



1991-2016



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



Annual Report 2016

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Letter from the President

Friends, Family, Colleagues, and Supporters,

For the third year under my Presidency and along with the current Management Board, I am happy to share with you our report of CASE's activities during 2016. This year was a special one for CASE, as we celebrated our 25th anniversary, capped by a major international event in November. Not content to look at the past, however, we are utilizing the successes of this past year to lay the basis for continued growth. With high visibility, influence at the European level, and a growing demand for CASE experts in international media and at events, we have indeed enjoyed a good run.

Starting with the international rankings, I was very pleased to see CASE's reputation for quality be rewarded this past year. In particular, the University of Pennsylvania Global Go To Think Tank Rankings for 2016, released in January 2017, ranked CASE as the best think tank in Central and Eastern Europe and recognized us as the third-ranked social policy think tank in the entire world. This result stands as a testament to the hard work of our team, our experts, and our fellows, and the efforts put in by our communications team and the Management Board in raising the visibility of CASE inside Poland and globally. While travel may at first seem glamorous, logging hundreds of hours in airports and thousands of miles in airplanes across Europe and around the globe for a two-hour meeting or a one-day conference is certainly not easy. But it is the dedication and effort necessary for building an effective think tank, and 2016 showed that such a commitment can have substantial returns for the organization.

Turning to our research and policy work, in 2016 we consolidated our old and extensive thematic nomenclature into four specific silos: growth and trade; fiscal policy studies; demography, labor, & social policy; and innovation, energy, & climate. Each of these areas has a director responsible for continuing CASE's thought leadership, while our junior staff is still on-call across themes. This is crucial, because CASE's workload is continuing to increase. By the end of 2016, CASE had participated in 49 projects, an increase from 42 in 2015, with a higher average budget than in previous years. As in earlier years, the bulk of our funding came from the EU and its affiliated organs, making up a larger proportion of our revenues than in 2015.

This shift towards EU funding has not been the result of any conscious decision, but has rather been driven by CASE's successes in winning EU tenders, primarily with DG Taxud and DG Trade. As I have mentioned to you in previous annual reports, CASE continues to straddle the line between east and west, working on issues of European integration at the same time as we are engaged in designing economic policy advice in Kazakhstan or speaking with lawmakers in Ukraine. It is anticipated that CASE will continue to play this role of EU gatekeeper to the east, helping to funnel research and ideas from EU Neighborhood countries to Brussels, while helping EU policy-makers to consider the Central and Eastern European viewpoint in their own policies.

In tandem with our success in projects, our visibility has remained high, with our experts and fellows appearing in workshops, conferences, and meetings around the world. In addition, our staff has had great success publishing in highly respected media outlets, including the Wall Street Journal, Rzeczpospolita, and other major publications. Our 25th anniversary conference in November 2016 was also a resounding success: with 78 speakers from around the world and 190 participants, the conference tackled issues of European integration, economic policies, social research, and transition challenges. Bringing together several generations of CASE staff, fellows, friends, and alumni, the conference served notice that CASE is alive and well heading into its second quarter-century.

As with every year, challenges remain. Regarding our financial planning, while our multi-year financial picture improves each year, revenue delays associated with clients has resulted in less-smooth cash flow than we would desire. In a more-competitive environment, clients are feeling that they may press for more and more work done at a lower price, a situation which has also contributed to delays in payment as acceptance for work already done is pushed off. CASE also faces some obstacles in our internal organization, as the CASE family is seemingly always expanding and changing. One of the lessons we have learned about a successful think tank is that change is continuous, and the “creative destruction” of new staff coming on board, juniors becoming seniors, and people leaving to pursue other opportunities provides both opportunities and obstacles for management. In 2016, we welcomed back some formerly junior staff in different capacities, added more economists to our team, and worked to ensure a healthy mix of skills in the office. Regardless, the knowledge that specific experts will come and go challenges us on the Management Board to be continuously thinking about our resource needs and how to meet them.

Despite these challenges, we remain optimistic about 2016 and beyond. We have undertaken investments in CASE staff, in equipment and procedures, and even in our office space. We recognize that a think tank is only as effective as its staff, and we have sought to bring in more senior experts into our family to increase our reach across topics and geographical regions. Our outreach to the Polish corporate community is set to ramp up substantially in 2017, and our integration in and contribution to important pan-European networks such as the Vision Europe Summit will also increase. Many of the projects begun in 2016 which did not pay off financially during the fiscal year will also realize their gains in 2017's budget.

In reality, CASE's performance in 2016 has enabled us to continue moving forward. With 25 years under our belts, 2016 allowed us to lay the foundation for the next quarter-century, undertaking investments to help CASE stay atop global rankings. Our goal remains for CASE to be substantially involved in formulating better policy-making in Poland, Europe, and the world, a crucial role that is necessary today more than ever. As always, I invite you to read about our projects, events, publicity, and other successes in the coming pages. And especially, I thank you for your continued support of CASE.

Sincerely,

Christopher A. Hartwell
President of the Management Board

I About CASE

CASE – Center for Social and Economic Research is an independent, non-profit research institute founded on the idea that research-based policy-making is vital for the economic welfare of societies.

Established in Warsaw in 1991, CASE today is recognized as the top think tank in Central and Eastern Europe and is one of the most highly regarded think tanks internationally.

CASE carries out policy-oriented research and development assistance projects, specializing in the areas of:

- growth and trade;
- fiscal policy;
- demography, labor, and social policy; and
- innovation, energy, and climate.

Drawing on an experienced in-house staff, a network of fellows, and a database of approximately 1,000 experts, CASE provides rigorous quantitative and qualitative analyses, innovative methodologies, and sound recommendations.

■ 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 six 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
- CASE-Moldova, Chisinau
- CASE-Georgia, Tbilisi
- CASE-Ukraine, Kyiv
- CASE-Kyrgyzstan, Bishkek

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 six 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.

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.

UKRAINIAN THINK TANKS LIAISON OFFICE IN BRUSSELS

The Ukrainian Think Tanks Liaison Office in Brussels is a non-profit association of leading Ukrainian and EU think tanks and research centers with a unique focus on joint actions at the EU level to advance Ukraine's reforms and its European integration. As a nonpartisan organization, the Office operates independently. Its core values are pluralism of thoughts, impartiality, and European democratic principles.

VISION EUROPE

Vision Europe is a consortium of think tanks and foundations collaborating to address some of the most pressing public policy challenges facing Europe. Through research, publications, and an annual summit, the organization aims to be a forum for debate and a source of recommendations to improve evidence-based policy-making at both a national and EU level and to foster as appropriate European integration.

■ 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.

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 the CASE 25th Anniversary Conference) 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 Neo-Doradcy, Warsaw

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

Piotr Kozarzewski, Assistant Professor at the Faculty of Economics, Maria Curie-Skłodowska University, Lublin

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

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

Misha Belkindas

Expertise: statistics, development economics

Emmanuel Bergasse

Expertise: energy policy analysis, market reforms, 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 Neighborhood 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

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

Matthias Luecke:

Expertise: migration and development, social policy, 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: corporate finance, international business, economic modelling, macroeconomics

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, 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, 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 2016

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)

Senior Economist

Grzegorz Poniatowski

Paul Lirette (from September 2016)

Political Economist

Katarzyna Sidło (from August 2016)

Junior Economists

Bartosz Radzikowski (to June 2016)

Katarzyna Sidło (to July 2016)

Jan Teresiński (to August 2016)

Karolina Beaumont (to September 2016)

Iakov Frizis (from July 2016)

Krzysztof Głowacki (from July 2016)

Katarzyna Mirecka (from September 2016)

Applications Team

Joanna Śmigiel

Karolina Zubel

Tomasz Filipiak (from October 2016)

Communications

Agata Kwiek

Aleksandra Polak (from July 2016)

Katarzyna Sidło (to July 2016)

Publications

Katarzyna Czupa (to April 2016)

Agata Kwiek (to July 2016)

Aleksandra Polak (from July 2016)

Coordinator, mBank-CASE Seminars

Agata Kwiek

Aleksandra Polak

Secretariat

Katarzyna Czupa (to April 2016)

Grażyna Kraśniewska (from April 2016)

IT Specialist

Michał Dąbrowski

2016 Interns

Sylwia Byliniak

Iakov Frizis

Katarzyna Mirecka

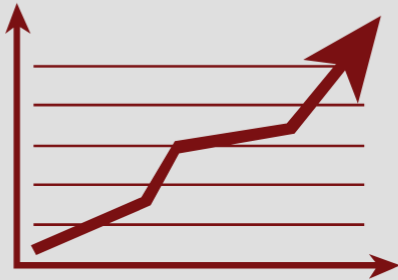
Maciej Wir-Konas

| CASE Highlights 2016



Number one think tank in Central and Eastern Europe

according to the University of Pennsylvania Global Go To Think Tank Index Report for 2016



49 projects



12 publications



10 events
attended by 570 guests...



...and watched online
by a further 7,469
individuals



CASE 25th Anniversary Conference



with 78 speakers
and 190 guests



CASE launched a brand new website...



...and a weekly showCASE

showCASE



We gained...

283 new followers on Twitter

**an increase
of 157%**



... and nearly 3,000 individuals follow CASE on Facebook



636 new likes

Highlights: Events

CASE 25th Anniversary Conference: “The Future of Europe” | November 17-18, 2016

For its 25th anniversary, CASE invited international researchers to discuss lessons learned over the past quarter-century and how to bring them to bear on the future challenges of Europe. Taking a comparative perspective, the purpose of this conference was not only to survey the landscape and how dramatically it has changed over CASE’s lifespan (and with CASE’s assistance), but to derive practical, action-oriented, and tangible policy

lessons for Europe. Based on CASE’s vast experience in research and technical assistance projects, the conference offered a chance to survey the events of the past with an eye to the future.



The Conference featured four panel sessions and 16 breakout sessions with 78 speakers from 20 countries. The event attracted 190 international guests.

The Future of the Euro (and Europe)

The CASE 25th Anniversary Conference opened with a star-studded panel of guest speakers, who met to discuss the future of the euro (and Europe more generally). The welcoming speech, provided by CASE’s President, Dr. **Christopher A. Hartwell**, discussed how CASE has evolved

from being the first think tank in the region to one that now spans across Europe. As Dr. Hartwell illustrated, CASE has been the flashlight that has helped navigate European policy-makers through an uncertain world over the years, as they aim to uncover better and necessary policies.



The panel discussions then kicked off with a keynote address by Professor **Leszek Balcerowicz**, Professor of Economics at the Warsaw School of Economics, former Chairman of the National Bank of Poland, and Deputy Prime Minister in Tadeusz Mazowiecki’s government. In his presentation, titled “Institutional systems and quality of life,” Professor Balcerowicz highlighted the unquestionable importance of economic freedom, which

encompasses free trade through to a limited regulatory framework, as an institutional necessity in fostering sustainable economic growth and prosperity.



Greater economic freedom, free trade, easing fiscal burdens, and reducing labor market inefficiencies: these were some of the possible solutions to securing a stronger and more sustainable future for the European economy discussed during the [opening panel of the CASE 25th Anniversary Conference](#). The panel featured **Anders Aslund, Ryszard Kokoszczyński, Andre Sapir, and Nauro Campos** as plenary speakers.

Ukraine, Poland, and Divergence in Transition

CASE’s expertise in the transition of post-communist states has been central to the organization since its very beginning in 1991. Twenty-five years later, CASE paid tribute to this heritage by devoting one of the first sessions of its 25th Anniversary Conference to a comparative [analysis of the transition of Ukraine and Poland](#). In response to the leading question of the conference, what is the future of Europe, the session on Poland and Ukraine answered resoundingly that the future of Europe IS Ukraine. The session featured **Christopher A. Hartwell, Andrzej Kondratowicz, Ivan Miklos, and David Snelbecker**.

Russia: A Transition Success or Failure? Or Both?

The [session dedicated to Russia](#) – a key player for the future of Europe featured **Marek Dąbrowski, Sergey Aleksashenko, Alexey Kuznetsov, and Christian Bluth**.

“The situation in Russia is not about economics. It’s about politics” - Sergey Aleksashenko

Professor Marek Dąbrowski opened the session by discussing Russia’s institutional and macroeconomic fragility. Professor Sergey Aleksashenko noted that in discussing the Russian transition, a broader perspective should be adopted, which encompasses various dimensions of society, culture, and politics. Dr. Alexey Kuznetsov focused on the successes of Russian economic liberalization in recent years, using examples from the automotive industry and agriculture. Dr. Christian Bluth emphasized that Russia had been using trade as another instrument of foreign policy, which explains its effort towards integration within the Eurasian Economic Union.

Can Europe Become a Global Leader in Job Creation?

In the last panel session of CASE’s 25th Anniversary Conference, CASE Vice President, Dr. Izabela Styczyńska, and a panel of distinguished guests: **Susan Maguire, Jaan Masso, and Martin Kahanec** discussed a range of [challenges prevalent in the EU job market](#) and how they relate to the European policy agenda.



During the conference's **16 break-out sessions**, international speakers discussed issues such as foreign direct investment, macroeconomics, financial market, trade, labor markets, governance, and institutions.

The conference was organized under the patronage of the **International Monetary Fund** and **Narodowy Bank Polski** (The National Bank of Poland). Media patrons for the conference included: **Bloomberg Business Week Poland**, **bne Intellinews**, **Emerging Europe**, **Harvard Business Review Poland**, **Obserwator Finansowy**, and **Rzeczpospolita**.

[Media release](#) about the Conference | Rzeczpospolita



“Fiscal Policy: Moving towards Predictability” : CASE’s discussion panel at the 26th Economic Forum in Krynica | September 7, 2016

How can fiscal policy be best shaped so as to secure public finances but not harm taxpayers or discourage private investors? What are the benefits and drawbacks to predictable fiscal policy? These topics were discussed by international experts during **CASE’s discussion panel “Fiscal Policy: Moving towards Predictability”** at the 26th Economic Forum in Krynica. The panel was moderated by **Grzegorz Poniatowski**, Director of Fiscal Policy Studies at CASE.



Inefficiency in fiscal policy is measured in billions, which is clearly visible in Poland, where, according to a recent CASE study, VAT non-compliance alone costs around 40 billion PLN annually

Diverse revenue portfolio

“The main benefits of fiscal predictability are political. And the main costs are economic,” commented **Michael Smart** from the University of Toronto. He noted that a predictable fiscal policy could make politicians’ lives easier in terms of helping them to

better manage budgets and reducing the incidence of fiscal crises. However, stabilizing the fiscal balance could come at the cost of the taxpayers.

Smart’s suggestion for governments was to create a diversified revenue portfolio and to avoid volatile revenue sources. Governments should give preference to consumption taxes, namely VAT, redesigning it so that it is less sensitive to business cycles.

Fiscal framework and independent institutions

According to **Manoucher Mokhtari** from the University of Maryland, to avoid crises, governments should set credible fiscal frameworks. This entails the introduction of expenditure rules and the creation of predictable medium-term budgetary frameworks. Fiscal councils, which are independent, non-partisan institutions that monitor fiscal performance and/or advise the government on fiscal policy matters, can ensure a credible and efficient fiscal policy.

Fiscal unpredictability harms the private sector

Ivailo Izvorski from the World Bank touched upon the issue of the poor execution of EU rules regarding the stabilization of public finances. “None of the EU countries have been punished for breaching of the Stability and Growth Pact,” noted the panel speaker. He also referred to the negative consequences of an unpredictable fiscal policy on the private sector. “The private sector does not like uncertainty, especially in the field of taxation. Unpredictability affects investment,” he stressed.

Gabriel Biris from the Romanian Ministry of Finance pointed out that another important factor in shaping an effective fiscal policy is setting proper tax rates. “The higher tax rates are, the bigger tax avoidance we have,” said the Minister. As a result, fiscal unpredictability grows. Therefore, governments should keep tax rates at a minimum level, create simple tax systems, and simplify tax procedures.

Rules alone do not guarantee the predictability of a fiscal policy

Jarosław Neneman, former Undersecretary of State in the Polish Ministry of Finance, said that rules alone do not guarantee fiscal predictability. The missing elements are a clear vision, the maturity of the politicians, and the maturity of the institutions.

He referred to excise taxes and the unsuccessful case of raising the tobacco tax in Poland. Poland recently implemented several tax increases to quickly comply with an EU directive. A drawback to these abrupt changes has been decreased revenue from excise taxes.

Dr. Neneman stressed that there is no clear answer for how to increase excise taxes, nor does the Ministry have a vision of an overall tax system. However, entrepreneurs need to know in advance what they are required to pay.

Grzegorz Poniatowski, Director of Fiscal Policy Studies at CASE, concluded that inefficiency in fiscal policy is measured in billions, which is clearly visible in Poland, where, according to a recent CASE study, VAT non-compliance alone costs around 40 billion PLN annually.

*Grzegorz Poniatowski's editorial related to the panel [“Fiscal Policy Predictability in CEE — It's Time for Change”](#) | *Emerging Europe**

Information about the panel on the Economic Forum's [website](#)

“Developments in Global Trade: An Insider’s Perspective”: Lecture by Anabel González | June 3, 2016

On June 3rd, 2016, **Anabel González**, Senior Director of the Trade & Competitiveness Global Practice at the World Bank and former Minister for Trade of Costa Rica, discussed challenges and opportunities of mega-regional trade agreements during a lecture “Developments in Global Trade: An Insider’s Perspective” organized by CASE – Center for Social and Economic Research and the World Bank.



Causes of the global trade slowdown

Minister González spoke at CASE on the causes of the current slowdown in global trade and how countries were attempting to kick start their trade relationships. She focused on two specific themes harming the global trading system, citing cyclical and structural problems. Regarding cyclical factors, the weak recovery of the advanced economies since the global financial crisis meant that trade was also growing slowly. Lower commodity prices and China’s transition to a new growth path were two additional mutually reinforcing cyclical factors that shaped trade performance in 2015. Lower commodity prices reduced commodity producers’ incomes, leading those countries to import less from all other regions, including China. At the same time, China’s gradual shift from investment to consumption and the decline in its industrial production reduced China’s imports from other regions, including commodity producers. Overall, cyclical factors accounted for about two-thirds of the global trade slowdown in 2015 relative to the pre-crisis period (with the rest being accounted for by long-term or structural factors).

Perhaps more interestingly, however, were structural issues, which affected trade by altering long-run trade elasticity, or the trade-intensity of GDP growth. Minister González stressed that a slowdown in trade liberalization, coupled with changes in global value chains, may have also contributed to the slowdown in trade.

“Mega-regionals, such as the TPP and the TTIP, are an important part of ‘next-generation’ trade agreements and offer new opportunities to stimulate trade opening by deepening regional and global integration.”

New Generation Trade Agreements

Against this backdrop, Minister González moved to the challenges and opportunities of so-called “Mega-Regional Agreements,” classifying them into one of three groups: trade agreements of yesterday (e.g. General Agreement on Tariffs and Trade), today (e.g. North American Free Trade Agreement), and tomorrow

(Transatlantic Trade and Investment Partnership, Transpacific Partnership). Minister Gonzalez described these last two mega-regional agreements, and stressed the innovative nature of both the TTIP and TPP: “In order to reap the potential benefits from TPP, countries would need to

complement its implementation with productivity-enhancing domestic reforms that unlock supply-side constraints. This would include establishing a sound business climate, reducing barriers to FDI, and strengthening competition. The TPP may be for a member country like Malaysia what EU accession was for Poland in the late 90s and early 2000s.”

Minister González also focused on the broader nature of TTIP, concentrating on the regulatory convergence it promotes. She noted that “the improvement in regulatory compatibility between the US and EU that is planned under TTIP should have a direct positive impact on companies, which export to both Europe and the United States.” However, she acknowledged that there may be drawbacks to the new



generation of mega-regionals, such as concerns that these agreements could undermine the relevance of the multilateral trading system, in which all parties have an equal position at the negotiating table. What is more, rules agreed within TTIP, by definition, do not take into account interests of non-member developing countries, and even amongst member countries they may be more suited to the needs of advanced economies owing to their stronger bargaining power. On the other hand, developing countries can assess the impacts of certain approaches to economic integration pursued through the TTIP and then adopt those that have been most effective through other preferential trade agreements.

Importance of business environment

Christopher A. Hartwell, President of CASE, responded to Minister González’s presentation favorably, but mentioned an additional factor that inhibits trade, namely that of economic policy uncertainty. As trade is a longer-term flow, when a country’s policy environment is unstable, there is no incentive for firms to invest long term in cultivating trade links. Policy uncertainty thus harms macroeconomics and trade, and dampens investments for the longer term. Agreeing with Minister González, Dr. Hartwell also noted that the main barriers in trade globally are no longer tariffs, which are “just the tip of the iceberg,” but non-tariff barriers, such as a poor business environment, sanitary and phyto-sanitary regulations, and unfair and uneven customs administration. Dr. Hartwell stressed that mega-regional agreements should be focused on removing non-tariff barriers and on liberalization rather than on regulatory harmonization.

The main barriers in trade globally are no longer tariffs, but non-tariff barriers, such as a poor business environment, sanitary and phyto-sanitary regulations, and unfair and uneven customs administration.

During the Q&A session, the audience asked questions regarding the possible negative consequences of TTIP, especially those related to regulatory harmonization or investor protection. Minister González said that the controversy on these issues was baffling and overblown, as TTIP was only a way to allow for recognition of standards, not to set them. She also stressed the need of appropriate education and the responsibility of policy-makers in the trade agreement processes.

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 policy-makers and academics to speak on the key issues of the day, including macroeconomics, the financial sector, and public finance in Poland and the European 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.

Highlights: Projects

Study and Reports on the VAT Gap in the EU-28 Member States

VAT fraud and evasion costs European states hundreds of billions of euro every year. According to CASE's estimations, **nearly €160 billion in Value Added Tax (VAT) revenues were lost in the EU in 2014**. Since VAT is a major revenue source for EU Member States, VAT losses have a vast impact on their budgets, amounting to a total revenue loss across the EU of 14.03% of VAT total liability. Moreover, VAT evasion challenges the principle of equal treatment under the law, unfairly advantaging some businesses at the expense of law-abiding ones.

Nearly €160 billion in VAT revenues were lost in the EU in 2014

Quantifying the scale of the VAT Gap can help in designing well-targeted measures to fight VAT evasion and in monitoring the effectiveness of these means. CASE has developed an **innovative measure of VAT non-compliance** that provides an estimate of revenue loss due to fraud and evasion, tax avoidance, bankruptcies, financial insolvencies, as well as miscalculations. The VAT Gap is defined as the difference between the actual amount of VAT collected and the VAT Total Tax Liability (VTTL). The VTTL is an estimated amount of VAT that is theoretically collectable based on the VAT legislation, which involves estimating different components of liability and roughly 10,000 parameters each year. Since the study conducted by CASE covers all EU member states, the methodology must tackle all specificities of each country and ensure comparability of the figures. Thus, the VAT Gap is estimated using a "top-down" approach that applies respective VAT rates to six components of VAT revenue, 65 different industries, and 65 different products and services.

The aim of the VAT Gap study, commissioned to CASE by the European Commission, is to quantify the VAT Gap and to better understand trends in the EU in the field of VAT collection. CASE has so far

This project is conducted by a team of CASE experts: Grzegorz Poniatoski, Misha V. Belkindas and Mikhail Bonch-Osmolovsky

published four reports on the VAT Gap in the EU-28 Member States. The results can help to better understand the trends in the EU in the field of VAT collection, to address policy measures to improve VAT compliance and enforcement, and the figures can serve as a yardstick to monitor progress in this area.

The VAT Gap study has been widely quoted and discussed by the European Commission, the sponsor of the research. The Commission is devoted to tackling the problems of VAT fraud and miscalculations and to implement its Action Plan on VAT – Towards a Single EU VAT Area. The reports delivered by CASE are essential to this end. The VAT Gap research conducted by CASE is therefore crucial for EU policy-making in the area of taxation. The problem of VAT evasion, brought into sharp focus by CASE's study, has also been taken up by many politicians and governments calling for a battle against tax fraud, e.g. in Italy or Poland. This topic is also widely present in media and academic discourse, with CASE's calculations serving as a point of reference.

Study and Reports on the VAT Gap in the EU-28 Member States: [2016 Final Report](#)

VAT Gap: Nearly €160 billion lost in uncollected revenues in the EU in 2014: [European Commission's press release](#)

Press coverage:

[Rząd chce dodatkowe 15 mld zł z podatku VAT](#) | PolskieRadio.pl | 02/16/2016

[Batalia o VAT będzie długa](#) | Puls Biznesu | 02/21/2016

[Unia pomoże rządowi w sfinansowaniu 500+](#) | Rzeczpospolita | 04/11/2016

[Rząd poszukuje dodatkowych dochodów](#) | Rzeczpospolita | 12/29/2016

[Fiasko rządowych planów ws. poprawy ściągальności VAT?](#) | Onet Biznes | 02/07/2017

[Kolejna porażka podatkowa PiS. Spadły wpływy z VAT](#) | OKO.press | 02/06/2017

[Oszustwa na VAT-cie. Chodzi o 160 miliardów euro](#) | Deutsche Welle | 03/20/2017

An Ex-Ante Study of a Possible Modernization of the EU-Chile Association Agreement

The objective of this study was to provide a comprehensive ex-ante study of the effects of the possible modernization of the EU's Association Agreement with Chile, overcoming the shortcomings of the previous assessment and taking into account the new world of trade relations.

The study identified the major changes which have occurred since the entry into force of the Association Agreement (AA) and which provide an incentive for modernizing the EU-Chile Free Trade Agreement (FTA), identified and quantified all existing barriers for investment and public procurement, provided a qualitative analysis on existing barriers for trade in agricultural goods and food between the EU and Chile, and estimated the costs and benefits of removing barriers to participation in public procurement markets for producers, including specifically for SMEs and consumers in the EU and Chile. Based on the computable general equilibrium (CGE) modelling results provided by DG Trade, the study estimated the overall impact of modernizing the EU-Chile FTA on trade and the economy of both partners (GDP, employment, wages, and output of key sectors). Furthermore, it estimated the potential impacts of modernizing the EU-Chile FTA for third countries, especially developing countries and Least Developed Countries (LDCs), analyzed the potential social and environmental impacts of modernizing the EU-Chile FTA, and analyzed the potential human rights impacts of modernizing the EU-Chile FTA.

CASE's study is the first step in helping to overhaul the Association Agreement between the EU and Chile

Ex-ante study of a possible modernization of the EU-Chile Association Agreement: [Final report](#)

Study Contributing to an Impact Assessment on Council Directive 2008/118/EC Concerning the General Arrangements for Excise Duty

The main purpose of this study is to provide the necessary information on the potential impact of the various policy options at stake, allowing legislators to make informed decisions.

The overall objective of the Impact Assessment is to identify possibilities for simplification to reduce fraud and administrative burdens and costs while achieving a higher degree of compliance. Within that scope, the purpose of the study is to help Commission services in assessing if and why they should act and how these objectives could and should be achieved. The Commission also needs to verify if the best option is a legislative proposal at the EU level and to which extent a solution could be achieved by administrative cooperation or other non-legislative measures.

Against this background, the Study should gather and analyze evidence in order to quantify the magnitude of the problems and to estimate the costs and benefits of available solutions for solving issues in the area of excise duties. This exercise will help inform decision makers of the potential outcomes in the context of a possible revision of Directive 2008/118/EC, covering the following:

- verification of the magnitude and existence of the problems identified in the evaluation studies,
- assessment of the evolution of the problems if no further action at the EU level is taken (dynamic baseline scenario),
- identification of policy options to address the problems and an assessment of their economic, social, and environmental impacts, and
- comparison of each possible option.

As a result, CASE experts will conduct an in-depth and detailed impact assessment of the major policy options capable of addressing the abovementioned issues. More specifically, we will focus on the following policy areas: customs – excise coordination, the automation of duty paid from Business-to-Business (B2B), the collector's fee that enforces excise debt collection in other Member States, linking data produced by the e-AD to irregularities, the accumulation of excise debt, the guarantee release and the provision of the Recovery Directive, and other major policy options that may be identified during the course of the study.

| Growth & Trade

Projects

An Ex-Ante Study of a Possible Modernization of the EU-Chile Association Agreement

The objective of this study was to provide a comprehensive ex-ante study of the effects of the possible modernization of the EU's Association Agreement with Chile, overcoming the shortcomings of the previous assessment and taking into account the new world of trade relations.

For more details, see CASE Highlights (p. 31).

Experts: Christopher A. Hartwell, Paul Lurette, Katarzyna Sidło, Jan Teresiński, Klaus Schmidt-Hebbel, Rodrigo Polanco, Ramon Torrent Macau, Alberto Valdes, Andrea Pellandra, Kimberly Nolan Garcia, Onno Kuik

Sponsor: European Commission Directorate General for Trade

The Role of Small and Medium-Sized Enterprises in Polish Exports and How We Can Support Their Presence and Competitiveness in Foreign Markets

The main objective of this project is to provide solutions which lead to the increased presence of Polish SMEs in foreign markets as well as to their invigorated competitiveness. Within this project, CASE experts will present a diagnosis of the current state of Polish SME exporting activities, including opportunities, challenges, and barriers to SME development with regards to export; describe changes in SMEs' share in Polish exports in the last few years as well as predictions for the future; draw up a catalogue of instruments/ policies that can support SMEs in their exporting activities; present how those supporting instruments can boost competitiveness and the expansion of Polish SMEs in foreign markets; and point out recommendations regarding legislation and organizational-logistical support with regards to SME export development.

Experts: Małgorzata McKenzie (Jakubiak), Bartosz Radzikowski, Jan Teresiński

Sponsor: Ministry of Economic Development/ Ministerstwo Rozwoju

Cross-Border Cooperation in the Mediterranean Region

The revised European Neighborhood Policy (ENP), presented in November 2015, introduces a new approach based on stability and a stronger partnership between the EU and its neighbors. The focus also changes from transformation (promotion of political and economic reforms) to stabilization of the neighborhood. The aim of this report is to provide the information necessary to prepare the Euro-Mediterranean Regional and Local Assembly (ARLEM) report on cross-border cooperation in the Mediterranean region, covering the Union for the Mediterranean member countries.

Experts: Christopher A. Hartwell, Katarzyna Sidło, Karolina Zubel, Karolina Beaumont, Bartosz Radzikowski

Sponsor: Committee of the Regions

Leader of the consortium: LSE

New Approach to the European Neighborhood Policy

The European Neighborhood Policy (ENP) was developed in 2003 to strengthen relations between the EU and its neighboring countries. Political developments, civil wars and ensuing humanitarian crises, migration, and an overall surge of internal and external conflicts have increased the difficulties to advance the core objectives of the ENP and have instead created numerous challenges. Challenges can be found on the sub-national level, be it in the cooperation with ENP partners or in the contribution of local and regional authorities to the general policy formulation towards ENP countries. The objective of the study is to provide evidence for the existing challenges of the sub-national level in the Neighborhood countries in the areas of regional and sub-regional cooperation, funding, sectoral development, implementation of the association and similar agreements, and migration.

Experts: Christopher A. Hartwell, Małgorzata McKenzie (Jakubiak), Katarzyna Sidło, David Dyker

Sponsor: Committee of the Regions

Leader of the consortium: LSE

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

EU trade and economic relations are governed by the Customs Union agreement that entered into force on December 31, 1995, and by subsequent agreements, notably on agricultural products. CASE experts addressed EU-Turkey trade and investment relations in presentations during a workshop and developed two studies which underpinned their presentations. They also outlined EU and Turkish strategies towards modernized trade and investment relations.

Experts: Sübidey Togan, Kamala Dawar

Sponsor: European Parliament

Leader of the consortium: LSE

A Case Study on Metal Mines

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 operations and production areas of KGHM, its corporate governance, its relationships with the government, and a SWOT analysis. A focus of the report was the ownership arrangements of KGHM, especially the history of its privatization. CASE examined how

successful the privatization was, particularly considering the performance of KGHM after its privatization. The analysis also showed the challenges faced during the privatization process as well as the lessons learned. The conclusions of this study can be helpful during the privatization processes of other metal mines around the world and, in particular, the mining complex in Trepca in Kosovo, which commissioned the study.

Experts: Grzegorz Poniatoski, Jan Teresiński

Sponsor: Parliamentary Committee for Economic development, Infrastructure, Trade, and Industry of the Republic of Kosovo

Analysis of the Upcoming Modernization of the Trade Pillar of the EU-Mexico Global Agreement

In 1997, Mexico was the first Latin American country to complete an Association Agreement with the EU. This Agreement includes trade provisions establishing a free trade agreement (FTA) that entered into force in October 2000. Further, Mexico is, since 2009, a Strategic Partner for the EU. In 2013, EU and Mexico agreed to explore the options for a comprehensive update of the Global Agreement. The Commission is expected to come up with a proposal for a negotiating mandate, early in 2016. In this context, the study aimed to answer the following questions:

- Is there a real need for an update of the trade pillar of the Global Agreement?
- If so, in which areas should it be updated? What trade and investment agreement model should be the reference (i.e. EU-Canada, EU-Singapore, EU-South Korea, or EU-Central America)?
- What are the main expectations and concerns on both the EU and Mexican sides?
- What are the main obstacles that the negotiations may face?

Experts: Rodrigo Polanco, Ramon Torrent Macau

Sponsor: European Parliament

Leader of the consortium: LSE

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

The 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 liberalisation. The analysis also included a comparative analysis between the EU-Chile agreement and current trade agreements being negotiated by the EU and Chile with third countries. The project aimed to answer the following questions:

- Is there a real need for an update of the trade pillar of the EU-Chile Association Agreement?
- If so, in which areas should it be updated?
- What are the main expectations and concerns on both the EU and Chilean sides?
- What are the main obstacles that the negotiations may face?

Experts: Rodrigo Polanco

Sponsor: European Parliament

Leader of the consortium: LSE

'Ex-Post' Evaluation of Cohesion Policy Programs 2007-2013 Financed by the European Regional Development Fund and Cohesion Fund

The evaluation study is part of a comprehensive program of ex-post evaluations of programs financed by the European Regional Development Fund (ERDF) and Cohesion Fund (CF) in 2007-13, taking place in the context of the Commission's efforts to fulfil commitments in terms of transparency and accountability and to foster evidence-based and result-oriented policy-making. It takes 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 is 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, Jan Teresiński

Sponsor: European Commission

Partners: CSIL: Centre for Industrial Studies, CSES: Center for Strategy and Evaluation Studies

Transferring V4 and Georgia Reform Experience to Facilitate Economic Development in Belarus

The project aimed to promote economic reform in Belarus by sharing the experience of V4 countries and Georgia. Experts with hands-on experience in economic reforms in transition countries transferred their knowledge on tax administration, attracting FDI, and e-government, and discussed ways to further economic development with Belarusian government officials, business representatives, and NGOs.

Experts: Karolina Zubel, Jan Teresiński

Sponsor: Visegrad Fund

Project leader: PMC Research Center

Project partners: Belarusian Economic Research and Outreach Center (BEROC), EUROPEUM Institute for European Policy, Hungarian Academy of Sciences - Center for Economic and Regional Studies

Mapping Out Vulnerable Sectors in Eastern Partnership Countries – Structural Change, Visegrad Experience, and Relevance for EU Policy

The project provides an overview of major post-Soviet economic clusters, the fate of which may have a crucial role in the modernization of EaP countries (machine industry and energy sectors, in particular). The projects will collect and provide the past and current V4 experiences in the transformation of these industries. Furthermore, the project aims to raise public awareness in V4 societies and in the broader expert community to the economic hardships of these processes.

Experts: Małgorzata McKenzie (Jakubiak)

Sponsor: International Visegrad Fund

Project 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

The Comprehensive Economic and Trade Agreement between Canada and the EU – Opportunities to Attract Polish Investment in the Canadian Manufacturing Sector

The objective of this study is to analyze two separate case studies that illustrate how adopting this new business model concept could help Polish exporters penetrate both the Canadian and US markets. To do so, the study will outline how the Comprehensive Economic and Trade Agreement (CETA) could create an environment that attracts Polish investment in Canada through Polish companies looking for greater trade and investment opportunities in North America.

Expert: Paul Lirette

Client: Canadian Embassy, Warsaw

Development of Strategic Recommendations for the New Soros Foundation-Kazakhstan Program, Open Economy Initiative for 2017-2019

The project focuses on providing expert recommendations on the strategic opportunities existing for Soros Foundation-Kazakhstan regarding advancing open societies through economic reforms during 2017 to 2019. The recommendations will take into account the strategic roles that SFK may play (catalyzer of change, policy broker, public policy hub, grant-maker, and advocate, among others), in reference to the internal capacity of SFK and SFK's ability to build partnerships across Europe, the US, and Eurasia.

Experts: Christopher A. Hartwell, Marek Dąbrowski

Sponsor: Soros Foundation-Kazakhstan

Trade Sustainability Impact Assessment (Trade SIA) in Support of Negotiations of a Comprehensive Trade and Investment Agreement Between the European Union and Japan

The project assesses the potential impacts of the proposed trade liberalization on the EU, the trading partner country, and other relevant countries, as well as on the pillars of sustainable development in order to help optimize the decisions and choices made about policy. The study aims 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 proposes measures (trade or non-trade – the “beyond the border” dimension/issues) to maximize the benefits of the Deep and Comprehensive Free Trade Areas (DCFTA) and prevent or minimize potential negative impacts.

Expert: Toyomitsu Terao

Project sponsor: European Commission Directorate General for Trade (DG Trade)

Project partner: London School of Economics and Political Science (LSE)

Project leader: LSE Enterprise (LSEE)

Events

“Innovative Approaches to Finance. The Islamic Experience in Europe” | February 9, 2016

Speakers: Zeeshan Ahmed, Omar Shaikh, Katarzyna Sidło, Mehmet Murat Cobanoglu

The main purpose of the seminar was to broaden the understanding of Islamic finance, the most rapidly growing sector of finance, and to present solutions used in Europe. The event was co-organized by Narodowy Bank Polski within the project „Economic education”, under the patronage of the Polish Ministry of Finance, the Polish Chamber of Commerce and Warsaw Voice.

40 attendees



143rd mBank - CASE Seminar: “Economic Policy and Macroeconomic Developments in Hungary” | March 17, 2016

Keynote speaker: Gábor Oblath

Gábor Oblath argued that the factors responsible for Hungary’s growth performance over the last five or six years were mainly exogenous to Hungarian government policy. The acceleration of economic growth observed in 2014 was due to, in particular, exceptionally large transfers from EU funds, which had nothing to do with the government’s “unorthodox” economic policy.



53 attendees

374 persons watched the live broadcast, 722 watched the rebroadcast

144th mBank - CASE Seminar: “Economic Growth in Europe - Uncertain Perspective of Development for EU Countries” | April 28, 2016

Keynote speaker: Andrzej Rzońca

Commentator: Andrzej Halesiak

During the seminar, Andrzej Rzońca discussed the key factors that were responsible for the weak



economic growth in Europe and assessed to what degree are they persistent. He furthermore outlined the main threats to the stability of EU countries in the longer term.

43 attendees

130 persons watched the live broadcast, 200 watched the rebroadcast

“Developments in Global Trade: An Insider’s Perspective” Lecture by Anabel González | June 3, 2016



Keynote speaker: Anabel González

Commentator: Christopher A. Hartwell

Anabel González, Senior Director of the Trade & Competitiveness Global Practice at the World Bank and a former trade negotiator with over 30 years of experience and six trade agreements to her name, discussed the challenges and opportunities of mega-regional trade agreements such as the Transatlantic Trade and Investment Partnership. Minister González also spoke at CASE on the causes of the current slowdown in global trade and how countries were attempting to kick start

their trade relationships.

145th mBank - CASE Seminar: “The Catalan Economy: Crisis, Recovery, and Policy Challenges” | September 29, 2016

Keynote speaker: Xavier Cuadras-Morató

Commentator: Natàlia Mas-Guix

Dr. Xavier Cuadras-Morató, from the University Pompeu Fabra in Barcelona, discussed the crisis and subsequent recovery of the Catalan economy. According to the expert, consolidating the recovery and making the economy more competitive, resilient, and less volatile are the key challenges of economic policy in Catalonia. He also stated that in order



to improve the level of social cohesion of the country, policy-makers should make sure that economic prosperity is more widely shared and transformed into effective social progress.

48 attendees

200 persons watched the live broadcast, 500 watched the rebroadcast

146th mBank - CASE Seminar: “Economic Policy, Institutional Environment, and the State of Public Finances in Poland. Possible Scenarios” | October 20, 2016

Keynote speaker: Aleksander Łaszek

Commentator: Marek Rozkrut

During the 146th mBank-CASE Seminar, Aleksander Łaszek, Vice President and Chief Economist of the Civic Development Forum (FOR), spoke about the influence of economic policy and the international environment on public finances. He said the slowdown in the world economy may have a significant impact on the situation in Poland, where output is strongly dependent on the global economy. Meanwhile, current growth is disappointing, and China’s slowdown, Brexit, and the growing wave of populism are not helping.



45 attendees

982 persons watched the live broadcast, 947 watched the rebroadcast

Publications

Interaction Between Monetary Policy and Bank Regulation: Lessons for the European Central Bank

Marek Dąbrowski

CASE Networks Studies & Analyses No 480, February 2016

The European Central Bank (ECB) recently became engaged in macro-prudential policies and the micro-prudential supervision of the largest Euro area banks. These new tasks should help complete financial integration, and make the Euro area more resilient to financial instability risks. However, the multiplicity of mandates and instruments involves a risk of their inconsistency which could compromise the ECB's core price-stability mandate as well as its independence. The experience of central banks during the recent global financial crisis confirms that such risks are not purely hypothetical.

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

Barbara Nowakowska, Piotr Nocoń, Michał Surowski, Michał Popiołek

mBank – CASE Seminar Proceedings No 140, February 2016

In the publication, Barbara Nowakowska and Piotr Nocoń discuss “Poland’s Private Equity Market: Current Conditions and Development Prospects,” and Michał Surowski and Michał Popiołek describe “Private Equity from a Bank’s Perspective.”

Risk Management in Institutions that Use Islamic Financial Products

Katarzyna Czupa

CASE Networks Studies & Analyses No 481, April 2016

Islamic finance is one of the most rapidly growing sectors in recent years. During the last decade, the global value of Islamic assets has grown at yearly the pace of 10-12 percent. Sharia compliant products, which are not based on the interest rate, have also become popular in non-Muslim countries, namely in EU Members States and in the US. Therefore, it is essential to address some practical aspects of the use of these instruments, such as risk management. The publication discusses select characteristics of Islamic finance, the financial risk that is included in the main contracts, and the methods of its management (including the practices of institutions that use Islamic financial products).

Change in Economic Policy Paradigm: Privatization and State Capture in Poland

Piotr Kozarzewski, Maciej Bałtowski

CASE Working Papers No 3, July 2016

Piotr Kozarzewski and Maciej Bałtowski analyze the causes and manifestations of Poland's recent shift in economic policy towards a more active role of the state, and use privatization policy as an example. The authors examine the effects of the privatization policy and point to a large unfinished agenda in ownership transformation that has had an adverse impact on the institutional setup of the Polish state, creating grounds for rent seeking and cronyism, which, in turn, impede the pace of privatization. They discover that it is the increasing capture of the state by rent-seeking groups, and not, contrary to popular opinion, the global financial crisis, that most contributes to the growing statist trends of Poland's economic policy.

Economic Policy and Macroeconomic Developments in Hungary, 2010-2015

Gábor Oblath

mBank – CASE Seminar Proceedings No 143, September 2016

Gábor Oblath argues that the factors essentially responsible for Hungary's growth performance over the last five or six years were mainly exogenous to Hungarian government policy. The acceleration of economic growth observed in 2014 was due to, in particular, exceptionally large transfers from EU funds, which have nothing to do with the government's "unorthodox" economic policy. By contrast, the decline in the quality of the institutional environment of the economy is a direct consequence of both the spirit and the methods of the economic policy pursued.

CP ALL and the Case of Value Web Creation

Bryane Michael, Christopher A. Hartwell, Vladimir Korovkin

CASE Modelling Series No 1, November 2016

In this paper, Bryane Michael, Christopher A. Hartwell, and Vladimir Korovkin use a seemingly unrelated economic model analyzing Vietnam to tell something about the conglomerates running convenience store licenses like CP ALL. They find that convenience stores may not want to raise capital from Thai banks and the Bangkok stock market when labor productivity exceeds capital. They also find that inefficiencies inherent in Thai markets may significantly reduce the optimal size of a convenience store operator like CP ALL. These operators may also (counterintuitively) need to give up a significant share of their profits to "value service providers" when the cost of capital falls. As such, counter to the usual World Bank nostrums, improvements in Bangkok's stock market and banks may actually hurt firms like CP ALL.

On Economic Growth in Europe, or, The Uncertain Growth Prospects of Western Countries

Andrzej Rzońca, Aleksander Łaszek, Andrzej Halesiak

mBank – CASE Seminar Proceedings No 144, November 2016

Growth in the European Union since the outbreak of the global financial crisis is slower (1) than before the crisis, (2) than the trend would indicate, (3) than forecast, and (4) than in the United States. The factors driving its weakness lie more on the supply side than the demand side. The loss of potential output after the crisis was exacerbated by inequalities from before the crisis; fiscal stimulus from 2007-2009, increasing public expenditure despite the lack of fiscal space; excessive liquidity support for banks; and inflexibility of the market for goods at the moment the crisis broke out. The problems with growth may deepen and become permanent if social support for anti-market parties continues to grow. Extremist parties are supported by divergence among the countries of the “old” EU and the slowdown of convergence in the new Member States, as well as tendencies related to inequality—in particular, the reduction of households’ mobility between income groups.

Fiscal Policy

Projects

Study and Reports on the VAT Gap in the EU-28 Member States

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 project is composed of two separate stages, the first stage provides the estimates for 2014 (the 2016 Report), and the second for 2015 (the 2017 Report). The main objectives of this update are:

- To carry out a study on the VAT Gap in all EU Member States for the year 2014 (including revisions for 2010-2013). The study should also examine the VAT Policy Gap for the same period and estimate the respective contribution that VAT reduced rates and exemptions make to this gap;
- To produce a report on the abovementioned VAT Gap study, detailing the findings and analyzing the trends, for publication in 2016 (hereafter: the 2016 Report); and
- To continue with the study for the year 2015 (including revisions for 2011-2014, if necessary) and produce an updated report for publication in 2017 (hereafter: the 2017 Report).

For more details, see CASE Highlights (p. 27).

Experts: Grzegorz Poniatowski, Mikhail Bonch-Osmolovsky, Misha V. Belkindas

Partners: IHS, Institute for Advanced Studies

Sponsor: Directorate General Taxation and Customs Union (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 analyzes whether they work in the same fashion under different states of the economy and over the short and the long run. The project describes the 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

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: Directorate General for Research and Innovation (DG RTD)

Study on Council Directive 2011/64/EU on the Structure and Rates of Excise Duty Applied to Manufactured Tobacco

The main purpose of this study is to feed the necessary information into the Impact Assessment, allowing legislators to make an informed decision. As Directive 2011/64/EU was included in the Regulatory Fitness and Performance Programme (REFIT), the overall objective of the Impact Assessment is to identify possibilities for the simplification and reduction of administrative burdens and costs while achieving a higher degree of compliance. Within that scope, the purpose of the study is to help Commission services in assessing if and why they should act and how these objectives could and should be achieved.

Experts: Grzegorz Poniatoski

Sponsor: Directorate General Taxation and Customs Union (DG TAXUD)

Consortium & project leader: Economisti Associati srl

Project partners: Centre for European Policy Studies (CEPS), EUROPE Ltd, wedoIT – solutions GmbH, ECOPA

Evaluation Study on the Application of the Provisions of the Council Directive 95/60/EC of 27 November 1995 on Fiscal Marking of Gas Oil and Kerosene

This study will contribute to the retrospective evaluation of the functioning of Directive 95/60/EC on fiscal marking of gas oil and kerosene. The analysis will cover the implementation, application, and effectiveness of the provisions of Directive 95/60/EC from the time it became applicable. In doing so, it will include a detailed quantitative and qualitative assessment of the actual problems with the application of the Directive, its shortcomings and their broader consequences/impacts, as well as a brief identification of possible solutions in order to obtain technical and scientific support and provide the Commission with the considerations and inputs necessary to assess the impacts and any possible problems of the current arrangements.

Experts: Grzegorz Poniatoski

Sponsor: Directorate General Taxation and Customs Union (DG TAXUD)

Consortium & project leader: Economisti Associati srl

Project partners: Centre for European Policy Studies (CEPS), EUROPE Ltd, wedoIT – solutions GmbH, ECOPA

Reform of Rules on EU VAT Rates

As stated in its “Action Plan for VAT,” by 2017, the Commission aims to outline the key principles and design features for a simple, efficient, and fraud-proof VAT regime based on the country-of-destination principle. As part of the preparation for these policy proposals, the Commission has requested that we investigate the impact of such “enhanced flexibility”

on the proper functioning of the internal market in a multi-jurisdictional context, the distortions that may arise, the risk of tax competition, and the simplicity and efficiency of the VAT system (in individual jurisdictions and intra-EU). This impact assessment is to be conducted mainly on the basis of case study analysis of the current instances where there is scope for distortion in the location of sales and tax revenues.

Experts: Christopher A. Hartwell, Grzegorz Poniatowski

Sponsor: Directorate General Taxation and Customs Union (DG TAXUD)

Project leader: PwC – PricewaterhouseCoopers

Project partner: IEB – Institute of Economics, Barcelona

Best Practices in Reducing Tax Gaps in V4 Countries – Mutual Learning and Lessons for Ukraine

The aim of this project is to help improve tax collection in V4 countries and Ukraine through the support and coordination of mutual learning activities between these countries. The project envisages the following elements: peer country papers, peer review meetings, discussions of country experts in closed groups, and a final report summarizing the key messages. The results of the project will support the reduction of particularly visible tax non-compliance in V4 countries and Ukraine.

Experts: Jan Teresiński

Partners: CASE Ukraine, EUROPEUM Institute for European Policy, Institute for Economic and Social Reforms INEKO, Kopint-Tárki Institute for Economic Research

Sponsor: International Visegrad Fund

Literature Review on Taxation, Entrepreneurship, and the Collaborative Economy

Taking into account: (a) the importance of promoting a business environment supportive of entrepreneurs and innovation; (b) the vast amount of research on the question of tax and entrepreneurship and its sometimes-divergent findings; (c) the existence of several, still open tax-related questions raised by the growing importance of the collaborative economy, the research will provide a comprehensive and up-to-date literature review. The review will be divided in two parts: a comprehensive review on the extensive literature on taxation and entrepreneurship; a survey of the existing literature on taxation and the collaborative economy.

Experts: Izabela Styczynska, Grzegorz Poniatowski, Krzysztof Głowacki, Karolina Beaumont, Jan Teresiński, Iakov Frizis

Sponsor: Directorate General Taxation and Customs Union (DG TAXUD)

Project leader: Dondena

Partners: IHS - Institute for Advanced Studies, Vienna (consortium leader), IEB, PwC

Mid-Term Evaluation of the Hercule III Programme

The Hercule Programme is the sole instrument which is specifically dedicated to protecting the financial interests of the EU by supporting the fight against fraud to the detriment of the EU budget. In this respect, the protection of the financial interests (PFI) of the EU covers a wide range of actions aiming to prevent fraud both on the expenditure side and the revenue side of the budget (mainly customs duty). The requested service consists of performing an independent mid-term evaluation of the Hercule III Programme. The assignment will therefore cover key questions of an interim evaluation; in addition, policy recommendations to improve the quality of the Hercule III Programme will be presented on request from the client.

Experts: Grzegorz Poniatowski, Paul Lirette

Sponsor: Directorate General Taxation and Customs Union (DG TAXUD)

Project leader: Centre for European Policy Studies (CEPS)

Partners: Economisti Associati, wedoIT – solutions GmbH

Study Contributing to an Impact Assessment on Council Directive 2008/118/EC Concerning the General Arrangements for Excise Duty

The main purpose of this study is to provide the necessary information about the potential impacts of the various policy options at stake, allowing legislators to make an informed decision. The overall objective of the Impact Assessment is to identify possibilities for simplification, to reduce fraud and administrative burdens and costs while achieving a higher degree of compliance. Within that scope, the purpose of the study is to help Commission services in assessing if and why they should act and how these objectives could and should be achieved. The Commission also needs to verify if the best option is a legislative proposal at the EU level and to which extent a solution could be achieved by administrative cooperation or other non-legislative measures.

Experts: Christopher A. Hartwell, Grzegorz Poniatowski, Paul Lirette, Katarzyna Sidło, Iakov Frizis

Sponsor: Directorate General Taxation and Customs Union (DG TAXUD)

Project leader: CASE

Consortium leader: Economisti Associati srl

Project partners: Economisti Associati, Centre for European Policy Studies (CEPS), wedoIT – solutions GmbH

Events

142nd mBank-CASE Seminar: “The Problem of VAT Incompliance in Poland” | February 18, 2016

Keynote speaker: Grzegorz Poniatoski

Commentators: Jarosław Neneman, Tomasz Michalik

The problem of VAT tax incompliance in Poland remains unresolved. Moreover, incomes from the tax on goods and services is unstable. In 2013, the VAT gap in Poland amounted to nearly 27 percent of its tax liabilities. During the seminar Grzegorz Poniatoski, a senior economist at CASE, discussed the most important sources of this problem, and present statistics regarding areas of value-added tax avoidance. In addition, he pointed to fault procedures and activities that contribute to the size of the VAT gap. The topic remains important, as the Polish budget loses over 40 billion zloty annually on VAT incompliance.

73 attendees

474 persons watched the live broadcast, 1,416 watched the rebroadcast

147th mBank-CASE Seminar: “How to Fight VAT Fraud” | December 8, 2016

Keynote speaker: Tomasz Michalik

Commentators: Tomasz Kassel,
Piotr Laskowski

The seminar was devoted to methods of fighting fraud and abuse in VAT payments. The main presentation, titled How the European Commission and European countries fight VAT fraud, was delivered by Dr. Tomasz



Michalik, an attorney, tax adviser, and partner at MDDP Michalik Dłuska Dziedzic i Partnerzy, one of Poland’s leading specialists on VAT. Dr. Michalik presented the basic areas of VAT abuse, as well as the actions of the European Commission and Member States aimed at preventing VAT-related fraud. Comments were presented by Tomasz Kassel of PwC and Piotr Laskowski of the Internal Security Agency (ABW).

48 attendees

743 persons watched the live broadcast, 781 watched the rebroadcast

Publications

VAT Non-Compliance in Poland under Scrutiny

Grzegorz Poniatoski, Jarosław Neneman, Tomasz Michalik

mBank-CASE Seminar Proceedings No 142, June 2016

Since 2009, despite constant growth in the tax base and only slight variations in effective rates, the trend in VAT revenue in Poland has been reversed, and inflows have become less stable. The ongoing decline in VAT collection and the increase in the uncertainty related to the main component of budget revenues is a very important problem, which in the light of growing budget spending may threaten the stability of public finances.

In these mBank - CASE Seminar Proceedings, three experts: Grzegorz Poniatoski, Dr. Jarosław Neneman, and Tomasz Michalik examine the structure and causes of the VAT gap as well as the legal context and possible methods of improving VAT compliance at the national and European level.

Fiscal Sustainability: Conceptual, Institutional, and Policy Issues

Marek Dąbrowski

CASE Working Papers No 4 (128), August 2016

“Since 2008, the world economy has been facing the consequences of the global financial crisis. As a result, many economic policy paradigms have been revised, and this process is far from complete. The policy area, which needs a fundamental rethinking (especially in advanced economies), relates to the role of public finance and fiscal policy in ensuring economic growth and financial stability. The primary task will be to develop a new analytical approach and detailed indicators, which are necessary to provide a correct diagnosis and effective recommendations.”

What are the “safe” levels of budget deficit and public debt during “normal” or “good” times? Is there a single norm of fiscal safety? These questions are discussed in the paper by Marek Dabrowski.

Study and Reports on the VAT Gap in the EU-28 Member States: 2016 Final Report

Grzegorz Poniatoski, Mikhail Bonch-Osmolovskiy, Misha Belkindas

CASE Network Studies & Analyses No 483, September 2016

The analysis serves as the Final Report for the DG TAXUD Project 2015/CC/131, “Study and Reports on the VAT Gap in the EU-28 Member States,” which is a follow-up to the reports published in 2013, 2014, and 2015.

In this report, estimates of the VAT Gap and the Policy Gap for the year 2014 are presented, as well as revised estimates for the years 2010-2013 “due to the transmission” of Eurostat national accounts from the ESA95 to the ESA10. This update covers Croatia, which was not included in the previous updates. While it was hoped that the update would also cover Cyprus, it has not been possible due to incomplete national accounts data.

Demography, Labor, and Social Policy

Projects

MOPACT - Mobilizing the Potential of Active Aging in Europe

The MOPACT project 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. 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, Elena Jarocińska, Jorgen Mortensen, Aart Jan Riekhoff, Anna Maria Ruzik, Agnieszka Sowa, Izabela Styczyńska

Partners: CSIL; CSES

Sponsor: European Commission

SocialBoost- Effective Measures of Social Harmonization as a Boost for Employability in Times of Demographic Changes

The concept of social harmonization is perceived differently among European countries and the possibility of significant discrepancies between EU and national priorities in the adoption of common guidelines exists. Therefore, the aim of this project is to raise awareness in society about the concept and concrete manifestations of social harmonization, and its impact on the labor market outcomes of the elderly in Europe. In particular, the project aims at increasing knowledge on the issue of social harmonization and building cross-border co-operation around the topic in Central and Eastern European countries as well as in Baltic States—countries which experience common difficulties on their labor markets (rapid population aging or brain drain of young people).

Experts: Izabela Styczyńska, Katarzyna Mirecka, Karolina Beaumont, Sierż Naurodski

Partners: ETLA, BICEPS - The Baltic International Centre for Economic Policy Studies, The International Educational NGO ACT

Sponsor: Nordic Council of Ministers' Support Program for Non-Governmental Organizations in the Baltic Sea Region 2015

Easing Legal and Administrative Obstacles in EU Border Regions

The study focuses on the legal and administrative obstacles prevailing at the internal land borders of the European Union, including those with Norway, Switzerland, and Liechtenstein. The overall objective of this contract is to conduct a policy review of the existing legal and administrative obstacles which currently hinder deeper integration

between internal land border regions and of how these obstacles could be addressed in the future. The CASE team is participating in several case studies: (1) the cross-border mobility of persons, covering such sectors as the labor market and education & training; (2) cross-border governance (basic set-up of administrative systems and day-to-day operation of administrations; territorial development planning; planning of sector policies; status of permanent cross-border cooperation structures; and the roles played in the cross-border governance context on different levels); and (3) cross-border citizenship (basic civil rights and basic political rights).

Experts: Izabela Styczynska, Karolina Beaumont, Jan Teresiński, Radomir Djuric

Sponsor: European Commission

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

The Situation of National Minorities in Crimea Following its Annexation by Russia

The annexation of Crimea, regarded as illegal both by the EU and United Nations General Assembly Resolution UN 68/262, created a deteriorating environment for the respect of human rights. Access to the peninsula as well as freedom of expression and independent media have also been severely restricted. National minorities, especially Crimean Tatars, have been targeted through various restrictive measures and human rights violations, including the exile of their leaders, abductions, forced disappearances, unlawful searches and seizures, and illegal imprisonments. The authorities have also enacted a wide ban on independent Tatar and other media outlets and imposed restrictions on social and cultural rights. The Subcommittee on Human Rights (DROI) has requested a study that would feed into the debate and help the Parliament form an opinion and make decisions in this respect.

Experts: Natalia Shapovalova, Olga Burlyuk

Consortium leader: PASOS - Policy Association for an Open Society

Sponsor: European Parliament: Directorate General for External Policies of the European Union

Establishing a European Network on Long-Term Care and Cost-Effectiveness and Dependency Prevention

The overall objective of the network is to support the long-term care policy-making process across the EU by identifying evidence about key strategies for reducing the need for care and for improving the efficiency with which care systems meet the needs of users and carers. A key overarching objective of the network will be to maximize inter-country long-term care policy learning between EU countries. The network will concentrate on the area of disability in general, but will exclude disabilities from birth and mental health problems. In practice, the analysis will therefore concentrate on older people with long-term care needs and their carers.

Experts: Agnieszka Sowa, Petko Salchev, Daina Calite-Bordane

Leader of the consortium: LSE

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

Brain Drain/ Brain Gain: Polish-German Challenges and Perspectives – Focus on the Gender Aspects of Labor Migration from 1989

The study analyzes the nature and manifestation of labor migration flows between Poland and Germany in three periods of time: 1989-2004, 2004-2011, and 2011-2015, which represent three periods of major geopolitical, economic, and social changes (the fall of the Soviet Union, the Polish EU accession, and the economic crisis). It also tackles the subjects of brain drain, brain gain, and brain loss and their effects on the economy and, notably, human capital and the labor market of Germany and Poland in recent years. The study was accompanied by a seminar bringing together both partners of the project and relevant stakeholders (young researchers, students, policy-makers, and university professors, among others).

Experts: Izabela Styczyńska, Karolina Beaumont, Paul Lirette

Sponsors: Stiftung für deutsch-polnische Zusammenarbeit, Deutsch-Polnische Wissenschaftsstiftung

Events

Female Brain Drain in Poland and Germany | December 15, 2016

Speakers: Karolina Beaumont, Matthias Kullas, and Matthias Dauner

Polish migration is estimated at nearly 20 million people around the world, more than half of the Polish population. Among these migrants, many are highly educated people looking for working opportunities abroad, which generates brain drain. While this issue has had significant impacts for Poland for decades, as it presents many issues and challenges, the gender perspective of the problem is a relatively new topic that remains under-researched.



International experts: Karolina Beaumont from CASE – Center for Social and Economic Research and Matthias Kullas and Matthias Dauner from the Centre for European Policy discussed the issues of the migration of skilled professionals in between Poland and Germany during the seminar, which took place at CASE headquarters in Warsaw on the 15th of December.

20 participants



Publications

The Impact of Pension System Reform on Projected Old-Age Income: the Case of Poland

Elena Jarocińska, Anna Ruzik-Sierdzińska

CASE Network Studies & Analyses No 482, April 2016

This paper analyzes the distributional effects of the Polish old-age pension reform introduced in 1999. Following a benchmark Mincer earnings equation, and using a newly developed microsimulation model, the authors project future pension benefits for males born in years 1969-1979. They find that inequality of predicted first pension benefits measured by the Gini coefficient increases from 0.119 to 0.165 for cohorts of men retiring between 2036 and 2046. The observed increased inequality of pension benefits is due to the decreasing share of initial capital that is based on a more generous DB formula in the total accumulated pension capital. At the same time, inequality in replacement rates decreases due to a stronger link between contributions paid through the entire working life and pension benefits.

The Collaborative Economy in Poland and Europe: A Tool for Boosting Female Employment?

Karolina Beaumont

CASE Working Papers No 2 (126), July 2016

The collaborative economy is a relatively new economic approach based on peer-to-peer transactions. It includes the shared creation, production, and consumption of goods and services accessible for all through online platforms and smartphone applications. It is a burgeoning business model that is experiencing increased interest in all European countries.

Statistics show that Poland already has an above-average number of women who are interested in self-employment. Furthermore, formal female employment in Poland is quite low by European standards. This situation implies great potential for the development of the participation of women in the collaborative economy.

This paper discusses the challenges of the collaborative economy as a system stimulating female social and economic empowerment and assesses the opportunities offered by the collaborative economy in increasing the female labor participation rate amongst Polish women.

| Innovation, Energy, and Climate

Projects

Dynamic CGE Model for Energy Policy Analysis

This project had two primary aims: first, 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); and second, developing an analytical tool, a dynamic computable general equilibrium (CGE) model, dedicated to a countrywide analysis of energy policy. The model simulates 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, Maciej Sobolewski, Jan Teresiński

Partners: Narodowe Centrum Nauki

Sponsor: University of Warsaw

Central European Day of Energy (CEDE)

The essential goals of the first CEDE event were to provide comprehensive information concerning Central European (CE) energy sectors, as well as focusing on companies requiring joint support. The aim was to establish a forum for useful networking, discussing energy infrastructure issues, especially in relation to North-South Interconnections in the CE region, and linking the EU with Eastern countries, such as Ukraine. Additionally, the forum intended to facilitate and promote the development of closer cooperation, in the field of energy security, among the key institutions and industrial stakeholders from our region, with the EU's policy decision-makers.

Experts: Krzysztof Głowacki, Karolina Zubel

Project leader: Central Europe Energy Partners (CEEP)

Sponsor: Visegrad Fund

Energy Efficiency: The Role of the Local and Regional Authorities in Eastern Partnership Countries

For most EaP countries, energy reduction is high on the political agenda as they are often highly dependent on expensive imported gas, which places a heavy burden on their economies. At the same time, decentralization efforts in recent years have led to increased responsibilities at the local level, though not always accompanied by the necessary financial support. Investing in local authorities will make economies more competitive, leading to local job creation and economic growth. As a result, the aim of the

project is to provide both analysis and recommendations, notably on measures (to be) taken by local and regional authorities, but also on how they must become empowered and the means necessary to implement these measures. Moreover, a mapping of local energy policies or local policies for sustainable development, the implementation of which leads to improving energy efficiency, will be provided.

Experts: Karolina Zubel

Sponsor: Committee of the Regions

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 Poniatowski, Valentina Ivan, Lisa Pace, Kristina Petrikova, Slavica Robić, Stefan Bouzarovski, Saska Petrova, Jaanus Uiga, Milan Scasny, Jaako Karas, Marika Rosa, Gabor Csanak, Migle Vakarinaite

Partners: Fraunhofer ISI

Sponsor: Directorate General for Energy (DG Energy)

A Research Paper on the 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 was shaped mainly to address off-line challenges, it might no longer fit its purpose in the digital world. It should thus be reviewed to ensure proper adaptation to the digital sphere and its emerging business models. The research paper will assess the suitability of the already adopted legal acts and their implementation by Member States, and seek to address the question of the added value of an appropriate EU-level response to the challenges identified.

Experts: Maik Masbaum

Sponsor: European Parliament

| CASE Communications

Communications

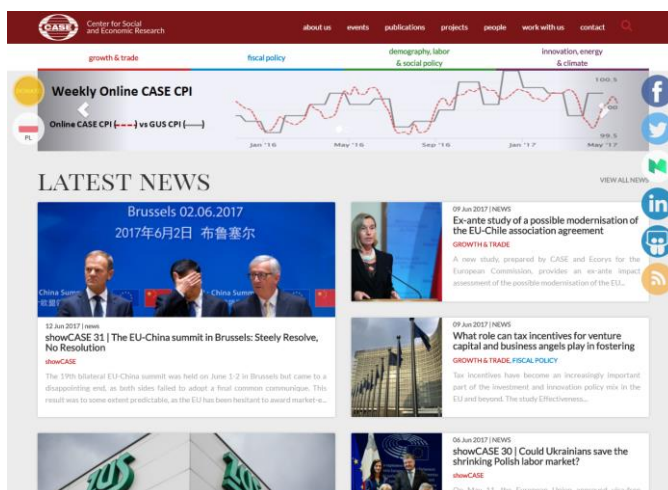
Communications is one of the key pillars of CASE activities. CASE carries out an active communication strategy designed to encourage and stimulate socio-economic dialogue, to inform the general public about ongoing CASE initiatives and the results of its projects, and, most importantly, to provide CASE's 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.

Website

CASE's website is the main mode of communicating information about our mission, upcoming events and activities, recently completed projects, and latest publications. In December 2016, CASE's **new website was launched**.

Thanks to the new layout, the website presents an exhaustive overview of CASE's activities and provides easy access to CASE's publications, projects, and events.



Media

In 2016, experts from the CASE team were widely present in international media, such as **The Financial Times**, **The Wall Street Journal**, **Russia Direct**, **Handelsblatt Global**, and **World Commerce Review**, among others. CASE experts have also published in and have been interviewed by the Polish media, including **Rzeczpospolita**, **Dziennik Gazeta Prawna**, **PAP**, **Parkiet**, **Puls Biznesu**, **Onet Biznes**, **Interia Biznes**, and **Polskie Radio**, **Radio TOK FM**. Moreover, CASE maintained 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 expert interviews for TV, radio, and internet media services.

CASE has furthermore developed cooperation with [Emerging Europe](#), an online portal devoted to economic and business developments in post-communist Europe. The cooperation has resulted in numerous editorials from CASE analysts.

Examples of media appearances in 2016:

[Poland's Right-Wing Leaders Hit a Snag](#) | Christopher A. Hartwell | The Wall Street Journal

[TPP highlights the risks of free trade becoming a political weapon](#) | Christopher A. Hartwell | Russia Direct

[Poland poised to breach EU deficit limit, economists warn](#) | Grzegorz Poniatowski | Financial Times

[Populism, Nationalism, Euro-Skepticism](#) | Christopher A. Hartwell | Handelsblatt Global

[Potencjalnie utracone dochody budżetowe mogą kosztować ministra finansów spokoju sen](#) | Bartosz Radzikowski | Gazeta Prawna

THE WALL STREET JOURNAL.

FT FINANCIAL
TIMES

Russia Direct

RZECZPOSPOLITA

GAZETA GIELDY
PARKIET

Handelsblatt
GLOBAL

EMERGING
EUROPE

Puls
Biznesu

Social media

In 2016, CASE significantly enlarged its outreach and influence on public opinion through social media.



CASE's **Twitter** profile is followed by more than 450 people – a growth of **157%** compared to the end of 2015 (283 new followers). We broadened and engaged our audience by tweeting the results of our research and economic forecasts. Our tweets have been retweeted by prominent journalists, such as those from Rzeczpospolita and Puls Biznesu.



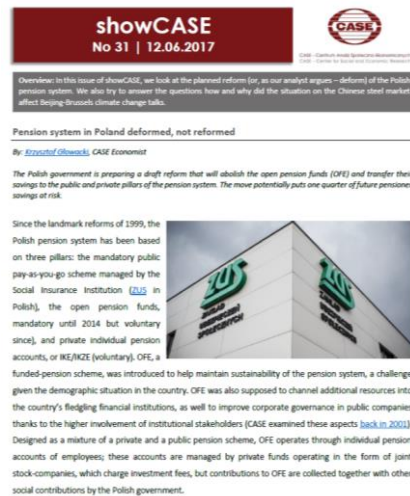
Our **Facebook** account continues to grow – CASE is now followed by almost 3,000 fans. In 2016, CASE’s account gained **636** new followers. We modernized our profile to reach the broader public, making it more **visually attractive** and accessible.



We have revived CASE’s LinkedIn account. It is now regularly updated with CASE’s news, publications, and the weekly showCASE articles.

Outreach

In 2016, CASE started to release a weekly **showCASE**. showCASE is a platform that allows CASE experts to share their views on pressing economic, political, and social developments as they unfold. The main goal of the weekly publication is to tackle recent events and decode their implications for Poland and the region. To contextualize this analysis, the showCASE “At a Glance” dashboard provides regularly-updated diagnostics for a number of regional economies. showCASE is sent each week via our newsletter distribution lists and reaches more than 6,000 recipients. It is also promoted through our social media accounts.



We have also revived our [Medium](#) blog, which is updated regularly with the articles from showCASE.

CASE provides its audiences with 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 on various academic search engines like: the Social Science Research Network (SSRN), Research Papers in Economics (RePEc), EBSCO, ProQuest, and Open AIRE. We also actively use our social media channels, and the channels of our Networks, to promote our research and make it accessible to the readers from around 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.

In 2016, CASE held its 25th Anniversary Conference, which gathered 78 prominent speakers and 190 guests. We also organized a discussion panel “Fiscal Policy: Moving towards Predictability” at the 26th Economic Forum in Krynica in September as well as nine seminars over the course of the year.



Financing of CASE Activities

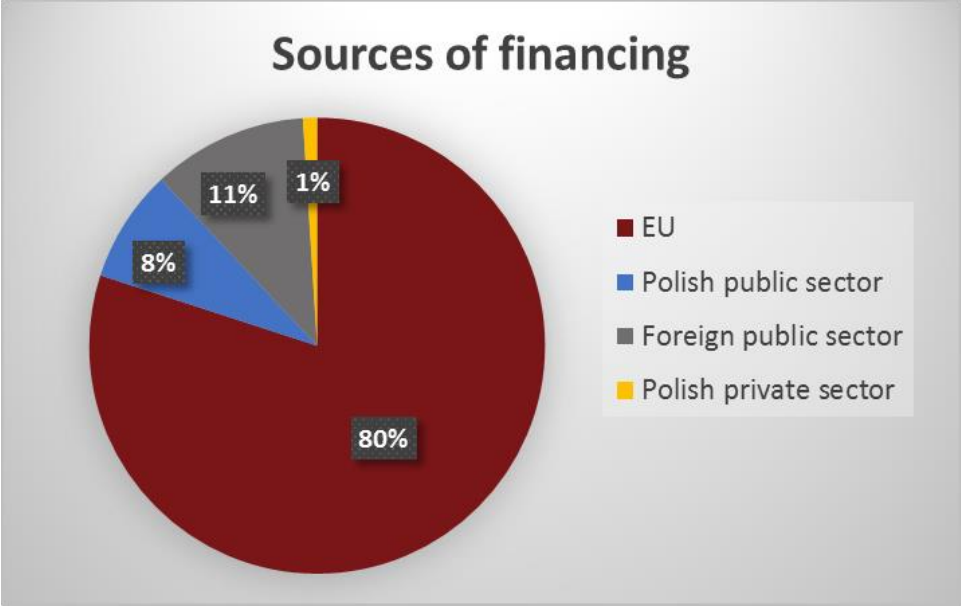
Sources of Financing

Breakdown of total revenue	PLN	EUR
1. Revenue from statutory activity	2,955,736.80	668,114.11
1.1. Project-based funding	2,955,736.80	668,114.11
1.2. Institutional support	0.00	0.00
2. Other operating revenue	17,336.17	3,918.66
3. Financial revenue	116,406.73	26,312.55

CASE financing 2016	PLN	EUR
1. Net revenue from statutory activities	918,421.47	207,599.79
2. Financial and other operating revenues	133,742.90	30,231.22
3. General and administrative expenses	937,999.71	212,025.25
4. Financial and other operational expenses	1,226.06	277.14
5. Net result	112,544.60	25,439.56

Exchange rates based on NBP rates 1 EUR=4.4240 PLN (30 Dec 2016)

As in previous years, CASE’s statutory activity in 2016 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 2016):



In 2016, the European Union continued to provide the greatest portion of CASE’s revenue. Its share increased by 23 percentage points when compared to 2015, and represented 80% of project funding. Funding coming from the foreign public sector amounted to 11%. The Polish public sector provided 8% of CASE’s revenue. Funding from private domestic entities remained the smallest source of financing for CASE statutory activities (1%).

Changes in the value of the endowment in 2016	PLN	EUR
1. Stocks at the beginning of 2015	3,154,142.39	712,961.66
2. Interest and profits from the endowment in 2016	95,696.54	21,631.23