. Paczyński, 'Regional Free Trade Agreements of Bosnia and Herzegovina: analysis and policy recommendations'
- No. 70 B. Błaszczak, P. Kozarzewski (eds.), 'Zmiany w polskich przedsiębiorstwach. Własność, restrukturyzacja, efektywność (Changes in Polish enterprises: ownership, restructuring, efficiency)'
- No. 71 M. Jakubiak, W. Paczyński (ed.), 'The New EU Frontier: Perspectives on Enhanced Economic Integration'
- No. 72 R. Antczak, M. Antczak, K. Kostrzewa, R. Markuš, W. Paczyński, 'Bosnia and Herzegovina - Meeting Copenhagen Economic Criteria for Accession to the EU'
- No. 73 E. Guild, V. Khasson, M. Mir, 'State of Art: The Nexus Between European Neighbourhood Policy and Justice and Home Affairs'
- No. 74 I. Sinitsina, A. Chubrik, I. Denisova, V. Dubrovskiy, M. Kartseva, I. Makenbaeva, M. Rokicka, M. Tokmazishvili, 'Assessing the Development Gap'
- No. 75 A. Kolesnichenko (ed.), V. Dimitrov, V. Dubrovsky, I. Orlova, S. Taran, 'Institutional Harmonization in the Context of Relations between the EU and its Eastern Neighbours: Costs and Benefits and Methodologies of their Measurement'

- No. 76 Christian Dreger, Konstantin Kholodilin, Kirsten Lommatzsch, Jirka Slacalek, Przemysław Wozniak, 'Price Convergence in the Enlarged Internal Market'

CASE Studies and Analyses/ CASE Network Studies and Analyses

In late 2007 CASE Studies and Analyses was expanded into the CASE Network Studies and Analyses representing the combined output of the entire CASE Network. These analyses publicize the results of both research and advisory projects and are intended to have the character of a "working papers" series. In 2007, 24 titles were produced (only electronic version).

- No. 334 A. Hughes Hallett, C. Richter, 'Time Varying Cyclical Analysis for Economies in Transition'
- No. 335 E. Balcerowicz, 'The Impact of Poland's EU Accession on its Economy'
- No. 336 M. Dąbrowski, A. Radziwill, 'Regional vs. Global Public Goods: The Case of Post-Communist Transition'
- No. 337 P. Hare, 'The Political Economy of Growth and Governance'
- No. 338 A. Aslund, 'How Can the EU Emulate the Positive Features of the East Asian Model?'
- No. 339 J. Rostowski, 'Institutional Transplants in the Transformation of Poland's Economy and Polity'
- No. 340 R. Piwowarski, 'The Polish tax system - What has been achieved thus far? What should be done in the future?'
- No. 341 M. Light, 'The Evolution of EU policy towards its CIS neighbours'
- No. 342 L. Balcerowicz, 'Institutions and Convergence'
- No. 343 R. Barrell, D. Holland, I. Hurst, 'Sustainable Adjustment of Global Imbalance'
- No. 344 S. Commander, J. Svejnar, 'Do Institutions, Ownership, Exporting and Competition Explain Firm Performance? Evidence from 26 Transition Countries'
- No. 345 A. Ahearne, B. Schmitz, J. von Hagen, 'Current Account Imbalances in the Euro Area'

- No. 346 A. Chowdhury, P. Garonna, 'Effective Foreign Aid, Economic Integration and Subsidiarity: Lessons from Europe'
- No. 347 P. Kozarzewski, 'Corporate Governance Formation in Poland, Kyrgyzstan, Russia, and Ukraine'
- No. 348 S. Golinowska, A. Sowa, 'Investing in Health Institutions in Transition Countries'
- No. 349 Wing Thye Woo, 'The Challenges of Governance Structure, Trade Disputes and the natural environment to China's Growth'
- No. 350 M. Dabrowski, 'Ukraine at a Crossroads '
- No. 351 M. Walewski, 'Analysis of cross-country differences in the shape of the age-wage relationship with an attempt to tackle age-productivity differences within the EU'
- No. 352 M. Dabrowski, 'Economic Relations between the EU and CIS (An Overview)'
- No. 353 N. Wichmann, 'The Intersection between Justice and Home Affairs and the European Neighbourhood Policy: Taking Stock of the Logic, Objectives and Practices'
- No. 354 O. Lozovyi, A. Kudina, 'Determinants of Portfolio Flows Into CIS countries'
- No. 355 R. Pomfret, 'Using Energy Resources to Diversify the Economy: Agricultural Price Distortions in Kazakhstan'
- No. 356 Е. Ракова, Б. Татаревич, А. Гламбоцкая, 'Малые и средние предприятия Беларуси: факторы успеха и барьеры' (E.Rakova, B.Tatarewicz, A.Glambotskaya 'Small and medium size enterprises in Belarus: success factors and barriers')
- No. 357 П. Козаржевский, А. Чубрик, 'Частный бизнес в Беларуси: рыночные ценности и отношение к реформам' (P.Kozarzewski, A.Chubrik 'Private Sector in Belarus: market values and attitude to reforms')
- with the majority focusing on the development of financial markets and the banking sectors. Six were printed in 2007:
- No. 88 Bułgaria i Rumunia w Unii Europejskiej. Szansa czy konkurencja dla Polski? (Bulgaria and Romania in the European Union: Opportunity or Threat for Poland?)
- No. 89 Przedsiębiorstwa sektora prywatnego i publicznego w Polsce (1999-2005) (Public and Private Enterprises in Poland 1999-2005)
- No. 90 SEPA – bankowa rewolucja (SEPA – Banking Revolution)
- No. 91 Energetyka – polityka – ekonomia (Energy – Politics - Economics)
- No. 92 Ryzyko rynku nieruchomości (Risks in the Real Estate Market)
- No. 93 Wyzwania dla wzrostu gospodarczego Chin - (Perspectives for Chinese Economic Growth)

Polish Economic Outlook: Trends, Analyses, Forecasts (PEO)

This is a quarterly report published since 1999. It presents economic indicators, analyses and forecasts for Poland's economic development. Our indicators have been ranked the best in the country by a leading Polish newspaper. Four PEO were produced in 2007. Since the beginning of 2007 PEO has been published only in English and only in electronic format. Each quarterly release is accompanied by a press conference.

Printed versions of our publications are disseminated among academics, policy makers, sponsors, members of our governing bodies as well as public libraries. In addition, all CASE publications are available on our website free of charge.

Books and Book Chapters

M. Dąbrowski, Comments on Chapters by Gur Ofer and Justin Yifu Lin [in:] F. Bourguignon,

Y. Elkana and B. Pleskovic (eds.), Capacity Building in Economic Education and Research, The World Bank: Washington DC, 2007, p. 77 - 83.

W. Paczynski, A.Radziwill, A.Sowa, I.Topinska and M.Walewski (co-authors), 'Romania in Transition: Growth, Jobs and Poverty' [in:] Determinants of Pro-Poor Growth: Analytical Issues and Findings from

BRE Bank – CASE Series

The BRE Bank-CASE series is our oldest regular publication series, which we have been publishing since 1992. Each edition contains the essays and presentations of the latest seminar organized by BRE Bank and CASE. This publication series is in Polish only. The BRE-CASE seminars span various topics and current issues in both the Polish and global economies

Country Cases, Palgrave Macmillan, January 2007.

A. Aslund, M. Dabrowski (eds.) 'Europe After Enlargement', Cambridge University Press, May 2007.

I. Hashi, P.G. Welfens, A. Wziatek-Kubiak, 'Industrial Competitiveness and Restructuring in Enlarged Europe: How Accession Countries Catch Up and Integrate in the European Union', Palgrave Macmillan, October 2007

J. Wisniewski, 'Promoting Evidence-based Policy in Education: The Case of Poland' [in:] Evidence in Education: Linking Research and Policy, OECD - Organisation for Economic Co-operation and Development, June 2007

Journal Articles

I. Grosfeld, I. Hashi, 'Changes in ownership concentration in mass privatised firms: Evidence from Poland and the Czech Republic, Corporate Governance. An International Review', 15 (4), pp. 520-534, 2007.

M. Dabrowski, 'EMU Enlargement: A Progress Report', CESE Ifo Forum (Spring 2007), 39-44, 2007.

J. Liwinski, P. Paci, M. Stoikova, E. Tiongson, M. Walewski, 'Internal Labour Mobility in

Central Europe and the Baltic Region', World Bank Working Paper no. 105, Washington DC: The World Bank, 2007.

E-briefs

P. Kozarzewski: 'Russia and Belarus: A Lesson in Market Economy'

M. Jakubiak: 'EU-Ukraine Integration: What Lies Ahead'

P. Wozniak: 'When Can We Expect Price Convergence in the Enlarged EU?'

S. Naurodzki: 'The Potential of Small and Medium Enterprises in Belarus'

E. Balcerowicz: 'The Impact of EU Accession on Poland's Economy'

S. Golinowska: 'Health Status and Health Care Systems in Central and Eastern Europe'

K. Kostrzewa: 'Bosnia and Herzegovina: Meeting Copenhagen Economic Criteria for EU Accession'

M. Dabrowski: 'Reforming the Ukrainian State and Improving the Business Climate'

M. Dabrowski: 'The Global Repercussions of Changes in US Monetary Policy'

CASE People

The Supervisory Council

approves CASE activities and finances, appoints and reviews the Management Board and provides strategic guidance to the institution.



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advises both the Management Board and Supervisory Council. The council consists of leading international economists who offer their invaluable advice and guidance based on their extensive experience.



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is responsible for CASE and CASE network activities and for the growth and development of the institution.



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2007 CASE Scholar

Driven by a concern for the continual development of its young research staff, since 2000 CASE has granted research scholarships to its promising associates. The CASE Scholarship Council awards these to associates who are deemed to be ready to complete or advance their doctoral theses or other research works. Krzysztof Szczygielski was selected for the CASE

Scholarship in 2006/2007. He has been with CASE since late 2001, focusing his work on trade and European integration issues. The scholarship supports his work on his doctoral thesis, "Horizontal and vertical product differentiation in the Polish manufacturing between 1995-2004 as a response to changes in the competitive environment." The PhD defence is scheduled for spring 2008. The scholarship is generously sponsored by ING Bank Śląski.

Financing of CASE Activities

From the financial point of view 2007 was a record year for CASE. Revenues totaled PLN 9,645,225.46 and increased by PLN 2.5 million as compared with the previous year. The increase in revenue was substantial: the rate of increase was 34.8%. The increase was even bigger when calculated in EUR (38.9%) and USD (51.2%) .

Revenues consisted of revenue for statutory activity, operating and financial revenue. The bulk (98.5%) of funds came from revenues for statutory activity.

Breakdown of total revenue:	PLN	EUR	USD
1. Revenue for statutory activity:	9,498,715.31	2,512,867.98	3,435,836.30
1.1. Write-offs from profit (of 2006)	654,069.30	172,901.56	236,407.74
1.2. Revenue received in 2007 for the statutory aims	8,844,646.01	2,339,966.56	3,199,428.55
2. Operating revenue	105,093.56	27,781.15	37,985.07
3. Financial revenue	41,416.85	10,948.44	14,969.77
Total revenue:	9,645,225.46	2,551,597.57	3,488,791.13

Sources of Financing

The CASE Foundation raises funds for its statutory activities through two types of financing mechanisms.

1. Project-based funding – these are funds obtained by CASE for the implementation of specific projects as described earlier in the Annual Report. These funds constituted the majority of CASE's current statutory revenue (97.85%) and totaled PLN 8,654,646.01 in 2007.

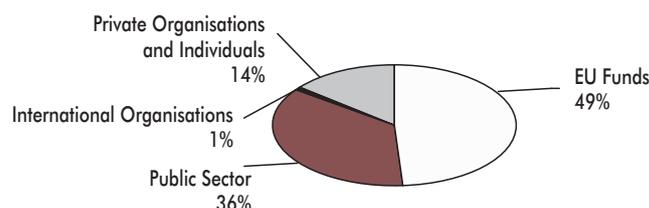
2. Institutional support – these are general donations granted to CASE by different institutions to be used according to CASE statutory goals subject to the discretion of the CASE Management. These funds totaled PLN 190,000.00 in 2007 and their actual use is described in the section 'Institutional Support.'

In addition, in 2007 CASE raised funds for its endowment as discussed below.

Project-based funding and institutional support together constituted revenue for statutory activities that totaled PLN 8,844,646.01 in 2007. In terms of financing sources, these funds were obtained from the following institutions (as a % of the total). According to yearly average rates of the National Bank of Poland: PLN/USD 2.7667; PLN/EUR 3.7829

1. European Commission	48.93
2. World Bank	0.67
3. United Nations Development Program	0.33
4. Polish government and other public sources	33.02
5. Public sources in other countries	2.67
6. Global Development Network Inc.	0.57
7. Private foundations	1.24
8. Private sector – foreign	0.82
9. Private sector – domestic	6.23
9.1 Banks	5.39
9.2 Other Institutions	0.84
10. Own sources	5.51

European Commission funding dominated in 2007, as was true a year earlier, when it accounted for an even bigger portion of the CASE budget (55.4%). The Polish government and other domestic public sources rank second; together with public sources from other countries they constituted close to 36% of the funding received for statutory activities (see the Figure below). The importance of this source increased substantially in 2007; a year earlier it accounted for 19.6%. Grants from domestic and foreign private sources amounted to 14.4% and ranked third in CASE financing.



Institutional support in 2007 came to a total of PLN 190,000. This was 2.15% of CASE statutory revenue and was received from **Rabobank Poland SA, Westdeutsche Landesbank Polska S.A. and PEKAO SA**. CASE management decided to use these funds mainly for co-financing research projects, publication activities, and for subsidizing the participation of CASE experts in conferences and trainings.

Endowment

In 2007, CASE continued to build its endowment in order to strengthen its long-term financial stability and independence and improve its capacity to carry out large-scale EU research projects. While income from endowment investments may be used for financing current statutory activities, the endowed funds will accumulate indefinitely. Their proper use is ensured in the Endowment Regulations that set out clear rules for fundraising, investing and using endowed funds, while outstanding experts in the area of finance have been appointed members of the Investment Committee to advise CASE management on investment strategies.

As of 1 January, 2007 the CASE endowment came to a total of PLN 1,883,028.02. In the course of the year it increased by PLN 555,555.50 (29.5%), and by the end of the year it reached the level of PLN 2,369,473.49 (or EUR 626,364.29). The income earned on investment in 2006 was used in 2007 for the institutional development of CASE. The income earned in 2007 will be used in 2008.

Changes in the value of the Endowment in 2007	PLN
1. Stock at the beginning of the year	1,883,028.02
2. Increases due to:	555,555.50
Third Sector Program grant co-financed by the Trust for Civil Society in Central and Eastern Europe and administered by the Stefan Batory Foundation	390,000.00
Individual donations	25,000.00
Own resources	44,318.05
Return on financial investment in 2007	96,237.45
3. Decrease due to use of the endowment investment income of 2006	69,110.03
4. Stock at the end of the year	2,369,473.49

