



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

**Annual Report 2018**

## ■ TABLE OF CONTENTS

Letter from the President...3

About CASE...5

The CASE Network...6

CASE People...9

CASE Highlights 2018...16

Thematic Areas

Growth and Trade...32

Fiscal Policy...46

Demography, Labor, and Social Policy...58

Innovation, Energy, and Climate ...69

CASE Communications...74

Financing of CASE Activities...87

## Letter from the President

---



Dear Colleagues, Friends, and Readers,

2018 at CASE was an eventful and very dynamic year focused on the priority areas of the European Agenda. Fiscal policy reform, the EU single market, globalization, social cohesion, the ongoing transformation in demographics, and energy efficiency were the main issues CASE covered during 2018.

With a number of diverse CASE events, we contributed exponentially to the debate on fiscal policy, social cohesion, energy efficiency, and globalization. To mention a few, we attended the VAT Management Summit in Berlin, presented the results of our VAT analysis at a Forum in Prague, partnered with the Chamber of Brokerage Houses to contribute to a financial market conference on the role of women in financial markets in Bukovina Tatrzenska, and discussed the challenges to poverty reduction and social cohesion in the CEE region during the International Forum on China's Reform and Opening Up and Poverty Reduction in Beijing. Additionally, our regular mBank-CASE seminars brought broad audiences to the discussion of healthcare reform and the pension system in Poland, as well as financing sustainable growth in Europe.

CASE also significantly strengthened its collaboration with its external networks. In March 2018, we signed the Vision Europe Summit declaration on policy steps supporting fair globalization. We strengthened our collaboration in other networks by contributing to the Global Trade and Innovation Policy Alliance (GTIPA) debate in Milan in May, which focused on the challenges and opportunities associated with technological singularity. Additionally, our collaboration has been reinforced within FEMISE by initiating a new project on boosting female labor market participation in the MENA region. We were also an institutional partner of the Global Leader Congress that took place in June in Warsaw. By using all these means and tools, CASE became more visible and more recognizable in 2018, which is confirmed by the results of the University of Pennsylvania Global Go To Think Tank Index Report for 2018, which ranked CASE as the leading think tank in Central and Eastern Europe and the second leading social policy think tank worldwide.

Under our regular showCASE publications, we examined the implications of the looming global trade war. We also explained how to correctly address globalization by providing a debate on the Visegrad Four and Central Asia regions. We analyzed migration challenges and migration policies in Poland and the EU, challenges related to air pollution and climate change, and we rounded out our analyses in the MENA region by contributing to the debate on tax reform in Jordan.

The CASE team has been also very successful in project implementation and leadership. In March 2018, we initiated a new Horizon2020 project on alternative forms of financing for energy efficiency solutions for households (EuroPACE). In June 2018, a three-year project on innovative measures supporting regular employment in Poland began. In the meantime, we performed an additional 32 projects for diverse clients and donors. The CASE Management Board strategy to build stronger pillars worked out. The fiscal pillar under the supervision of Dr. Poniatowski continued the analysis of the flagship VAT Gap projects and of VAT compliance in the EU, and expanded CASE's project portfolio with new projects on tax evasion, tax compliance costs, invoicing rules, and excise arrangements. Additionally,

the trade pillar under the supervision of Dr. Kowalski was successful in bringing in two prominent projects on free trade agreements between the EU and Russia and the EU and the MENA region for 2019. Furthermore, we elaborated stronger collaboration on projects in the Mediterranean region under the leadership of Dr. Katarzyna Sidło.

Showing the achievements of 2018, it is needless to say that this is a success of all CASE employees, and right here I would like to express my sincere gratitude to all of them for their hard work and devotion. This year was extremely active, with plenty of trips, full of diverse events, projects, and challenges. All CASE employees performed excellent in their duties and responsibilities.

This success would not be possible of course without the CASE Supervisory Council, who guided our strategy and steps, but also the CASE Advisory Council and CASE Fellows, who were always there for us with their advice and good will.

We, as the CASE Management Board, but also as the CASE team, are proud to say that we contributed significantly to the European debate on the biggest challenges in the EU, with a particular focus on the CEE region, and I personally encourage you to look into more details of our activities in this Annual Report. I hope you will find it enlightening and inspiring.

Dr. Izabela Styczyńska

President of CASE Management Board

## ■ 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,
- 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 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.

## **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. Pluralism of thoughts, impartiality, and European democratic principles are their core values.

## **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, they aim 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.

## **GTIPA**

The Global Trade and Innovation Policy Alliance (GTIPA) is a global network of independent think tanks that are ardent supporters of greater global trade liberalization and integration, deplore trade-distorting "innovation mercantilist" practices, but yet believe that governments can and should play important and proactive roles in spurring greater innovation and productivity in their enterprises and economies.

## ■ 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.

## 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 Baczek**, Associate Researcher at the Institute of Economics of the Polish Academy of Sciences, Warsaw

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

**Krzysztof Chmielewski**, CASE Co-Founder

**Andrzej Cylwik**, President of CASE-Advisors, Warsaw

**Michał Górzyński**, Head of Impact Section, European Institute of Innovation and Technology

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

**Dariusz Ledworowski**, Economist and consultant, former Chairman of the Finance Working Group, Social Council for a Low-Carbon Economy; former President of the Management Board, Rabobank Polska S.A.; and former Minister of Foreign Economic Relations

**Agnieszka Sowa-Kofta**, Researcher at the Institute of Labour and Social Affairs, National expert for health care and long-term care, European Social Policy Network, European Commission

**Maciej Stańczuk**, President of Sapere and MS Consulting, Member of the PBG SA Supervisory Council, and Member of the Aforti Holding SA Supervisory Council

**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

### **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

### **Alexander Chubrik**

Expertise: macroeconomics, private sector development

### **Marek Dąbrowski**

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

### **Daniel Daianu**

Expertise: macroeconomics, public finances

**Christopher Dembik** (from November 2018)

Expertise: macroeconomics, monetary policy, financial crises, financial markets, economic policy, trade and globalization

### **Itzhak Goldberg**

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

### **Stanisława Golinowska**

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

### **Iraj Hashi**

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

**Christopher Hartwell** (from February 2018)

Expertise: applied macroeconomics, private sector development, financial sector reform, economic growth, transition economics, public finance, and public administration reform

### **Oleh Havrylyshyn**

Expertise: economics of transition, eastward enlargement of the EU, economy of independent Ukraine, trade and globalization, tendencies in post-communist countries

### **Elena Jarocińska**

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

### **Matthias Luecke:**

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

### **Malcolm Maguire**

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

### **Susan Maguire**

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

### **Roman Mogilevsky**

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

**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

**Yochanan Shachmurove**

Expertise: international finance and economics, venture capital, emerging financial markets, economies of the Middle East, monetary systems, banking and financial institutions, applied econometrics, Middle East emerging financial markets, the Israeli economy

**Cyrus Sassanpour**

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

**Janusz Szyrmer**

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

**Irena Topińska**

Expertise: poverty measurement, social policy, and poverty reduction

**Uladzimir Valetka**

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

**Anna Wziętek-Kubiak**

Expertise: innovation, international economics, development

**Canan Yildirim**

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

### **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 (to January 2018)

Przemysław Kowalski (from April 2018)

#### ***Vice Presidents:***

Izabela Styczyńska

Grzegorz Poniatowski (from November 2018)

### **Operational Staff**

#### ***Innovation & Knowledge-Based Economy Program Director***

Małgorzata McKenzie (Jakubiak)

#### ***Director of Fiscal Policy Studies***

Grzegorz Poniatowski

#### ***Director of International Strategy and Business Development***

Andrzej Dziurdzik (to August 2018)

#### ***Senior Economists***

Jacek Liwiński (from May 2018)

Marian Mraz (to February 2018)

Tomasz Tratkiewicz (from May 2018)

#### ***Senior Policy Analyst***

Agnieszka Paczyńska (from May 2018)

#### ***Political Economist***

Katarzyna Sidło

#### ***Economists***

Krzysztof Głowacki

Łukasz Janikowski (from March 2018)

Agnieszka Kulesa (from June 2018)

Anna Malinowska (from October 2018)

Katarzyna Mirecka (to January 2018)

Sylwia Roszkowska (from May 2018)

Adam Śmietanka

Klaudia Wolniewicz-Slomka (to May 2018)  
Karolina Zubel (from March 2018)

***Business Development Team***

Stanislav Bieliei  
Justyna Perzanowska-Szymczak  
Marek Peda  
Olga Sulkowska (from May 2018)

***Trainer***

Aleksandra Teliszewska (from July 2018)

***Communications***

Aleksandra Polak (to February 2018)  
Monika Rębała  
Aleksandra Sinikka Karabon (from May to August 2018)

***Publications***

Aleksandra Polak (to February 2018)  
Monika Rębała (from March 2018)

***Coordinator, mBank-CASE Seminars***

Aleksandra Polak (to February 2018)  
Monika Rębała (from March 2018)

***Secretariat***

Grażyna Kraśniewska

***IT Specialist***

Michał Dąbrowski

***2018 Interns***

Anna Csere  
Anna Diana Kostromtsova  
Maria Krell  
Diego López Fernández  
Sara Skejo  
Helena Voss  
Ada Wróblewska

# **CASE HIGHLIGHTS 2018**



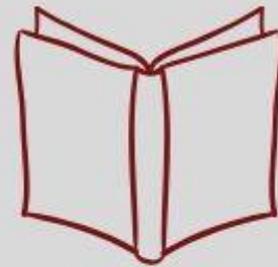
# Number One THINK TANK in Central and Eastern Europe

... and the second-ranked social policy  
think tank in the world according to the  
University of Pennsylvania Global Go  
to Think Tank Index Report for 2018



**32 PROJECTS**

**18 PUBLICATIONS**



**13 EVENTS** attended by  
**478 guests...**

... and watched online  
by **3,764 individuals**



more than 5,000 subscribers received  
our bulletin showCASE

# SOCIAL MEDIA in 2018

3,168 individuals followed CASE  
on Facebook



an increase of  
134 followers



We gained more than 120 new  
followers on Twitter



Our tweets earned nearly 600 k  
impressions in 2018



as of December 2018  
813 individuals followed  
CASE on LinkedIn



an increase of nearly  
200 users

## CASE WEBSITE

34,554 users visited our website in 2018 and it gained 133,231 views



## Highlights: Events

### Official release of the Global Go To Think Tank Index for 2017 | January 30, 2018

On January 30, CASE held a panel discussion on *Collapsing into a Two-Speed Europe: The Role of Think Tanks*, which was organized on the occasion of the release of the [Global Go To Think Tank Index for 2017](#). The panel discussed issues critical to think tanks in Central and Eastern Europe, especially the emergence of a two-speed Europe, the role of populism, and the future of the European project. Among the panelists were: **Michał Baranowski**, Director, German Marshall Fund, **Dr. Małgorzata Bonikowska**, President, Centre for International Relations, and **Bartosz Wiśniewski**, Head of the Research Office, Polish Institute of International Affairs (PISM).



The theme of the 2018 launch of the Go To Think Tank Index was *Why Think Tanks Matter to Policy Makers and the Public* and involved hundreds of think tanks and other civil society actors in approximately 50 countries. 70 cities produced a series of coordinated events that were intended to highlight the important role think tanks play in governments and civil societies around the world.

The Global Go To Think Tank Index is the result of an international survey of over 7,500 scholars, public and private donors, policy makers, and journalists who helped rank more than 6,600 think tanks using a set of 28 criteria developed by the Think Tanks and Civil Societies Program (TTCSP) at the University of Pennsylvania. CASE was ranked the number one think tank in Central and Eastern Europe according to the [2017 Global Go To Think Tank Index](#). CASE also had the honor of being the **second-ranked social policy think tank in the world**, behind the Urban Institute and ahead of the Brookings Institution, both in the United States. Moreover, CASE came up as **number two in the world** for think tanks with an operating budget less than USD 5 million.



[SEE THE RANKING](#)

# CASE Tax workshops in Warsaw and Poznań I March and December, 2018

The economics workshops devoted to the effectiveness of the Polish tax system were held in Warsaw in March and in Poznań in December 2018. The main goal of the meetings was to build connections among Polish economists and to review their current research. The events were also the first stage of a large economic research project to analyze the effectiveness of the Polish tax system. The discussion of the economic aspects of the system of tax rates is intended to raise the level of the debate over taxes, as tax changes are often introduced in a manner that is completely divorced from optimal taxation theory and are not preceded by an economic analysis of the existing conditions. However, the purpose of the project is not to create a vision of the optimal tax system, but only to demonstrate certain tools and provide analysis.

The event in Warsaw was organized by the European Commission; CASE; Lazarski University; and CenEA, the Centre for Economic Analysis. The workshop was preceded by a two-hour panel discussion on the economics of diversified VAT rates, moderated by Marek Chądzyński of the daily newspaper *Dziennik Gazeta Prawna*. The subject fit with one of the recommendations of the *Country Report* for Poland, which Bartłomiej Wiczewski of the European Commission discussed during the introduction.



Paweł Gruza, Deputy Finance Minister, took a skeptical view of the idea of a single VAT rate. He believed it would be difficult to explain to voters that it is fair to have the same rate on a loaf of bread as on an expensive watch. However, he admitted that the diversification of rates also imposes significant costs on the administration and on taxpayers, and that the current system, in which the Central Statistical Office determines rates based on its PKWiU nomenclature system, creates many problems both for the state and for taxpayers.



Dr. Grzegorz Poniatowski, Director for Fiscal Policy at CASE, who for many years has been commissioned by the EU to calculate the VAT Gap, discussed which groups of products and services with reduced VAT rates have the greatest impact on the loss of tax revenue. He compared this to the tax systems of other countries of the region where reduced rates are used much more rarely. In Poland, the loss of revenues related to the application of reduced rates is the highest – another reason why the Commission recommends reducing their use.

Next, Tomasz Michalik of the consulting firm MDDP discussed the Commission’s proposal to liberalize the rules for setting VAT rates. He also showed how the planned system for VAT settlement in intra-community transactions will look.



 [SEE THE PRESENTED PAPERS](#)  
 [Media coverage](#)

Later on in the panel, Dr. Jarek Neneman, a lecturer at Lazarski University and a three-time former Deputy Finance Minister, presented the

theoretical arguments for diversified VAT rates, toward which he had a generally critical view. Still, he pointed out that a unified VAT rate also has its own negative consequences, other than the universally known regressivity of VAT. “A cool economic analysis of the costs and benefits seems to show unequivocally that from the point of view of effectiveness, unification of rates is a good solution, and when it is bolstered by tools that increase progressivity, it is also beneficial from the social point of view. Still, at the moment in Poland, and more broadly in Europe, there is no appetite for unification of VAT rates, though of course maintaining the 5% and 8% rates makes no sense at all.” He also presented the areas where diversified rates generate costs for taxpayers, for the state, and for society: the costs of court proceedings, inspections, advisory services, legal interpretations, and others.

Finally, Dr. hab. Michał Myck of CenEA, the Centre for Economic Analysis, presented the results of research on the distribution of the VAT burden on households, showing what benefits society receives from maintaining the costly system of diversified VAT rates. If we compare the value of VAT paid by households to their income, we see high regressivity: the very high share of VAT in the first decile is surprising, but it results from the lack of income, or, negative income, of some households in this group. To a high degree, this is a result of the lack of research methods and the known fact that the deciles at each end of the scale are the least representative in this kind of research. A better reference point than household income is household spending, though here too the regressivity of VAT can be seen. The research presented by Dr. Myck was based on data from 2015, and thus did not include family income from the government’s 500+ program.

A tax seminar held in Poznań was titled *CIT. Income taxation based on the Mirrlees Review*. The event was co-organized by CASE and the University of Economics and Business in Poznań, with the support of the National Chamber of Tax Advisors, TPA, and BDO. The seminar was part of the [Effective Tax System Program](#) run by CASE.



Photo credit: University of Economics and Business in Poznań

The seminar aimed to discuss the content of the Mirrlees Report published by the Institute for Fiscal Studies in London in 2010-2011. During the event, participants focused on two chapters of the report: *Taxing corporate income* and *Corporate taxation in an international context*, looking for references to the Polish tax system.

The first part of the seminar was devoted to the question “what to tax as income?” Based on the Mirrlees Review, Dr. Anna Leszczyłowska (UEP) presented the pros and cons of CIT and discussed alternative tax concepts: cash flow tax (CFT), income tax less interest on equity

(known as the Allowance for Corporate Equity [ACE] or the Notional Interest Deduction [NID]), and tax on broadly defined income (a comprehensive business income tax [CBIT]). Her speech was discussed by Professor Michał Kałdoński (UEP), Dr. Konrad Walczyk (SGH), and Professor Adam Adamczyk (USz).

The second part of the seminar focused on the question “where to tax income?” Professor Marta Kluzek (UEP) introduced the traditional corporate income tax system and pointed out the reasons why it didn’t fit well with the realities of the global economy. As she said, no good alternative has been developed at the moment, which is why it is necessary to supplement the existing regulations, mainly to eliminate tax avoidance and evasion. Comments on this part of the meeting were presented by: Professor Janusz Kudła (UW), Aleksander Bearingkowski (SGH), and Dr. Wojciech Sztuba (TPA).

During the last part of the seminar, Dr. Jarosław Neneman moderated the panel entitled “Where is the Polish CIT heading?” Panelists discussed, among others, the solutions in Polish CIT such as taking into account the interest rate on equity as a tax cost, IP box, exit tax, and the obligation to disclose tax patterns.

 [SEE THE PRESENTATIONS](#)

## CASE was an institutional partner of the Global Leader Congress I June 8-9, 2018

On June 8th and 9th, an inaugural edition of the Global Leader.PL Polish International Experts Congress took place in Warsaw, Poland. The Congress was organized by the Casimir Pulaski Foundation and CASE was an institutional partner of the event. The Congress amassed an audience of over 250 professionals with a background in international organizations, business, academia, and civil society, as well as more than 50 experts working in EU institutions in Brussels, and 20 current and former Polish ambassadors. **Dr. Przemysław Kowalski**, CASE President moderated a session titled *Polish experts in the future of international economy and finance*. Among the panelists were: **Dr. Mateusz Szczurek** – Minister of Finance 2013-2015 and Member of European Budget Council, **Sonia Wędrychowicz** – Managing Director, DBS Consumer Bank Singapore, and **Magdalena Polan** – Analyst from Legal & General Investment Management.



On the second day of the Congress a “Global Leader cafe” was held, meant to be a less-than-formal networking meeting. Attendees included not only well-established experts, but also young and aspiring individuals looking to kick-start their professional careers.

The main goal of the Congress was to bring together Polish experts working in international institutions, analytical centers, universities, and the private sector. The idea was to launch a debate on the comprehensive approach to Polish security policy, development and economic cooperation, and promoting democracy and human rights.

 [SEE THE AGENDA](#)

## mBank-CASE Seminars

---

mBank-CASE Seminars are a CASE project with a 27-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 key issues of the day, including macroeconomics, the financial sector, and public finance in Poland and the EU, 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

---

### **Development and implementation of innovative tools aimed at combating the problem of unregistered labor in institutions jointly responsible for minimizing the shadow economy on the labor market (SzaWER) (ongoing)**

---

SzaWER aims to raise awareness of the consequences of unregistered employment among employees and employers and to combat the shadow economy by building a network of Polish and foreign institutions to deal with unregistered employment. Under the project, innovative training programs are developing both in-house and online. The training programs are focusing on the consequences of a shadow economy and its impact on the labor market, and addressed to employees and employers, as well as research institutions dealing with unregistered employment, labor market institutions, and organizations working with foreigners. The next stage of the project is assessing the PIT gap in Poland to develop a model to forecast the financial effects of innovative fiscal solutions for public finance. Mechanisms and solutions developed as part of the project helped to reduce the shadow economy in Poland.



***“This project, both in terms of its subject and actions planned, is an innovative venture on a national scale. Mechanisms and solutions developed as part of the project will help to reduce the shadow economy in Poland,”*** Izabela Styczyńska, Vice President of the CASE Management Board, said during the project meeting in July 2018.

Project partners are: the Association for Legal Intervention, the Institute of Labour and Social Studies – IPISS, the Voluntary Labor Corps, the Voivodship Labor Office in Katowice, the Voivodship Labor Office in Olsztyn, the National Revenue Administration, Maguire Policy Research Ltd. based in the UK, and the Croatian Institute of Public Finance. The project is funded by the European Union within the Operational Programme – Knowledge, Education, Development (PO WER).

## Developing, piloting, and standardizing on-tax financing for residential energy efficiency retrofits in European cities and regions (EuroPACE) (ongoing)

---

EuroPACE will develop a scalable on-tax financing mechanism to unlock the huge potential for the deployment of energy saving and generation technologies to European households. The scheme is inspired by the successful US PACE scheme that was created in California in 2008. The project will address several fundamental challenges to energy efficiency (EE) investment by (1) Creating a Market-Based Approach: EuroPACE will deploy private capital as up-front financing to homeowners to reduce reliance on grants and subsidies. In turn, municipalities will be the conduit for repayment via a special levy collected with the property tax bill; (2) De-Risking EE Investment: the long-term repayment obligation is tied to a property and not its owner; (3) Providing Technical Assistance: decision-making processes for homeowners will be optimized by training energy service contractors. They will be held to account by a comprehensive consumer protection code; and (4) Aggregating and Standardizing: EuroPACE will design standard underwriting requirements and project performance guidelines to enable project aggregation and Green Bonds issuance. By 2025, the EuroPACE industry will generate measurable impact in the three key areas:



*The EuroPACE team*

1. Economy: it will create over 45,000 jobs and €5 billion worth of capital in local economies across the EU-27;
2. Society: over 300,000 homes will be retrofitted and improved;
3. Environment: it will lead to energy savings of 3.5MWh/year, equating to carbon dioxide savings of 1.8 million tons. EuroPACE will account for just 4.6% of the European renovation industry by 2025, giving way to huge growth potential.

From a policy perspective, PACE will enable local and state governments in the EU to achieve the 2050 policy targets and COP 21 Paris Agreement goals of reducing energy consumption and greenhouse gas emissions. Additionally, PACE-funded projects result in local job creation; every \$1 million spent on a PACE project creates 15 local jobs. In a nutshell, PACE is a public policy that enables private sector investment.

## Objectives of the project:

EuroPACE has sets goals for the economy, environment, and society – the elements of the triple-bottom-line, which are considered necessary for achieving sustainability.

- **Economy:** EuroPACE plans to create successful Public-Private Partnerships (PPPs) that can promote public policies leveraging private initiatives;
- **Environment:** EuroPACE aims to reduce carbon dioxide at an annual rate of 1.2m by 2025, tripling the reduction from the previous year and equating to carbon dioxide reductions of 200 tons for each EUR 1 million invested. Reduced emissions will lead to improved air quality in the most polluted European cities, especially when combined with existing policies;
- **Society:** PACE US has shown that real estate values increased by between \$199 and \$8,900 per home. This data is aligned with the empirical findings of several studies in the EU and its Member States, which demonstrated that because of retrofitting property values increase between 5-12%. EuroPACE intends to realize this potential for homeowners.

*The EuroPACE Project received funding from the European Union's Horizon 2020 research and innovation program.*



[READ THE REPORT](#)  
[SEE THE PROJECT WEBSITE](#)



[READ showCASE "Clean Air" Program for Poland: Tales of Desperation and Hope](#)



[READ showCASE "Climate Money" and Fossil Fuels. Reflections After COP24](#)



[Watch the Webinar on EuroPACE](#)

CASE was nominated for **The Crystal Brussels Awards for 2018** for its work on EuroPACE. The Crystal Brussels is an exceptional prize for the top performing and most active scientific institutions universities and research institutes, enterprises and individual participants, who have been extremely successful in applying for funding from Framework Programs. The ceremony was organized by the National Contact Point for Research Programs of the EU.



For more details about this project, see CASE Communications pp. 85-86.

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

---

Tackling VAT non-compliance is a top priority for both the European Commission and EU Member States. Therefore, the European Commission proposed a far-reaching reform of the EU VAT system, while Member States have been working to tighten their VAT collections and recapture significant losses in VAT revenue.

In order to measure if these efforts are effective in reducing the loopholes exploited by tax-evaders and criminal enterprises, and to evaluate if these initiatives are effective in increasing VAT compliance, the accurate measurement and monitoring of the VAT Gap is necessary. To this end, an analysis of the statistical properties of VAT systems prone to fraud, as well as econometric measures of the effectiveness of the implemented policies, would be a valuable tool for tax administrations across the EU to develop well-targeted measures for tackling fraud.

### **Project Objectives:**

The aim of this project was to build on the earlier studies and continue publishing reports on the latest VAT Gap figures, on an annual basis, in order to identify trends and monitor progress in closing the Gap. Additionally, we complemented the case studies of Member States with an econometric analysis of VAT Gap determinants.

The set of objectives for the two subsequent updates of the VAT Gap study included nine components, which were:

1. to present the data on the VAT Gap in 2016 for publication in 2018. The presentation shall be realized for the EU as a whole and for each of the 28 Member States (via dedicated individual pages);
2. to update the report for the year 2017 to be published in 2019;
3. to revise the VAT Gap estimates for 2012-2017, in line with new or updated data;
4. to present data on the VAT Policy Gap, with country-by-country analysis on the respective impact that VAT reduced rates and exemptions have on it;
5. to analyze the trends that can be interpreted from the numerical estimates;
6. to describe in detail the methodologies used to arrive at the findings in the report, including that used to provide the answers to the questions in Component 8 below;
7. to analyze the statistical impact of different factors on the VAT Gap, including the possible impact on the VAT on importation;
8. to identify and analyze the statistical determinants available in order to provide answers to additional questions, including offering estimations where possible, such as:
  - Is it possible to use data from the importation process (including the use of Customs Procedure 42) to better identify the sources of the VAT gap?
  - Under what conditions can measures like reverse charges or split payments be shown to be efficient in reducing the VAT Gap? Can the reduction of the

- VAT Gap be attributed to the aforementioned measures? Are there any side effects possibly affecting the expected benefits of such measures?
- Is the Actionable Policy Gap related to the VAT Gap?
  - Is it possible to analyze the statistical correlation between the different types of data available (e.g. the evolution of VAT returns in relation to VAT revenue and the VAT Gap) as a possible indication/in relation to VAT intra-community fraud?
  - Does a change in statutory rates impact VAT compliance?
9. to provide an external review of the methodological considerations, the validity of analysis, data integrity and calculation, and conformity with the purpose of the Study from an independent source.

## The results of the study

In 2016, most European Union (EU) Member States (MS) saw positive tailwinds with a combined real GDP growth of 2.0 percent. As a result of a growing base and increasing VAT compliance, VAT revenue increased in all MS with three exceptions. The most pronounced is the case of Romania, where VAT revenue decreased in response to the reduction of the standard rate by four percentage points. In nominal terms, in 2016, the VAT Gap in EU-28 MS fell below EUR 150 billion and amounted to **EUR 147.1 billion**. In relative terms, the VAT Gap share of the VAT total tax liability (VTTL) dropped to **12.3 percent** from 13.2 percent in 2015 and is the lowest value in the analyzed period of 2012-2016. Denoted as the share of GDP, the VAT Gap in 2016 amounted to 0.99 percent as compared to 1.05 percent in 2015. The Project team was led by [Grzegorz Poniatoski](#), Director of Fiscal Policy Studies, and composed of Mikhail Bonch-Osmolovskiy, José María Durán-Cabré, Alejandro Esteller-Moré, and Adam Śmietanka. 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 and further.



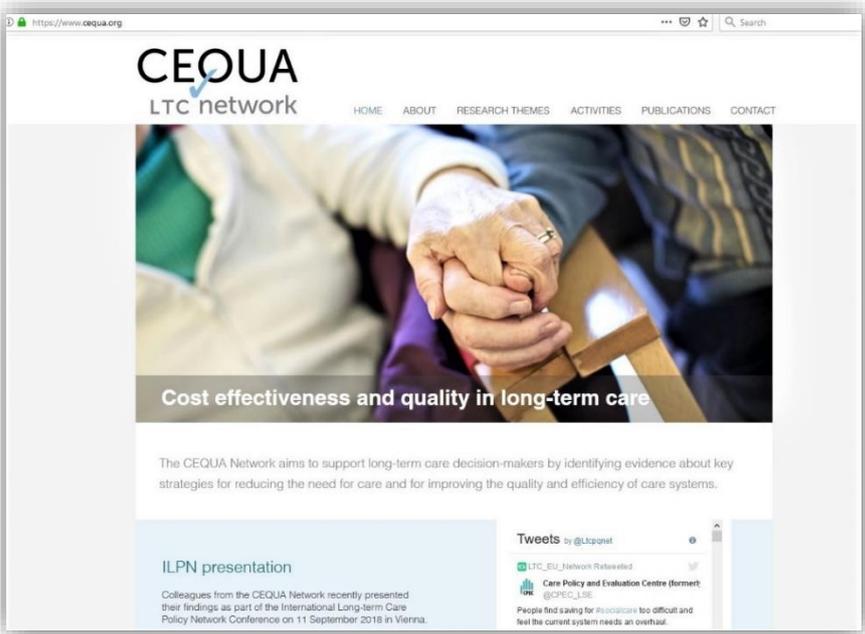


# Establishing a European network on long-term care and cost-effectiveness and dependency prevention

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 is to maximize inter-country long-term care policy learning between EU countries. In order to meet this overall objective, the proposed Network assessed, synthesized, and presented in a “policy-friendly” way evidence about the following five key policy themes:

- 1. [Disability trends](#)
- 2. [Reducing dependency](#)
- 3. [Unpaid carers](#)
- 4. [New models of care](#)
- 5. [Maximizing coordination](#)

The network concentrates on the area of disability in general but excludes disabilities from birth and mental health problems. In practice, the analysis therefore concentrates on older people with long-term care needs and their carers.



 [SEE THE PROJECT WEBSITE](#)

## CASE has started to publish a quarterly update on Credit Impulse

To identify turning points in the business cycle, in 2018, CASE began publishing a quarterly update on Credit Impulse, focusing on the main global economies (the United States, China, and the Euro Area). Credit Impulse analysis is conducted by [Christopher Dembik](#), CASE Fellow and Head of Macroeconomic Research at the Danish investment bank Saxo Bank in Paris, France. The notion of Credit Impulse was first introduced by Michael Biggs, in “The Impact of Credit on Growth” in Global Macro Issues on November 19, 2008. It represents the change in credit expressed as percentage of GDP and it is considered a key driver of economic growth.

 [SEE MORE ON THE CASE WEBSITE](#)

**Growth & Trade**

## Projects

---

### **Evaluation of the impact of trade chapters of the Euro-Mediterranean Association Agreements with six partners: Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia (ongoing)**

---

A study is sought to provide an evidence-based report of the impact of the trade chapters of the Euro-Mediterranean Association Agreements (AAs) with six Mediterranean partner countries: Algeria, Egypt, Jordan, Lebanon, Morocco, and Tunisia. These free trade agreements (FTAs) are part of wider AA signed between the EU and the partner countries. The study will be the basis of an ex-post evaluation in the form of a Staff Working Document which will be drafted by the Commission once the study is completed. In particular, the study will examine the effectiveness and efficiency of the FTAs in achieving Objective 1: to promote trade and the expansion of harmonious economic and social relations and to establish the conditions for the gradual liberalization of trade in goods, services, and capital between the EU and partner countries. The project should also examine the effectiveness and efficiency of achieving Objective 2: encouraging intra-regional integration by promoting trade and cooperation both within the region and between it and the EU and its Member States.

**Experts:** Przemysław Kowalski, Anna Malinowska, Katarzyna Sidło

**Sponsor:** DG Trade

**Project partners:** Ecorys Netherlands, FEMISE

 [SEE THE PROJECT WEBSITE](#)

### **Euro-Mediterranean Political Research and Dialogue for Inclusive Policymaking Processes and Dissemination through Network Participation; WP: The Role of China in the Middle East and North Africa. Beyond Economic Interests (ongoing)**

---

The project aims at increasing the political research capacities and influence of think tanks and research institutes in the framework of the EuroMeSCo network and to promote dialogue and understanding on key political trends and challenges of the Euro-Mediterranean Partnership and their dissemination to relevant stakeholders, policy makers, and civil society. The project is centered on three types of activities: 1) research activities which consist of the publication of joint policy studies, policy briefs and recommendations, and papers; 2) dialogue activities which comprise dialogue workshops, annual conferences, and an online platform; and 3) dissemination activities, which include presentations, development of a website, and the production of a monthly newsletter.

**Project funding:** European Union and the European Institute of the Mediterranean

**Expert:** Katarzyna Sidło

**Project leader:** IEMed

**Project partners:** members of EuroMeSCO network

## **Division of Powers study – EU Member States**

In 2012, the Committee of the Regions (CoR) updated its 2008 Study on “The Division of Powers between the European Union, Member States, and Regional and Local Authorities” and supplemented it with a dedicated website. The 2012 Study provided an overview of the organization of local and regional governments in the EU-28 Member States, and in the candidate countries at the time of publication – Iceland, Montenegro, Republic of North Macedonia, and Turkey, as well as the four then potential candidates – Albania, Bosnia and Herzegovina, Kosovo, and Serbia. Carried out after the entry into force of the Lisbon Treaty, the 2012 Study included some new dimensions related to the enhanced responsibilities of the CoR and the recognition of local and regional authorities, such as a description of subsidiarity scrutiny mechanisms in each country. The Study was conceived, particularly in its web-tool presentation, as an up-to-date guide for practitioners and policy advisors. The objective of the project was to update and harmonize, by providing updated data and filling information gaps, the existing division of powers study and website in order to provide a clear view on the governing structure at a sub-national level in the studied countries. The experts were asked to check and update the existing constitutional and fiscal data with all recent and relevant developments and to harmonize the data in the Division of Powers Website referring to the EU Member States.

**Experts:** Stanislav Bieliei, Krzysztof Głowacki, Karolina Zubeł

**Sponsor:** The Committee of the Regions

**Partner:** LSE Consulting



[SEE THE PROJECT WEBSITE](#)

## **Report on significant distortions in the economy of the Russian Federation for the purpose of trade defense investigations**

Russia, a big player in many international markets and an important trade partner for the EU, is still not meeting some of its WTO accession commitments. As far as EU trade defense is concerned, among the 237 anti-dumping and anti-subsidy proceedings initiated since 2003, Russia has been a respondent in 13 cases – this relatively small share is higher than Russia’s share in the world economy. The objective of this study was to investigate and analyze state-induced distortions in the economy of the Russian Federation. The data used in the study consisted of a broad range of material: legal policy documents, official statements, interviews, and international reports, among others. To identify as many distortions as possible, the report analyzed different forms of distortions such as in the financial system or state-owned enterprises. As the burden of proof for the existence of state-induced distortions rests with the European Commission, the Directorate-General for Trade seeks to prepare reports showing distortions in relevant countries. The Commission has selected the Russian Federation because of the relative weight of the country in the EU’s trade defense activity.

**CASE Experts:** Marek Dabrowski, Krzysztof Głowacki, Christopher Hartwell, Przemysław Kowalski, Anna Malinowska, Katarzyna Sidło

**Sponsor:** European Commission Directorate-General for Trade

**Project leader:** CASE

**Project partners:** LSE Consulting, NUPI

## **Integration within the European Single Market: accounting, computer, and construction services in four Member States**

The aim of the project was to assess, using Poland, Hungary, Germany, and Sweden as examples, the state of trade integration within the EU single market in three service sectors: (1) construction services; (2) IT/computer services; and (3) accounting and auditing services. The assessment addressed several existing barriers as well as the possible effects of further liberalization from Poland's perspective. The study, including both quantitative and qualitative analysis based on data from the Organisation for Economic Cooperation and Development (OECD) on trade in services and barriers to trade in services, assessed the benefits and freedoms to provide services within the European Union (EU) single market, and identified the remaining barriers, including those that were particularly acute for Polish operators, as well as assessed the possibilities and effects of the further liberalization of trade in services at the EU level. The project aimed to provide information, arguments, data, and calculations that could be used to develop Polish proposals in connection with the planned discussion on the Single Market at the December European Council and the future debate on the agenda of the next European Commission.

**Experts:** Krzysztof Głowacki, Przemysław Kowalski, Anna Malinowska, Małgorzata McKenzie

**Sponsor:** Ministry of Foreign Affairs of Poland

 [READ THE REPORT](#)

## **Analytical Reviews - Navigating Data and Methodological Resources to Support Ukrainian Business**

This training was designed for the staff and management of Ukrainian Business Support Organizations (BSOs) and (1) involved creating and disseminating the BSOs knowledge base, and (2) the development of research/analytical projects for SMEs at the individual business, sector, and market levels. The overall objective of the training was to increase the BSOs capabilities to follow and understand market trends and to improve the quality of the analytical work, sectoral research, and market needs analysis that the BSOs provide to their clients. The segment of the workshop on data and analysis reviewed the state of the art publicly available and discussed selected paid data and analytical resources that can be used in order to assess market opportunities in international markets. The segment of the workshop on business development and project management focused on how to develop analytical reviews and economic analysis as on-going business activities and how to conduct analytical work on request (e.g. sectoral reports, market needs assessment), including organizing analytical research projects (understanding client needs, desk research,

quantitative and qualitative research, field research, drawing conclusions, and developing reports).

**Experts:** Stanislav Biellei, Przemysław Kowalski

**Sponsor:** EBRD

**Project Leader:** LB&E Sp. z o.o.

 For more details see CASE Communications p. 84.

## **EU financial assistance available to local and regional authorities in Mediterranean partner countries**

---

CASE experts prepared a study which describes the general features of funds in place at the EU and national level and suggests the easiest ways of accessing these for local and regional authorities in enlargement countries. The note was published as a brochure to be used as a guide for local and regional authorities in the enlargement countries.

**Experts:** Katarzyna Sidło, Karolina Zubeł

**Sponsor:** Committee of Regions

 [READ THE BROCHURE](#)

## **THINK, Belt and Road Initiative: opportunities and challenges for Europe**

---

CASE, within the THINK Initiative, drafted recommendations for European stakeholders on the Chinese Belt and Road Initiative (BRI). Based on a grassroots approach to strategy development, the THINK Initiative involved the most influential European stakeholders from the business, government, civil society, and research sectors via the online THINK Platform and regular round tables across Europe. The first research strategy development phase took place from May to October 2018. Strategy development questions focused on the economy and foreign and security policy. The goal was to develop strategy recommendations for EU and Western Balkan state and non-state actors to better address the challenges and opportunities created by the Chinese actions in the context of the BRI. Recommendations were developed in a final Strategy Paper which was presented to the Austrian EU Presidency in October 2018.

**Experts:** Stanislav Biellei, Krzysztof Głowacki, Christopher Hartwell, Przemysław Kowalski, Katarzyna Sidło

**Sponsor:** THINK Initiative

**Partners:** Centre for European Perspective (Slovenia), European Policy Center (Serbia), We Build Europe (Austria), United Europe (Germany)

## **Finding the right balance across EU's FTA: benefits and risks for EU economic sectors**

---

The objective of this study was to provide the European Parliament and in particular the Committee on International Trade (INTA) with an estimate of the economic costs and benefits of the various FTAs that the EU has completed, will complete, or is contemplating. Building on previous work by CASE for INTA examining the issues of overlapping PTAs, this work created a holistic look at the EU's trade strategy and synthesized the effects of these agreements on specific sectors across Member States. Coming from a policy angle and accessible for policy makers and negotiators, but still comprised of rigorous economic methodologies and based on proven techniques, this study helped to inform the EU's trade strategy moving forward.

**Experts:** Krzysztof Głowacki, Christopher Hartwell, Veronika Movchan, Richard Pomfret, Katarzyna Sidło

**Sponsor:** European Parliament

 [READ THE STUDY](#)

## **Virtual currencies and central banks' monetary policy: challenges ahead**

---

Within the project, CASE experts studied the potential impact of virtual currencies on the financial system and their implications for central banks' monetary policy. Moreover, it was taken as an attempt to find out whether virtual currencies potentially disrupt the monopoly issuance of money by central banks.

**Experts:** Marek Dabrowski, Lukasz Janikowski

**Sponsor:** Committee on Economic and Monetary Affairs, European Parliament

 [READ THE REPORT](#)

## **EU financial assistance available to local and regional authorities in Eastern Partnership countries**

---

CASE experts prepared a study which describes the general features of the funds in place at the EU and national level and suggested the easiest ways of accessing these for the local and regional authorities in EaP countries. The study was published in the form of an updated brochure to be used as a manual/guide for the associations of the local and regional authorities in the EaP countries.

**Experts:** Przemysław Kowalski, Karolina Zubel

**Sponsor:** Committee of Regions

 [READ THE BROCHURE](#)

## **EU financial assistance available to local and regional authorities in the candidate and potential candidate countries for EU enlargement**

---

CASE experts prepared a study which describes the general features of the funds in place at the EU and national level and suggested the easiest ways of accessing these for the local and regional authorities in enlargement countries. The study was published in the form of a brochure to be used as a guide for local and regional authorities in the enlargement countries.

**Expert:** Andrzej Dziurdzik, Katarzyna Sidło, Klaudia Wolniewicz-Slomka

**Sponsor:** Committee of Regions



[READ THE BROCHURE](#)

## **Analysis of the Impact of Brexit on the Polish Economy - Opportunities and Threats**

---

The objective of this study was to analyze six assumptions that are frequently made in public discussions of the impact of Brexit on the Polish economy: 1) the UK is currently Poland's second biggest export market, and it is far less important than Germany. Therefore, the Polish economy would not be significantly affected by a 'no deal' scenario in Brexit negotiations; 2) Polish manufacturing would benefit from a 'no deal' scenario because some manufacturing plants in the UK would relocate to the EU, and they are likely to choose Poland as a new location because of Poland's competitive advantage (cheaper, highly educated workforce) over other EU countries; 3) Polish manufacturers would not be affected by a 'no deal' scenario because WTO tariffs are not that high, and, anyway, Polish goods are price competitive, so they will be in a better position to compete than goods from other EU countries; 4) in the event of a 'no deal' scenario, Polish food and agriculture (and other) manufacturers would find new markets for their products, just as they did when trade restrictions with Russia were imposed; 5) if a trade deal did not include services, then Poland would benefit because more business service centers would be located in Poland; and 6) the Polish economy does not significantly benefit from links to the financial services industry in the UK, neither in terms of stability nor investment.

**Expert:** Krzysztof Głowacki, Christopher Hartwell, Przemysław Kowalski, Paul Lirette

**Sponsor:** British Embassy in Poland

## **Enhancing cooperation among Central Asian researchers in Visegrad countries**

---

The on-going fundamental geopolitical and geoeconomic transformations in the region of Central Asia (CA) as well as in its individual countries create new opportunities and challenges for Visegrad countries. The project identified a niche for closer cooperation among the V4 countries within the broader framework of the common foreign and security policy of the EU. The project strengthened the ability of V4 countries to take advantage of their geographic position to promote their economic interests and fully use the new opportunities offered by

the fundamental geopolitical and geoeconomic changes in CA, including the One Belt One Road (OBOR) project. The project helped elevate the role of Visegrad countries in the elaboration and effective implementation of the new Central Asia Strategy of the EU in areas where they have a clear comparative advantage. The project aimed to further extend cooperation among V4 countries in CA where so far this has not existed and where they have clearly identified shared interests. This is not only in line with the concept of V4 cooperation but would further enrich this cooperation by initiating joint strategic research.

**Experts:** Stanislav Bieliei, Krzysztof Głowacki

**Sponsor:** International Visegrad Fund

**Project leader:** Corvinus Center for Central Asia Research

**Project partners:** Charles University, Research Center of the Slovak Foreign Policy Association



[READ THE REPORT](#)

## Events

---

### Round table talks on the Belt and Road Initiative at CASE

January, June, and September, 2018

---

In 2018, CASE organized three discussions on the opportunities which the Belt and Road Initiative (BRI) can bring to Europe. Representatives of the private, state, and academic sectors who are particularly interested in the upcoming trade and investment opportunities attended the meeting. The discussions took place in a round table format and special attention was paid to the following research questions: 1) *How can European companies access new market opportunities created by the BRI?* and 2) *How can the Central and Eastern European and Balkan countries address the opportunities and challenges of regional and bilateral cooperation with China?* CASE was a part of the THINK consortium, a pan-European project inspired by the Chinese BRI. The core of the Initiative was a network of researchers, analysts, and consultants whose task was to moderate, conduct, and support research and strategy development.



## Publications

---

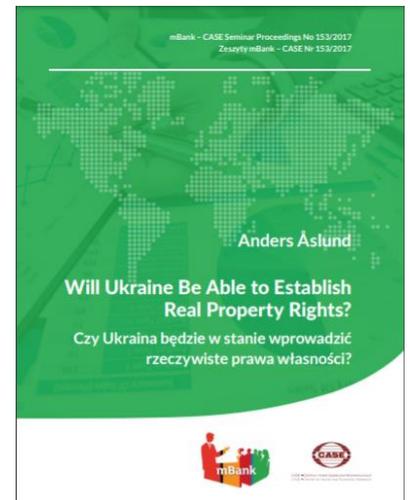
### Will Ukraine Be Able to Establish Real Property Rights?

Author: Anders Åslund

mBank – CASE Seminar Proceedings No. 153, January 2018

This paper discusses in the first section the economic market reforms in Ukraine, which worked very well from 2014-17. The second section is devoted to what has not worked well and is crucial for property rights, namely courts, prosecution, and law enforcement. The third section deals with what remains for political reform, primarily electoral reform. A general reference is the author's 2015 book, *Ukraine: What Went Wrong and How to Fix It* (Åslund, 2015). In general, the economic reforms discussed in the first section have been accomplished, while the judicial reforms have been fudged, and the democratic reforms are partial.

 [READ THE PAPER](#)



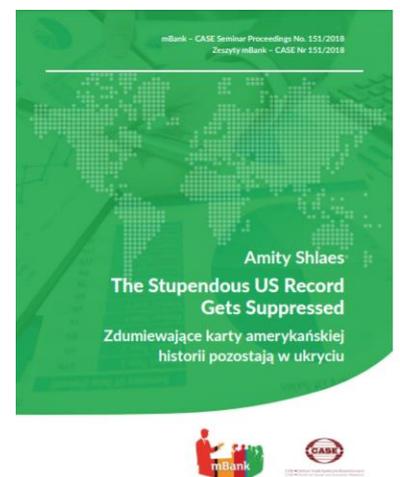
### The Stupendous US Record Gets Suppressed

Author: Amity Shlaes

mBank – CASE Seminar Proceedings No. 151, March 2018

In America, free marketeers may sometimes win elections. But they are not winning US history. In recent years, the consensus regarding the American past has slipped leftward, and then leftward again. No longer is American history a story of opportunity, or of military or domestic triumph. America has become, rather, a story of wrongs, racial and social. The equality campaign spills over into a less obvious field, one that might otherwise provide a useful check upon the non-empirical claims of the humanities: economics. In a discipline that once showcased the power of markets, an axiom is taking hold: equal incomes lead to general prosperity, and point toward utopia.

 [READ THE PAPER](#)



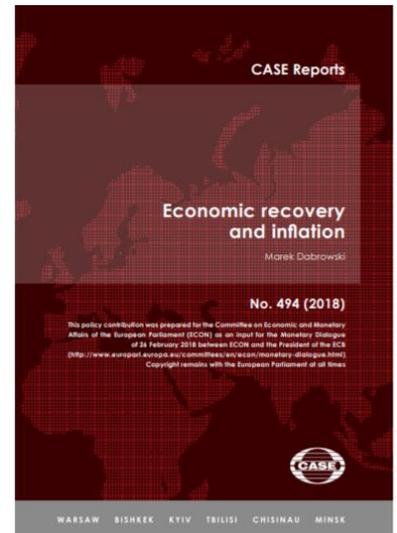
## Economic recovery and inflation

---

Author: Marek Dąbrowski

Case Reports No. 494, April 2018

In the last decade, advanced economies, including the euro area, experienced deflationary pressures caused by the global financial crisis of 2007-2009 and the anti-crisis policies that followed—in particular, the new financial regulations (which led to a deep decline in the money multiplier). However, there are numerous signs in both the real and financial spheres that these pressures are disappearing. The largest advanced economies are growing up to their potential, unemployment is systematically decreasing, the financial sector is more eager to lend, and its clients—to borrow. Rapidly growing asset prices signal the possibility of similar developments in other segments of the economy. In this new macroeconomic environment, central banks should cease unconventional monetary policies and prepare themselves to head off potential inflationary pressures.



 [READ THE REPORT](#)

*The study was originally published by [the European Parliament](#) in February 2018.*

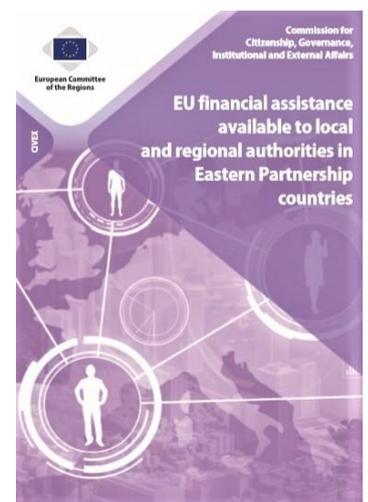
## EU financial assistance available to local and regional authorities in Eastern Partnership countries

---

Authors: Przemysław Kowalski, Karolina Zubel

External Publication, June 2018

This brochure provides an update on the European Union (EU) financial assistance available to local and regional authorities (LRAs) in Eastern Partnership (EaP) countries, including some programs, instruments, and other financing opportunities that were not covered in the 2015 brochure published by the Committee of the Regions (CoR). It focuses on the priorities outlined in the “Eastern Partnership - 20 Deliverables for 2020: Focusing on key priorities and tangible results” strategy, including: a stronger economy; stronger governance; stronger connectivity (also in terms of infrastructure); and a stronger society.



 [READ THE BROCHURE](#)

*This publication was prepared for the European Committee of the Regions.*

## EU financial assistance available to local and regional authorities in the candidate and potential candidate countries for EU enlargement

Authors: Andrzej Dziurdzik, Katarzyna Sidło and Klaudia Wolniewicz-Slomka  
External Publication, June 2018

This brochure gathers information on the European Union (EU) financial assistance available in the form of programs, instruments, and other financing opportunities to local and regional authorities (LRAs) in candidate and potential candidate countries (Albania, Bosnia and Herzegovina [BiH], Republic of North Macedonia, Kosovo, Montenegro, Serbia, and Turkey). Importantly, it provides a comprehensive update on the 2014 publication “The efficient use of funds for local and regional authorities under the IPA II [The Instrument for Pre-accession Assistance II] regulation” in the context of the IPA II mid-term review.

 [READ THE BROCHURE](#)

*This publication was prepared for the European Committee of the Regions.*



## Virtual currencies and their potential impact on financial markets and monetary policy

Authors: Marek Dąbrowski, Łukasz Janikowski  
CASE Reports No. 485, September 2018

Virtual currencies are a contemporary form of private money. Thanks to their technological properties, their global transaction networks are relatively safe, transparent, and fast. This gives them good prospects for further development. However, they remain unlikely to challenge the dominant position of sovereign currencies and central banks, especially those in major currency areas. As with other innovations, virtual currencies pose a challenge to financial regulators, in particular because of their anonymity and trans-border character.

 [READ THE REPORT](#)

*The study was originally published by [the European Parliament](#) in February 2018.*



## **Central Bank Communication at Times of Non-Standard Monetary Policies**

Authors: Łukasz Janikowski, Andrzej Rzońca

External Publication, September 2018

Communication is an important monetary policy tool, as central banks can use it to manage the expectations of economic agents. Communication becomes even more important in times of nonstandard monetary policies due to increased levels of uncertainty and the introduction of new policy tools. In this paper, we summarize the literature on central bank communication in times of non-standard monetary policies, with a particular focus on forward guidance.

 [READ THE STUDY](#)

*The report was prepared for the European Parliament.*

## **Finding the right balance across EU FTAs: benefits and risks for EU economic sectors**

CASE Author: Christopher Hartwell

External Publication, October 2018

Globally, anti-trade sentiment is on the rise, meaning it is incumbent upon policy makers to explore and explain the benefits of free and open trade. This study examines the costs and benefits of various free trade agreements (FTAs) that the EU has completed, will complete, or is contemplating. With regard to completed FTAs, the EU has seen benefits in terms of consumer choice but has a much larger and positive impact on its partners (although not as much as ex-ante modelling would suggest). For forthcoming or contemplated FTAs, the issue of non-tariff barriers must be considered for FTAs with developed economies to be a success, while comprehensive liberalization with emerging markets improves trade and other outcomes for both the EU and its partner. Across all FTAs, trade and economic metrics are improved by an agreement while indirect effects (human rights, environment) are less likely to change. We conclude that the EU must continue its focus on comprehensive liberalization, incorporating NTBs effectively into new agreements, while tempering expectations of influence on human rights.

 [READ THE STUDY](#)

*The report was prepared for the European Parliament.*

IN-DEPTH ANALYSIS  
Requested by the ECON committee



### Central Bank Communication at Times of Non-Standard Monetary Policies

Monetary Dialogue September 2018



Policy Department for Economic, Scientific and Quality of Life Policies  
Authors: ŁUKASZ JANIKOWSKI, ANDRZEJ RZONCA  
Directorate-General for Internal Policies  
PE 626.065 - September 2018

EN

STUDY  
Requested by the INTA committee



### Finding the right balance across EU FTAs: benefits and risks for EU economic sectors



Policy Department for External Relations  
Directorate General for External Policies of the Union  
PE 603.061 - October 2018

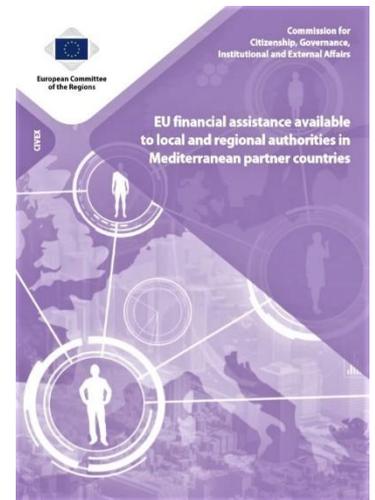
EN

## EU financial assistance available to local and regional authorities in Mediterranean partner countries

---

Authors: Katarzyna Sidło, Karolina Zubeł  
External Publication, November 2018

This brochure provides information on the European Union (EU) financial assistance available to local and regional authorities (LRAs) in Mediterranean partner countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, occupied Palestinian territory [henceforth: Palestine], Syria, and Tunisia) and is an updated and extended revision of the 2013 Committee of Regions (CoR) publication “The EU funds available for Local and Regional Authorities from the Southern and Eastern Mediterranean Countries: information guide.” It focuses on the key priorities outlined in the Revised European Neighbourhood Policy and endorsed during the second Regional Forum of the Union for the Mediterranean (UfM) that took place in Barcelona on January 23-25, 2017, such as addressing the challenges brought about by irregular migration, supporting good governance and rule of law, and promoting sustainable socio-economic development in the region.



 [READ THE BROCHURE](#)

*This publication was prepared for the European Committee of the Regions.*



## Fiscal Policy

## Projects

---

### **Study and Reports on the VAT Gap in the EU-28 Member States (ongoing)**

VAT fraud and evasion, which are major components of the VAT Gap, cost public budgets dozens of billions of euro per annum across the EU. Tackling VAT non-compliance is a top priority for both the European Commission and EU Member States. Therefore, the European Commission proposed a far-reaching reform of the EU VAT system, and Member States have been working to tighten their VAT collections and recapture significant losses in VAT revenue. In order to measure if these efforts are effective in reducing the loopholes exploited by tax-evaders and criminal enterprises, and to evaluate if these initiatives are effective in increasing VAT compliance, the accurate measurement and monitoring of the VAT Gap is necessary. The aim of this project is to build on the earlier studies and continue publishing reports on the latest VAT Gap figures, on an annual basis, in order to identify trends and monitor progress in closing the Gap. Additionally, we complement the case studies of Member States with an econometric analysis of VAT Gap determinants.

**Experts:** Adam Śmietanka, Grzegorz Poniatowski, Mikhail Bonch-Osmolovsky

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

**Partners:** IHS, IEB

### **Future Trends and Taxation (ongoing)**

The megatrends of our times, such as climate change, technological advances, population ageing, and globalization, strongly influence the way how societies operate. However, there is already marked uncertainty about these trends in the medium term. For the longer term, the uncertainty becomes fundamental. These trends, or the drivers of change behind them, are also likely to require changes in policies to ensure the welfare of the citizens. This is also true for tax policies, as these developments will affect the structure of tax revenues, tax administrations, and policy design. To be prepared for the future, the study on “Future Trends and Taxation” aims not only at analyzing these impacts on tax revenues but also at forming a basis for follow-up work. It focuses on the interaction of global trends and taxation. The authors pay special attention to four thematic areas and drivers of change: climate change and environmental externalities, technology, demographics, and the geo-political landscape. The ultimate goal is to support the Commission’s work on securing the sustainability of our tax systems.

**Experts:** Grzegorz Poniatowski, Karolina Zubel, Paweł Jamrożek

**Sponsor:** Directorate General Taxation and Customs Union

**Project leader:** ETLA - The Research Institute of the Finnish Economy

**Project partners:** CASE, CPB, DIW, DONDENA, ETLA, IEB, IFS, IPP, PWC, ISER

## **Study on the evaluation of invoicing rules of Directive 2006/112/EC concerning the general arrangements for excise duty**

---

The legal basis for this Evaluation is found in Article 237 of Directive 2006/112/EC, which requires the Commission to present an overall assessment report on the impact of invoicing rules to the European Parliament and the Council, based on an independent economic study. Thus, the objectives of the Study done by CASE and its consortium of partners were to: (1) measure the decrease of the administrative burdens for businesses generated by the different provisions of the Directive and identify the remaining burdensome provisions; (2) assess the degree to which the new rules introduced by the Directive have concretely contributed to the uptake of e-invoicing, based on a detailed review of e-invoicing patterns along several dimensions, and to identify any possible remaining barriers to e-invoicing and the e-storage of invoices; (3) assess the role played by the Directive to support EU Member States' efforts to tackle VAT fraud and improve tax compliance; and (4) formulate evidence-based and prioritized recommendations aimed at further harmonizing and simplifying the invoicing rules and having them reflecting technological advances.

**Experts:** Grzegorz Poniatowski, Katarzyna Mirecka

**Project funding:** Directorate-General Taxation and Customs Union (DG TAXUD)

**Project leader:** Economisti Associati srl

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



[READ THE STUDY](#)

## **Study on Measuring Tax Evasion of Individuals**

---

The EU has taken important steps to fight tax evasion by wealthy individuals. As stressed by the Action Plan against tax evasion (European Parliament, 2012), the automatic sharing of information between financial institutions in host countries and fiscal authorities in the European taxpayer's home jurisdiction is a key tool to promote tax compliance. The key objective of the study was to produce estimates of: (a) unreported assets held by individuals in tax havens and (b) corresponding tax evasion on foregone personal income tax and capital income tax.

**Experts:** Grzegorz Poniatowski, Adam Śmietanka

**Project funding:** Directorate-General Taxation and Customs Union (DG TAXUD)

**Consortium leader and Project leader:** Economisti Associati srl

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

## **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 was 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 REFIT program, 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 was to help the 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 partner:** Università degli Studi Milano-Bicocca – Dipartimento di Sociologia e Ricerca Sociale

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

---

The aim of the VAT Gap study, commissioned to CASE by the European Commission, was to quantify the VAT Gap and to better understand trends in the EU in the field of VAT collection. CASE has so far published five 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 project was the continuation of the “Study to quantify and analyze the VAT gap in the EU-27 Member States” implemented by CASE as part of the consortium led by the CPB Netherlands Bureau for Economic Policy Analysis in 2013 and further.

**Experts:** Misha V. Belkindas, Mikhail Bonch-Osmolovskiy, Grzegorz Poniatoski

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

**Partners:** IHS, Institute for Advanced Studies



For more details see Highlights pp. 28-30.

## **FIRSTRUN - Fiscal Rules and Strategies under Externalities and Uncertainties**

---

The FIRSTRUN project advanced the theoretical and practical debates on the effective mechanisms of fiscal policy coordination. It analyzed 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 identified different types of spillover effects, investigates how they work in the EU and in the EMU, and analyzed whether they work in the

same fashion under different states of the economy and over the short and the long run. The project described 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. Also, the FIRSTRUN project provided 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.

**Experts:** Grzegorz Poniatoski

**Sponsor:** European Commission: DG RTD

**Leader of the consortium:** ETLA - The Research Institute of the Finnish Economy (Finland)

**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)



[READ THE REPORT](#)

## Events

### Presentation of the CASE report: *The significance of tobacco product manufacturing to Poland's economy*

January 10<sup>th</sup>, 2018

During the meeting, attended by experts, politicians, and journalists, CASE's experts presented its report on the *Significance of tobacco product manufacturing to Poland's economy*, which is the first such comprehensive study of the industry. It describes the industry's current conditions, presents the challenges facing the industry, and forecasts its influence on the broader economy, on the basis of various scenarios for the future. The report covers the sector's entire value chain, from tobacco cultivation through the processing of raw tobacco and product manufacturing, to distribution and sales of the final product. The analytical work is based on three pillars: analysis of existing data, expert interviews, and a mathematical model of the Polish economy expanded to include the production and consumption of tobacco products.



 [READ THE REPORT](#)

 For more details, see CASE Communications pp. 78-80.

## CASE tax workshop: The structure and effectiveness of the Polish tax system

March 26-27th 2018

---

The main goal of the workshop was to build connections among Polish economists and to review their current research. The event was also the first stage of a large economic research project to analyze the effectiveness of the Polish tax system. The discussion of the economic aspects of the system of tax rates is intended to raise the level of the debate over taxes, as tax changes are often introduced in a manner that is completely divorced from optimal taxation theory and are not preceded by an economic analysis of existing conditions. Still, the purpose of the project is not to create a vision of the optimal tax system, but only to demonstrate certain tools and provide analysis. The workshop was preceded by a two-hour panel discussion on the economics of diversified VAT rates. The organizers were the European Commission, CASE, Lazarski University, and CenEA – the Centre for Economic Analysis.



»» For more details, see CASE Highlights pp. 20-22.

## 157th mBank – CASE Seminar: Is a Fiscal Policy Council needed in Poland?

June 28th, 2018

---

### Speakers:

**Łukasz Janikowski**  
**Dr. Balázs Romhányi**  
**Dr. Mateusz Szczurek**

The 157th mBank-CASE Seminar was devoted to the idea of creating a Fiscal Policy Council (FPC) in Poland. Such bodies exist in 38 countries, and Poland is the only EU country without one. FPCs are collegial bodies made up of experts, whose purpose is to raise the quality of fiscal policy by providing independent, professional, comprehensive, and regular analysis, thus increasing the political cost of conducting suboptimal policy.



52 attendees

807 watched the broadcast

 [Read mBank – CASE Seminar Proceedings No. 157/2018](#)

## 157th mBank – CASE Seminar: Is non-state money possible?

October 18th, 2018

---

### Speaker:

**Professor George Selgin**

The question “Is non-state money possible?” was addressed by Professor George Selgin, an outstanding American monetary economist who works on the history of money and monetary thought, during the 157th mBank-CASE seminar. This is a topic that is very current in light of the rise of Bitcoin payments, the growing popularity of other digital currencies, and the discussion in Poland in late 2018 of the taxation of individuals and companies on trade in cryptocurrencies.



45 attendees

620 watched the broadcast

 [Read mBank – CASE Seminar Proceedings No. 158/2018](#)

## 159th mBank-CASE seminar: Why do we need self-employed persons? Some economic reflections, mainly tax-related ones

November 29<sup>th</sup>, 2018

---

### Speakers:

**Dr. Jarosław Neneman**  
**Professor Adam Adamczyk**  
**Professor Leszek Morawski**

The 159th mBank-CASE seminar was dedicated to the question of self-employment. The conventional wisdom is that Poland supports self-employment with a system of preferences that pushes workers into self-employment. The

speakers focused on systemic preferences for the self-employed and attempted to find the reason for it, and to examine the situation in Poland in comparison with other countries.

46 attendees

696 watched the broadcast

 [Read mBank – CASE Seminar Proceedings No. 159/2018](#)



## Seminar: CIT. Business income taxation based on the Mirrlees Review

December 7<sup>th</sup>, 2018

---

The aim of the seminar was to discuss the content of the Mirrlees Report published by the Institute for Fiscal Studies in London in 2010-2011. During the seminar, the participants focused on two chapters of the report: *Taxing corporate income* and *Corporate taxation in an international context*, looking for references to the Polish tax system. The seminar was co-organized by: CASE - Center for Social and Economic Research and the University of Economics and Business in Poznań, with the support of the National Chamber of Tax Advisors, TPA, and BDO. The seminar was part of the Effective Tax System Program run by CASE.



Photo credit: University of Economics and Business in Poznań

 For more details, see CASE Highlights p. 22-23.

## Publications

### The significance of tobacco product manufacturing to Poland's economy

Authors: Grzegorz Poniatoski, Krzysztof Głowacki  
January 2018

This report presents the results of the first comprehensive analysis of the impact of tobacco product manufacturing on the Polish economy. The comprehensiveness of the study results from the subject range, covering the sector's entire value chain: from tobacco cultivation, through the processing of raw tobacco and manufacturing of tobacco products, to the distribution and sale of ready products. The report includes an in-depth analysis of the current conditions, discusses the challenges facing the sector, and attempts to estimate the development of the branches of the economy related to the manufacturing of tobacco products in the future. The main purpose of this research was to analyze the economic significance of the manufacturing of tobacco products. The economic effect of consumption of tobacco products was only a peripheral element of the research. Conducting such complex research was made possible by advanced methodology. The analytical work was built on three pillars: analysis of existing data, expert interviews, and a computable general equilibrium (CGE) model expanded to include the production and consumption of tobacco products.

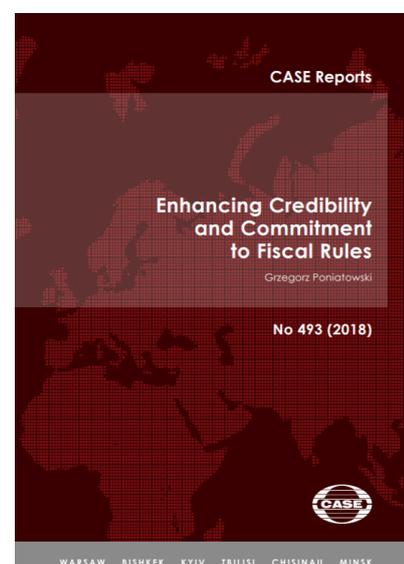
 [READ THE REPORT](#)



### Enhancing credibility and commitment to fiscal rules

Author: Grzegorz Poniatoski  
CASE Report No. 493, March 2018

The objective of this paper is to derive the characteristics of an effective fiscal governance framework, focusing on the incentives that ensure a commitment to the fiscal rules. We study this problem with the use of econometric tools, complementing this analysis with formal modelling through the lens of a dynamic principal-agent framework. Our study shows that both economic and institutional factors play an important role in incentivizing countries' fiscal efforts. Fiscal balances are affected not only by the economic cycle, but, among others, by the level of public debt and the world economic situation. We find that the existence of numerical fiscal rules, their strong legal entrenchment,



surveillance mechanisms, and credible sanctions binding the hands of governments have a significant impact on curbing deficits. The relationship between the Commission and European Union (EU) Member States (MS), where the EU authorities act as a collective principal that designs contracts for MS, has elements in common with the assumptions of the principal-agent framework. These are: asymmetry of information, moral hazard, different objectives, and the ability to reward or punish the principal. We use a dynamic principal-agent model and show that to ensure good fiscal performance, indirect benefits should be envisaged for higher levels of fiscal effort. In order to account for the structural differences of exerting effort by different MS, it is efficient to adjust fiscal effort to the level of indebtedness. To ensure a commitment to the rules, MS with difficulties conducting prudent fiscal policies should be required to exert less effort than the MS with more modest levels of debt. The FIRSTRUN project is an EU-funded multi-national research project that investigates the need for fiscal policy coordination in the EU.

 [READ THE REPORT](#)

*This report was originally published on [the FIRSTRUN project](#) website in January 2018.*

## **Study contributing to an Impact Assessment on Council Directive 2008/118/EC concerning the general arrangements for excise duty**

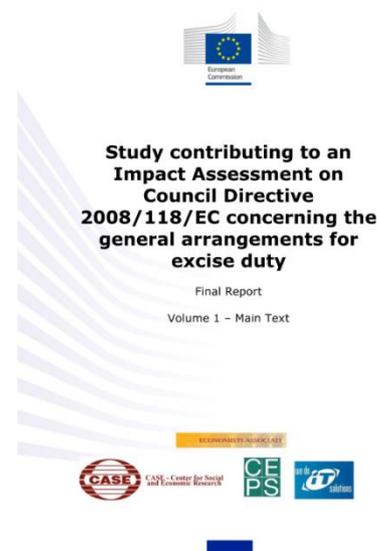
Authors: Christopher Hartwell, Grzegorz Poniatowski, Katarzyna Sidło  
External Publication, May 2018

This study includes a baseline assessment of a number of issues that emerged from the previous evaluation of Council Directive 2008/118/EC concerning the general arrangements for excise duty. It considers how these problems may evolve if no action is taken at the EU level. The work covers four main problem areas: customs-excise, duty paid business-to-business (B2B), exceptional situations, and low risk movements. In addition, the study analyzes aspects of risk analysis and the movement of excise goods for private use.

The study then identifies 13 possible policy options to address the problems detected. It assesses implementation costs and the likely impacts of each option, focusing on the impact on fraud, administrative and compliance costs/benefits, market functioning, and SMEs. Finally, it compares alternative policy options, applying a combination of a cost-benefit analysis (CBA) and a multi-criteria analysis (MCA) methodology.

 [READ THE STUDY](#)

*The study was commissioned by the European Commission.*



## Study and Reports on the VAT Gap in the EU-28 Member States: 2018 Final Report

Authors: Grzegorz Poniatowski, José María Durán-Cabré, Mikhail Bonch-Osmolovsky, Adam Śmietanka, Alejandro Esteller Moré, CASE Report No. 496, October 2018

In this Report, the authors present the new Value Added Tax (VAT) Gap estimates for 2016, as well as updated estimates for 2012-2016. In addition to the analysis of the Compliance Gap, this Report examines the Policy Gap in 2016 as well as the contribution that reduced rates and exemptions made to the theoretical VAT revenue losses. Moreover, the Report contains an econometric analysis of VAT Gap determinants, which is a novelty introduced from this year's Study. In nominal terms, in 2016, the VAT Gap in EU-28 MS fell below EUR 150 billion and amounted to EUR 147.1 billion. In relative terms, the VAT Gap share of the VAT total tax liability (VTTL) dropped to 12.3 percent from 13.2 percent in 2015 and is the lowest value in the analyzed period of 2012-2016. Denoted as a share of GDP, the VAT Gap in 2016 amounted to 0.99 percent as compared to 1.05 percent in 2015.

 [READ THE REPORT](#)

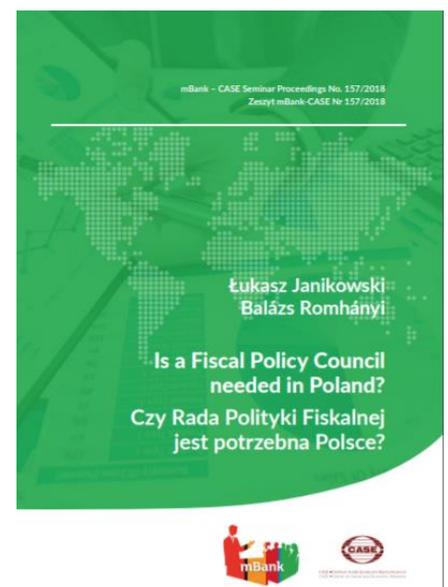
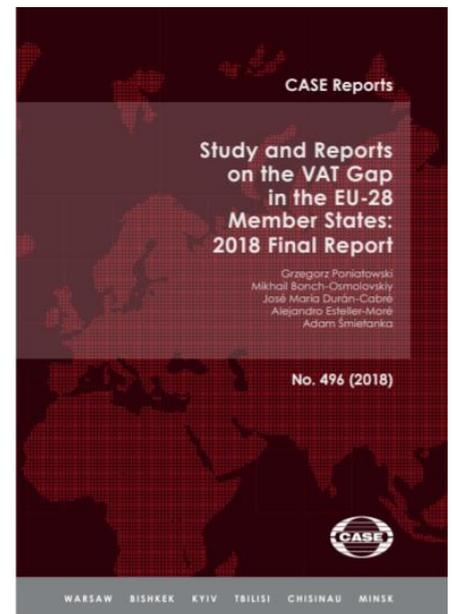
*This report was originally published by the [European Commission](#).*

### Is a Fiscal Policy Council needed in Poland?

Authors: Balazs Romhanyi, Lukasz Janikowski  
mBank – CASE Seminar Proceedings No. 157, November 2018

The unsustainability and procyclicality of fiscal policy are problems that many developed countries face. The public debt crisis revealed that fiscal rules are a useful but insufficient instrument for mitigating them. A large and growing group of economists are calling for the creation of 'fiscal policy councils' – independent collegial bodies made up of experts whose role is to act as independent reviewers of government policy and advise the government and parliament on fiscal policy. Such councils currently exist in at least 40 countries. Poland is the only EU country that does not have a fiscal policy council. The aim of this paper is to address the issue of whether a fiscal policy council is needed in Poland and what kind of additional contribution such a council might make to the public debate on fiscal policy.

 [READ THE PAPER](#)



# Demography, Labor, and Social Policy

## Projects

---

### **SHIFT - Strengthen Higher Education through Innovative Financial Tools (ongoing)**

---

Strengthen Higher Education through Innovative Financial Tools (SHIFT) recognizes the need for the more intelligent spending of HE funds and seeks to develop new mechanisms to empower students to afford HE. The project will develop and validate (via financial stress testing) an innovative funding model based on the concept of an endowment fund that pools private and public money. Taking into consideration the diversity of the HE system across Europe, SHIFT aims to ultimately develop a mechanism that will combine the private sector management of the funds to generate profit with the public sector mission to ensure proper allocation of the proceeds for public policy objectives while flexibly adapting to the various EU HE environments. To this end, SHIFT will extrapolate the virtuous elements of successful national student financing models (such as the UK's) and embed them to the developed mechanism.

**Experts:** Agnieszka Paczyńska, Klaudia Wolniewicz-Slomka, Izabela Styczyńska

**Project funding:** Erasmus +



[READ THE REPORT](#)



[SEE THE PROJECT WEBSITE](#)

### **Social Entrepreneurs' Responses to the Refugee Crisis in Jordan and Lebanon (ongoing)**

---

The aim of this study is to provide an overview of the social entrepreneurship scene working in the field of refugee crisis mitigation in both countries. The assumption, grounded in preliminary background research, is that social entrepreneurs positively –if not on a large scale – contribute to the alleviation of the refugee crisis by virtue of working with and for refugees, and indeed deriving from the refugee community themselves. In order to answer these questions, CASE and the RSS shall interview a number of social entrepreneurs as well as representatives of entities supporting them (business angels, accelerators) and create between four and five case studies exploring the functioning of refugee-focused social enterprises in selected fields (education, environment, financial inclusion, and women's empowerment).

**Experts:** Katarzyna Sidło, Izabela Styczyńska

**Project funding:** FEMISE 2018/19 Internal Competition

**Project partners:** Royal Scientific Society of Jordan (RSS)

## **Just-in-time education (ongoing)**

---

Within the project, CASE seeks to develop the comprehensive financial skills of young people and promote non-formal education to enhance opportunities for people without professional experience on the modern labor market. The main objective of this project is to promote financial education among young people by conducting workshops, seminars, and tutorials at local universities and in CASE offices. Within the project, we tend to share our knowledge and experience among young people regarding how to plan, control, and manage own budgets and how to take responsibility for personal outcomes.

**Project funding:** Erasmus+ program

**Project partners:** Chargée de mission, Citizens of Europe e.V.

## **Development and implementation of innovative tools aimed at combating the problem of unregistered labor in institutions jointly responsible for minimizing the shadow economy on the labor market (SzaWER) (ongoing)**

---

SzaWER aims to raise awareness of the consequences of unregistered employment among employees and employers and to combat the shadow economy by building a network of Polish and foreign institutions to deal with unregistered employment. Under the project, innovative training programs are being developed both in-house and online. The training programs focus on the consequences of a shadow economy and its impact on the labor market and are addressed to employees and employers as well as the research institutions dealing with unregistered employment, labor market institutions, and organizations working with foreigners. The next stage of the project is assessing the PIT gap in Poland to develop a model to forecast the financial effects of innovative fiscal solutions for public finance.

**Experts:** Łukasz Janikowski, Agnieszka Kulesa, Jacek Liwiński, Agnieszka Paczyńska, Grzegorz Poniatowski, Sylwia Roszkowska, Izabela Styczyńska, Adam Śmietanka, Aleksandra Teliszewska, Tomasz Tratkiewicz

**Project funding:** the European Union within the Operational Programme – Knowledge, Education, Development (PO WER)

**Project partners:** Association for Legal Intervention, Institute of Labour and Social Studies – IPISS, the Voluntary Labor Corps, Voivodship Labor Office in Katowice, Voivodship Labor Office in Olsztyn, National Revenue Administration, Maguire Policy Research Ltd. based in the UK, and Croatian Institute of Public Finance



For more details see Highlights pp. 26-27.

## **ENCON - Enhancing CSOs Contribution to Evidence-Based Policy Making for Vulnerable Groups**

---

The main objective of the project was to enhance the capacities of Belorussian Civil Society Organizations (CSOs) in conceptualizing and introducing projects aimed at supporting vulnerable groups. It was achieved through strengthening the capacity of CSOs to participate in and contribute to policy dialogue and accountability processes at local and national levels,

providing CSOs with methodology and case-studies from other countries, and promoting new innovative experiences and trends in social service delivery. The project targeted three vulnerable groups: i) families at risk, ii) children and youth with disabilities and their families, and iii) prisoners.

**Experts:** Katarzyna Mirecka, Sierż Naurodski, Klaudia Wolniewicz-Slomka

**Project funding:** International Visegrad Fund, The Ministry of Foreign Affairs of the Kingdom of the Netherlands

**Project Partners:** CASE Poland, the Institute of Economic Research of the Slovak Academy of Sciences (Slovakia), The Faculty of Economics and Administration of Masaryk University (Czech Republic), ACT (Belarus)

 [READ THE REPORT](#)

## **Open up your future career**

---

Within the project, we introduced young people to research and project management activities in the NGO sector and allowed them to gain the necessary skills and competences, which they could later on use in the professional job market. The project's goal was to create a window of opportunity for young people at the beginning of their career.

**Project funding:** Erasmus+ program

**Project partners:** Associacio Xarxa INCA Catalunya (Spain), CARPE DIEM udruga za poticanje i razvoj kreativnih i socijalnih potencijala djece, mladih i odraslih (Croatia)

## **Thematic Review country report on Health & Safety at Work and Labor Inspectorates**

---

Within this project, CASE prepared a Thematic Review country report on Health & Safety at Work and Labor Inspectorates, providing an in-depth analysis of health and safety at work and the role of the labor inspectorates in Poland.

**Experts:** Agnieszka Sowa-Kofta

**Project funding:** DG Employment, Social Affairs and Inclusion of the European Commission

**Project leader:** ICF

## **Establishing a European network on long-term care and cost-effectiveness and dependency prevention**

---

The overall objective of the Network was to support the long-term care policy making process across the EU by identifying evidence about the 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 was to maximize inter-country long-term care policy learning between EU countries.

**Expert:** Agnieszka Sowa-Kofta, Daina Calite-Bordane, Petko Salchev

**Sponsor:** DG Employment, EC

**Leader of the consortium:** LSE



[SEE THE PROJECT WEBSITE](#)



**For more details see Highlights p. 31.**

## Events

---

### 154th mBank-CASE Seminar: The Polish Pension System: Where We Are, and What's Next

February 15<sup>th</sup>, 2018

---

#### Speaker:

**Professor Marek Góra**



The end of 2018 marked the 20th anniversary of the introduction of Poland's current pension system. It was worth looking back to summarize this period, to identify where we are and sketch out what has to be done in the coming years. Professor Marek Góra, a professor at the Warsaw School of Economics and a co-creator of the system introduced in 1999, devoted a great deal of time during the seminar to examining the purpose that pension systems should fulfill; these include the division of GDP, fairness, and intergenerational balance.

43 attendees

453 watched the broadcast



[Read mBank – CASE Seminar Proceedings No. 154/2018](#)

### 156th mBank-CASE Seminar: What's next for healthcare in Poland? Diagnosis and prognosis

May 24<sup>th</sup>, 2018

---

#### Speakers:

**Professor Stanisława Golinowska**

**Professor Christoph Sowada**

**Dr. Marzena Tambor**

**Dr. Alicja Domagała**

**Dr. Krzysztof Kuszewski**

The 156th mBank-CASE seminar was devoted to Poland's healthcare system. After almost a decade, we decided to return to this important subject, because the problems we pointed out ten years ago (at the 97th



BRE-CASE Seminar on June 12, 2008) are unfortunately still current. The experts invited to the May mBank-CASE seminar on healthcare economics initiated another discussion on the situation of the healthcare system, and their theses and recommendations are based on the results of a comparative analysis of the results of the European research projects they participated in over the past decade.

51 attendees

837 watched the broadcast

 [Read mBank – CASE Seminar Proceedings No. 156/2018](#)

## **PUBLIC DEBATE: Overcoming the EU’s asylum and immigration impasse**

June 20<sup>th</sup>, 2018

---

### **Speakers:**

**Matthias Luecke**

**Mikkel Barslund**

**Paweł Kaczmarczyk**

**Izabela Styczyńska**



On the occasion of the publication of the [“2018 Assessment Report on Asylum and Migration Policies in Europe,”](#) prepared by experts from the [Mercator Dialogue on Asylum and Migration - MEDAM](#), CASE hosted a public debate in Warsaw. Speakers included Mathias Luecke from the Kiel Institute, Mikkel Barslund from the Centre for European Policy Studies, and Paweł Kaczmarczyk from the Centre of Migration Research, University of Warsaw. The discussion was moderated by Vice President of CASE Management Board, Izabela Styczyńska. The event was one of a series of public debates promoting the report organized by MEDAM researchers all over Europe; apart from Warsaw, events were held in Berlin, Florence, Brussels, Vienna, and Budapest.

During the event, two of the report’s authors, Dr. Luecke and Dr. Barslund, stressed that the main result of their research and therefore the main message of the report is clear: closer

cooperation and more flexibility and solidarity are crucial to the successful management of migration flows to and within Europe.

## **SzaWER project kick-off meeting at CASE**

**July 24<sup>th</sup>, 2018**

---

On July 27<sup>th</sup>, CASE held an inauguration meeting to start a two-year project entitled *"Development and implementation of innovative tools aimed at combating the problem of unregistered labor in institutions jointly responsible for minimizing the shadow economy on the labor market"* (SzaWER). The meeting was attended by project team members and representatives of the partners, which are: the Association for Legal Intervention, the Institute of Labour and Social Studies – IPISS, the Voluntary Labor Corps, the Voivodship Labor Office in Katowice, the Voivodship Labor Office in Olsztyn, the National Revenue Administration; Maguire Policy Research Ltd. based in the UK, and the Croatian Institute of Public Finance. "This project, both in terms of its subject and actions planned, is an innovative venture on a national scale. Mechanisms and solutions developed as part of the project will help to reduce the shadow economy in Poland," Izabela Styczyńska, Vice President of the CASE Management Board, said during the meeting.



»» For more details, see **CASE Highlights p. 25**.

## **SHIFT Project Meeting in Warsaw**

**September 10<sup>th</sup>, 2018**

---

CASE hosted the 3<sup>rd</sup> meeting of the SHIFT (Strengthen Higher Education through Innovative Financial Tools) project, co-funded by the Erasmus Plus Program of the European Commission, Key Action 2, Strategic Partnerships for Higher Education. SHIFT is implemented by a Consortium of eight partners from four countries (the United Kingdom, Belgium, Italy, and Poland) and will develop and validate an innovative model to provide financial support to students.

During the meeting, the Partners discussed the main findings of the report “SHIFT Innovative Financial Model for HE Students” and advanced its implementation by fine-tuning the methodology for the validation phase of the project based on the next deliverable “Test and Validate SHIFT through Stress Testing.” Partners also set the stage for the “SHIFT Implementation Package” that will include tools and documents for universities to implement the SHIFT Model, as well as a set of financial literacy tools and resources for students.



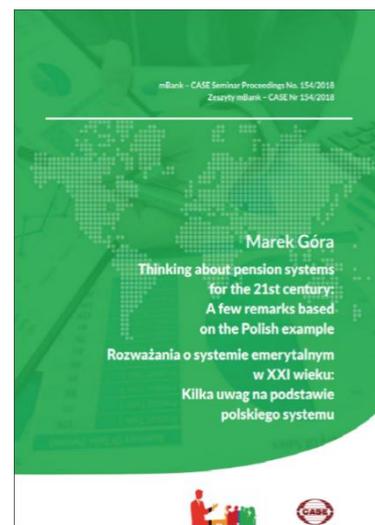
## Publications

### Thinking about pension systems for the 21st century: A few remarks based on the Polish example

Author: Marek Góra

mBank – CASE Seminar Proceedings No. 154, July 2018

Poland's current pension system has been subjected to constant modifications, in general dictated by either ideological or ad hoc goals, but it has resisted destruction, and in essence is working as it was designed. The need for its introduction, misleadingly called a reform, was dictated by a long-term shift in the age structure of the population. In essence, the earlier system was replaced by the current one. The core of this switch is a shift from quasi-tax financing suited to the population structure by age in the past, to quasi-savings financing suited to the structure in the 21st century. This text is not an overview of the 20-year history of the current system; it is a critical examination of the functioning of Poland's pension system against the backdrop of the universal challenges that pension systems are facing in the 21st century.



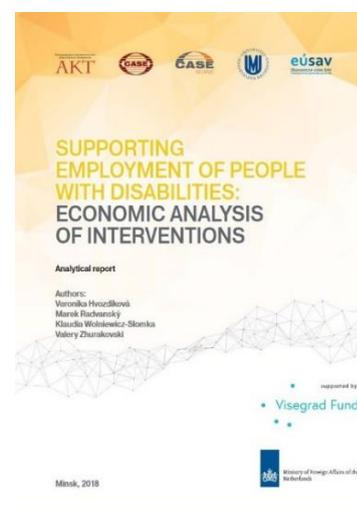
 [RAED THE PAPER](#)

### Supporting Employment of People with Disabilities: Economic Analysis of Interventions

Authors: Veronika Hvozdíková, Marek Radvanský, Klaudia Wolniewicz-Slomka, Valery Zhurakovski

External Publication, August 2018

This report presents the research of an international team of experts, which they concluded within the framework of the ENCON project – Enhancing CSOs Contribution to Evidence-Based Policy Making for Vulnerable Groups in Belarus. The project was implemented by CASE Belarus in cooperation with CASE (Poland), the Institute of Economic Research of the Slovak Academy of Sciences (Slovakia), The Faculty of Economics and Administration of Masaryk University (Czech Republic), as well as ACT (Belarus). In the first part of paper, we describe the general methodological overview based on available sources. In the second part of the paper, we describe the challenges in applying CBA on interventions for people with disabilities and present selected assessments of public



programs aimed to influence their employment. Third part of the report presents a cost-benefit analysis of an employment support program for the people with disabilities that was recently implemented by a Belarusian NGO in Minsk.

 [READ THE REPORT](#)

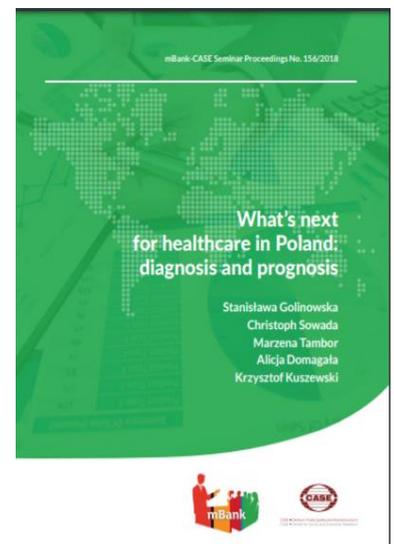
## **What's next for healthcare in Poland: diagnosis and prognosis**

Authors: Stanisława Golinowska, Christoph Sowada, Marzena Tambor, Alicja Domagała, Krzysztof Kuszewski

mBank – CASE Seminar Proceedings No. 156, December 2018

In this paper we present four subjects, corresponding to the list of the main issues that must be addressed urgently. We begin with the problem of good governance, meaning achieving a decisive improvement in institutional solutions in health protection. Next, we take up the problem of the need for growth in financial outlays, with judicious public and individual responsibility. We strongly accent the need for the development in Poland of medical and support staff, presenting the problems of neglect and the deep shortage of professionals, which is currently paralyzing the health service. The final text, though no less important in the group of priority problems in health protection, concerns public health and demands that it be properly valued by treating care for the health of the population as an investment in human capital with a measurable and significant rate of return.

 [READ THE PAPER](#)



**| Innovation, Energy, and  
Climate**

## Projects

---

### **Developing, piloting, and standardizing on-tax financing for residential energy efficiency retrofits in European cities and regions (EuroPACE) (ongoing)**

---

EuroPACE will develop a scalable on-tax financing mechanism to unlock the huge potential for the deployment of energy saving and generation technologies to European households. The scheme is inspired by the successful US PACE scheme that was invented in California in 2008. The project will address several fundamental challenges to energy efficiency (EE) investment by (1) Creating a Market-Based Approach: EuroPACE will deploy private capital as up-front financing to homeowners to reduce reliance on grants and subsidies. In turn, municipalities will be the conduit for the repayment via a special levy collected with the property tax bill; (2) De-Risking EE Investment: the long-term repayment obligation is tied to a property and not its owner; (3) Providing Technical Assistance: decision-making processes for homeowners will be optimized by training energy service contractors. They will be held to account by a comprehensive consumer protection code; and (4) Aggregating and Standardizing: EuroPACE will design standard underwriting requirements and project performance guidelines to enable project aggregation and Green Bonds issuance.

**Experts:** Grzegorz Poniatowski, Izabela Styczyńska, Karolina Zubeł

**Sponsor:** The European Union's Horizon 2020 research and innovation program

**Technical leader:** Global New Energy Finance S.L

**Project partners:** Global New Energy Finance S.L (Spain), Joule Assets Europe (Finland), Climate Bonds Initiative (UK), Ajuntament d'Olot (Spain), Agencia Extremena de la Energia (Spain), Ente Vasco de la Energia (Spain), Social Innovation for Communities – UPSOCIAL SL (Spain)

 [READ THE REPORT](#)

 For more details see Highlights pp. 26-27.

### **Study to Support Investment for Sustainable Development of Blue Economy**

---

The study aimed at building a pipeline of investable projects that contribute to societal goals such as the reduction of carbon emissions, the increase of marine food production and other bio-economy products, the efficient use of resources and the reduction of waste, circular economy models, the use of renewable resources, or the sustainable use of natural and cultural heritage. The study looked into best practices, promising projects, market opportunities and threats, and critical success factors to create a favorable investment environment. The final report put forward recommendations regarding the potential for a dedicated investment platform, options for its governance structure (including incentive design, level of complexity, and communication strategies, based on the most successful

schemes), and, additionally, made policy recommendations related to the implementation of future Cohesion Policy and ESI Funds.

**Experts:** Krzysztof Głowacki, Rúben Barreto

**Sponsor:** EUROPEAN COMMISSION - Executive Agency for Small and Medium-sized Enterprises (EASME)

**Project leader:** Metis GmbH

**Project partners:** CASE, Panteia B.V., ICF, Acacia Sustainable Business Advisors



[READ THE REPORT](#)

## Events

---

### 155th mBank-CASE Seminar: Financing sustainable growth in Europe: a discussion in light of the recommendations of the European Commission's Expert Group's report

15 Mar 2018

---

#### Speakers:

**Dr. Maciej Bukowski**  
**Dr. Mieczysław Groszek**  
**Dariusz Winek**

The 155th mBank-CASE seminar was devoted to the subject of financing sustainable growth, which is becoming one of the European Union's main long-term priorities. This step follows the identification of the general development challenges appearing over the next few decades (contained in the *Energy and Climate Framework 2030*). The search for new sources of financing and the reorientation of existing ones is a

manifestation of the transition from an ideological or visionary stage to practical instruments for implementing it. This is the nature of the report prepared by the Expert Group appointed by the European Commission at the end of 2016. The recommendations published in January 2018 (the report titled *Financing a Sustainable European Economy*) show the complicated, comprehensive, but also achievable nature of the transformation of the existing model of economic growth toward what is described as sustainable development. This report served as the point of departure for the experts appearing at the seminar.



33 attendees

351 watched the broadcast

## Publications

### Study to support investment for the sustainable development of the Blue Economy

CASE Authors: Krzysztof Głowacki, Rúben Barreto  
External publication, September 2018

This report makes recommendations on closing the remaining funding gaps through a Blue Economy Investment Platform (BEIP). With the implementation of such a BEIP, access to funds for companies working in under-funded areas of the Blue Economy should be improved. Funding gaps for sustainable businesses that provide inclusive growth and employment were therefore given particular attention. The recommendations made in the report seek to contribute directly to the implementation phase of the European Commission's mobilization of funds in a way that leverages additional investment from the public and private sectors. An analysis of the existing requirements of market participants through direct engagement and a careful evaluation of possible options are at the core of this recommendation paper.



 [READ THE REPORT](#)

*The study was prepared for the European Commission.*

# | CASE Communications

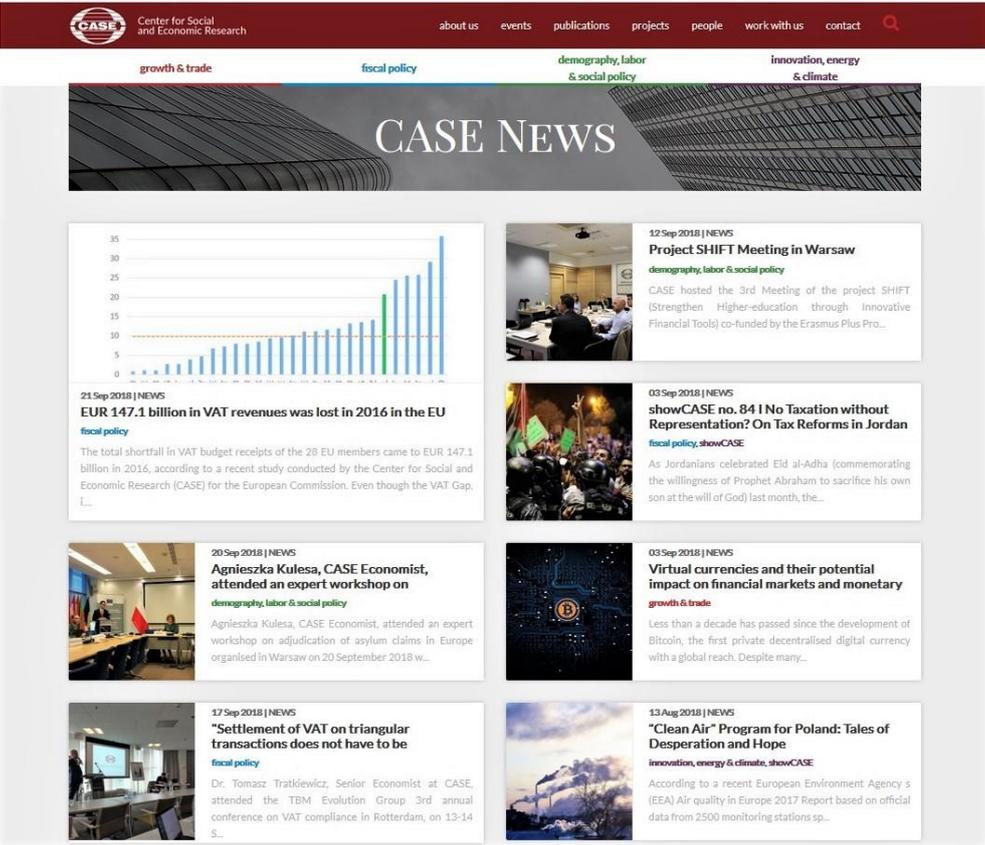
# Communications

The CASE communication strategy aims at providing its audience with broad and objective analysis which encourages and stimulates socio-economic dialogue.

Using different communication channels, we inform the general public about CASE initiatives, projects, events, and publications. 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, and publications. Through these channels, CASE connects to its target audience of academics, policy makers, members of the international business community, and the media.

# Website

In 2018, our website was visited by nearly 35,000 users and gained 133,231 views



CASE’s website is the main mode of communicating information about our mission, upcoming events and activities, recently completed projects, and latest publications.

## Media

---

In 2018, the presence of CASE-affiliated experts in international media, such as **The Financial Times**, **BBC**, **AP**, **Politiken**, and **Deutsche Welle**, among others, has significantly increased. CASE experts have also been interviewed by the Polish media, including **Rzeczpospolita**, **Dziennik Gazeta Prawna**, **Puls Biznesu**, **Obserwator Finansowy**, **PAP**, **Polskie Radio**, and **Radio TOK FM**.

Moreover, CASE maintained regular cooperation with the **Polish Press Agency (PAP Biznes)**, which releases monthly updates of the Online CASE CPI.

### Examples of media appearances in 2018:

[Once-drab Warsaw changed by wealth into booming modern city](#) | AP

[The EU: Saviour or Oppressor?](#) | BBC

[The enduring benefits of trade](#) | The Financial Times

[Poland fears economic hit as EU opens door to Ukrainians](#) | Deutsche Welle

[Trump and Putin: A missed opportunity \(to put it mildly\)](#) | Emerging Europe

[Back to the future](#) | Poland Today



## Social media

In 2018, CASE has significantly enlarged its outreach and influence on public opinion through social media.



CASE's **Twitter** profile is now followed by more than 850 people. We have broadened and engaged our audience by tweeting the results of our research and our economic forecasts, as well as information about our events. Our tweets have been retweeted by researchers, politicians, and journalists.



Our **Facebook** account continues to growth—CASE is now followed by nearly 3,400 fans. In 2018, CASE's account gained nearly 200 new followers.



CASE's LinkedIn account is regularly updated with the CASE news, publications, and weekly showCASE articles. In 2018, we gained nearly **200** new followers. We also share our publications, presentations, and briefs on the popular online sharing service SlideShare.

## Outreach

Until 2018, showCASE was released on a weekly basis, and from September on a monthly basis.

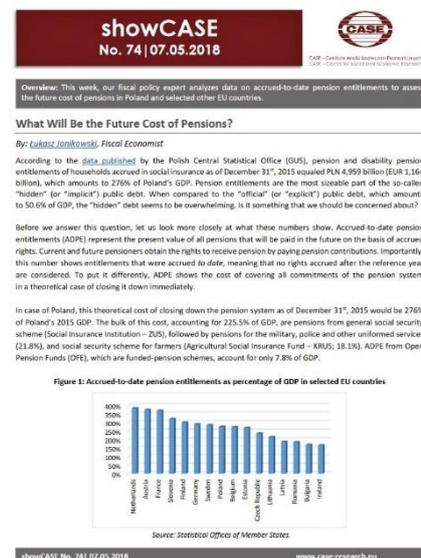
The main goal of showCASE is to tackle recent events and decode their implications for Poland and the region. showCASE is sent to our Newsletter lists and reaches more than 5,000 recipients. It is also promoted on our social media.



Our **Medium** blog is also regularly updated with the articles from showCASE.

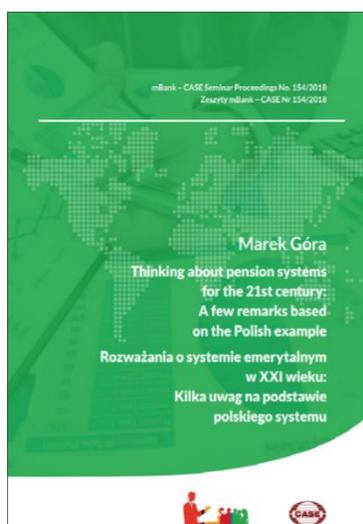
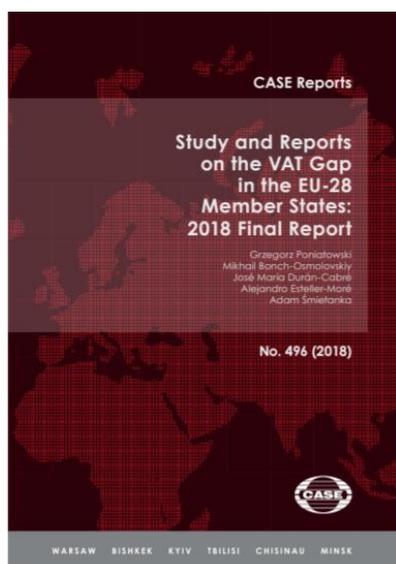
CASE provides its audiences with updates on its institutional activities by disseminating a newsletter and events newsletters and by publishing reports and analyses. Altogether, our newsletters reach more than 7,000 recipients globally and present the latest information on new publications, recent and forthcoming events, and information on CASE research and advisory project activities.

Our publications are not only accessible through our website but can be also found at various **academic search engines** like: the Social Science Research Network (SSRN), the Research Papers in Economics (RePEc), EBSCO, ProQuest, and Thomson Reuters. We also actively use



our social media channels, and the channels of our Networks, to promote our research and make it accessible to readers from all over the world.

In 2018 we published **10 CASE-branded publications**: CASE Reports and mBank-CASE Seminar Proceeding series.



## Events

CASE events are organized each year in order to enhance the debate on key socioeconomic issues. They help to promote CASE research projects and are a good means of cooperation with our network partners. We focus on promoting the understanding of economic policy questions upon a broad audience. In 2018, CASE hosted a set of conferences, seminars, and roundtable talks. We also continued to organize, along with the mBank foundation, seminars concentrated mostly on Polish economic policy issues.

In 2018, one of the most broadly attended conferences organized by CASE was a presentation of the report ***The significance of tobacco product manufacturing to Poland's economy***. The study describes the current conditions, presents the challenges facing the tobacco industry, and forecasts its influence on the broader economy on the basis of various scenarios for the future. The report covers the sector's entire value chain, from tobacco cultivation through the processing of the raw tobacco and product manufacturing, to the distribution and sales of the final product. The analytical work is based on three pillars: analysis of existing data, expert interviews, and a mathematical model of the Polish economy expanded to include the production and consumption of tobacco products.



Poland produced 175 billion cigarettes and about 27,000 tons of other tobacco products in 2016, placing the country second among EU producers. Tax inflows from the manufacturing and consumption of tobacco products that year amounted to about PLN 24.4 billion, or 8.9% of total tax revenues.

CASE has prepared two potential scenarios for the industry: short- and long-term growth or decline to examine how changes in the industry affect the Polish economy. “In the next few years, the sector’s growth prospects will depend on a range of challenges, including regulatory ones,” said Dr. Grzegorz Poniąkowski, Director for Fiscal Policy at CASE.

## Media coverage

The results of the report were highly quoted by the media:

[CASE: branża tytoniowa przynosi do budżetu państwa 24 mld zł](#) | PAP

[Miliony puszczają z dymem miliardy](#) | Rzeczpospolita

[Papierosy jadą za granicę](#) | Puls Biznesu

[Tak państwo zarabia na paleniu. W budżecie blisko 24,5 mld zł](#) | Money.pl

[Prognozy dla branży tytoniowej](#) | Polskie Radio PR 1

[Państwowa kasa puchnie dzięki palaczom](#) | Business Insider Polska

# CASE: branża tytoniowa przynosi do budżetu państwa 24 mld zł

PAP

Wpływy z konsumpcji i produkcji papierosów w 2016 r. przyniosły do budżetu 24,4 mld zł, co stanowi 8,9 proc. dochodów podatkowych państwa - szacują eksperci Centrum Analiz Społeczno-Ekonomicznych (CASE).

CASE przedstawiło w środę raport pt. "Wpływ produkcji wyrobów tytoniowych na polską gospodarkę". Wynika z niego, że w 2016 r. w Polsce wyprodukowano 155 mld sztuk papierosów oraz 27 tys. ton innych wyrobów tytoniowych, co stawia nasz kraj na drugim miejscu, po Niemczech, wśród największych producentów w UE.

Eksperti CASE przewidują, że w najbliższych latach utrzyma się wysoki poziom produkcji, o czym świadczą duże inwestycje w branży oraz wzrost eksportu. Już teraz trzy na cztery wyprodukowane papierosy w Polsce sprzedawane są zagranicą. Wartość eksportu wyrobów tytoniowych w 2016 r. wyniosła nieco ponad 2 mld euro (8,77 mld zł), głównie kupowano od nas papierosy i cygara (86 proc.). Był to jeden z ważniejszych produktów eksportowych. Odbiorcami były Niemcy, Holandia i Włochy.

W 2016 r. wpływy z produkcji i konsumpcji tego największe środki uzyskuje 80 proc. ceny papierosów stanowią

Wartość legalnego rynku wyrobów legalnej produkcji papierosów, je wyzwaniem dla branży są rosnące długoterminowego planowania

## Państwowa kasa puchnie dzięki palaczom

Business Insider Polska, PAP  
10 sty 18 21:41 24 675



Aż 24,4 mld zł wyniosły wpływy do budżetu z konsumpcji i produkcji papierosów w 2016 r. To 8,9 proc. dochodów podatkowych państwa - szacują eksperci Centrum Analiz Społeczno-Ekonomicznych



Foto: ianhariza sieidoh / CC BY 2.0 / Flickr

WYDARZENIA EKONOMIA PRAWO REGIONY PLUSMINUS TWOJA RPPL

### Branża tytoniowa przynosi budżetowi ponad 24 mld zł podatków, głównie akcyzy. Zatrudnia ponad pół miliona ludzi, głównie w handlu.

Za co płacimy, kupując paczkę papierosów? Podatki łącznie sięgają nawet 80 proc. ceny paczki, wyliczyli eksperci Centrum Analiz Społeczno-Ekonomicznych w raporcie przygotowanym na zlecenie Japan Tobacco International.

Wpływy podatkowe z produkcji i konsumpcji wyrobów tytoniowych wyniosły łącznie ok. 24,4 mld zł, co stanowiło aż 8,9 proc. dochodów podatkowych państwa ogółem – mówi Grzegorz Poniatowski, dyrektor ds. polityki fiskalnej w CASE. Wartość rynku, szacowana na 27–29 mld zł, niewiele przewyższa wpływy fiskalne.

Wpływy z akcyzy wzrosły w ciągu dekady o blisko 40 proc. Na samej akcyzie Polska zarobiła 18,5 mld zł, dużo dołożył VAT (5,5 mld zł), do tego doszło jeszcze 124 mln zł z PIT oraz 250 mln zł z CIT.



ie akcyza na plyn do e-papierosow. ydent jest na "tak"

is walczy z "lewymi" papierosami. Coraz j nielegalnych fabryk

luze inwestycje w branzy oraz

In 2018, CASE was a partner of different events in Poland and abroad, among others, the Vision Europe Dialogue during the Global Think Tanks Summit in Brussels in November.

The event gathered 100 executives from the most influential think tanks around the world and featured panels on topics of global importance.

[SEE THE AGENDA](#)

CASE was also an institutional partner of the **18th Conference of the Chamber of Brokerage Houses** held March 9-11 in Bukowina Tatrzańska.

CASE hosted a panel ***Risks to the development of Poland's capital market: the challenge of employee qualifications and diversity***, whose participants included **Dr. Jarosław Bełdowski**, counsel at Dentons; **Dr. Agnieszka Chłoń-Domińczak** of the Institute of Statistics and Demography of the Warsaw School of Economics; **Dr. Izabela Styczyńska**, Vice President of the CASE management board; **Piotr Teleon**, Deputy Director of the brokerage house Dom Maklerski Pekao; and **Tomasz Prusek**, Management Board President of the Friendly State Foundation.

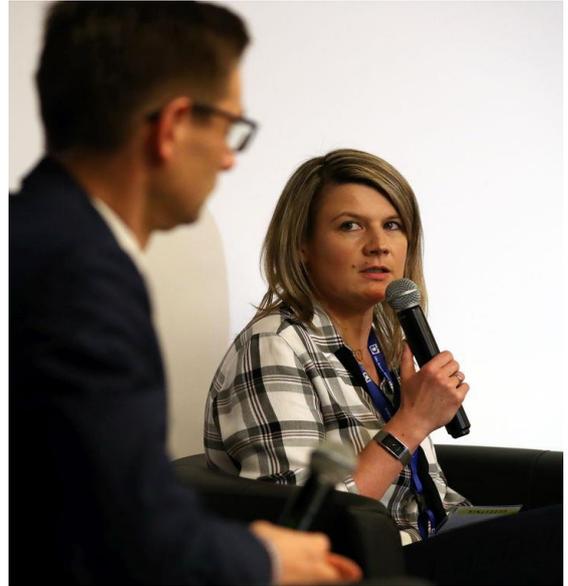


Photo credit: Chamber of Brokerage Houses

The purpose of the panel was to analyze the challenges facing the financial sector that arise from changes in the supply of and demand for qualifications and diversity among employees. Questions raised during the discussion included the employment and pay gap between men and women in the sector; the attractiveness of employment in the sector for young people; the role of outsourcing centers in making the sector more attractive; and the influence of automation on new skills and increasing the sector's attractiveness.

»» For more details about our events, see pp. 19-24, 40, 51-54, 63-66.

In 2018, CASE's experts participated in nearly 20 seminars and conferences on trade, fiscal policy, and international relations, for example, in Hungary, Ukraine, the Netherlands, Belgium, and Poland. Below are examples of our experts' presence at various events:

### **Krzysztof Głowacki discussed relations between Poland and Central Asia countries in Hungary**

On February 26, 2018, [Krzysztof Głowacki](#), an Economist at CASE, participated in an international seminar organized by the Center for Central Asia Research at the Corvinus University of Budapest, Hungary. "Poland recognizes the growing importance of Central Asia, but Poland does not have a coherent



strategy for the region, and its political actions toward it are of an ad hoc nature,” said Krzysztof Głowacki in his speech. The CASE Economist also noted that Poland’s efforts in Central Asia are largely crowded out by the Eastern Partnership, which is much more important for the country geopolitically and will remain its priority in the East.

## **Grzegorz Poniatowski attended VAT Forum in Prague**



*Photo credit: the Chamber of Tax Advisor of the Czech Republic*

[Grzegorz Poniatowski](#), the Director of Fiscal Policy Studies at CASE, took part in a conference on VAT reform in the European Union, held in Prague at the end of January. During his presentation, Dr. Poniatowski discussed the problem of VAT non-collection in EU countries, elements of the VAT Gap, and the reasons why this tax is not fully collected. The conference was organized by the Chamber of Tax Advisers of the Czech Republic (KDCPR) and the Prague University of Economics.

## **CASE at an international workshop in Minsk, Belarus**

Are national and regional programs supporting the employment of disabled people effective? This was the main question asked during an international workshop held on March 28 in Minsk, Belarus, titled “Effectiveness estimation of services for vulnerable groups.” During the workshop, CASE Economist and Social Policy Expert, Klaudia Wolniewicz-Slomka, provided participants with a cross-country comparative analysis of employment support programs for disabled people in the US, UK, Australia, and other countries.



The workshop was held in the frame of [“Enhancing CSOs \[civil society organizations\] contribution to evidence-based policy making for vulnerable groups,” a project implemented by CASE.](#)

## **CASE in Milan for the 2nd Meeting of SHIFT, an Erasmus+ Project**

---

CASE was in Milan, Italy on April 27th for the 2<sup>nd</sup> Transnational Project Meeting of SHIFT (Strengthen Higher Education through Innovative Financial Tools). SHIFT is implemented by a Consortium of seven partners from four European countries (United Kingdom, Belgium, Italy, and Poland), and will develop and validate an innovative financial model to support Higher Education students in Europe. CASE experts were responsible for preparing a country report on how the higher educational system is financed in Poland.



## **Dr. Przemysław Kowalski participated in the 2nd GTIPA summit in Milan**

---

[Dr. Przemysław Kowalski](#), participated in the 2<sup>nd</sup> [Global Trade and Innovation Policy Alliance \(GTIPA\)](#) summit in Milan on May 16-19, 2018, which was focused on the challenges and opportunities associated with the technological singularity we are experiencing today.

Discussions between the academics, business, policy makers, and think tanks in Milan addressed the rules, practices, and policies that, if implemented in the right way, could help foster innovation, expand liberties, and build a more prosperous economy for a larger and larger number of people.

## **Dr. Grzegorz Poniatowski at the VAT Management Summit in Berlin**

---

Dr. Grzegorz Poniatowski, the Director of Fiscal Policy Studies at CASE, attended a VAT Management Summit in Berlin on May 24-25, 2018. The subject of the summit was practical examples of VAT Management: best practice from the experts of leading companies. During the conference, international experts discussed the latest VAT issues and viable refinements together with the possible ways of redesigning operations. The focus of Dr. Poniatowski's presentation was "The compliance cost of VAT – an EU perspective." Dr. Poniatowski discussed the problem of VAT compliance costs in particular Member States as well as the influence of systemic factors and the impact of invoicing rules on VAT compliance costs.



*Photo credit: Uniglobal*

## Dr. Katarzyna Sidło at the Antall József Summer School

---

During Antall József Summer School (AJSS), Dr. Katarzyna Sidło gave a presentation on the main challenges in the MENA region – from water management, through migration and security challenges, to the labor market situation and female empowerment. She also discussed the major aspects of the EU’s strategy towards the countries in its Southern Neighbourhood. The AJSS summer school is focusing on one of the most important regional partnerships of Europe, the Visegrad Cooperation. Through lectures, workshops, debates, roundtable discussions, and short trainings, AJSS provides a profound analysis of the Visegrad Cooperation’s history, economy, energy, foreign, and security along with sustainable development policies, as well as its business and innovation-related activities.



*Photo credit: AJSS*

## CASE experts gave a two-day training to Ukrainian Business Support Organizations in Kiev

---

Przemysław Kowalski, CASE President and Stanislav Bieliei, Project Manager at CASE, gave a training to Ukrainian Business Support Organizations (BSOs) in Kyiv in August 2018. During the intensive two-day workshop, participants explored data and analytical resources that could be used to assess the market opportunities of Ukrainian enterprises in international markets. The training also reflected on how BSOs could enhance their analytical capabilities and activities relevant to Ukrainian business by participating in international grants and research projects.



*Photo credit: The Odessa Chamber of Commerce*

## Dr. Tomasz Tratkiewicz at the VAT conference in Rotterdam

---



Dr. Tomasz Tratkiewicz, Senior Economist at CASE, attended the TBM Evolution Group 3rd annual conference on VAT compliance in Rotterdam on September 13-14, 2018. The subject of the conference was “Strategic Indirect Tax & VAT Compliance.” During the conference, international experts discussed the latest VAT issues, like the VAT implications of transfer pricing adjustments, indirect tax management in the digitalized world, the single VAT area, and the

implications of Brexit on VAT and customs, among others. The focus of Dr. Tratkiewicz's presentation was "VAT on triangular transactions."

## **Agnieszka Kulesa attended a workshop on the adjudication of asylum claims in Europe**

---

[Agnieszka Kulesa](#), CASE Economist, attended an expert workshop on the adjudication of asylum claims in Europe organized in Warsaw on September 20, 2018 within the framework of the [Making Asylum Systems Work in Europe project](#). The topics discussed during the meeting included such issues as sources and use of country of origin information, caseworkers' trainings and quality assurance in the asylum process, and cooperation among EU MS regarding the processing of asylum applications.



## **Dr. Grzegorz Poniatowski participated in CONGRESS 590**

---

The Congress, which was organized in November 2018 in Rzeszów, was a forum for exchanging the ideas and experiences of Polish specialists in areas such as business, science, politics, and legislation. Discussions of panelists show new directions for development – a common concept of working on Polish economic growth and progress in European and the world's economic hierarchy.

 [More about the panel in which Dr. Poniatowski took part in "Puls Biznesu" newspaper](#)

## **Karolina Zubel attended the European Week of Regions and Cities in Brussels**

---

CASE Economist [Karolina Zubel](#) attended the annual [European Week of Regions and Cities](#). This Brussels-based four-day event focuses on topics in the field of regional and urban development and gathers officials from regional and city administrations, as well as experts and academics, in order to exchange good practices and know-how. It is also an acknowledged platform for political communication in relation to the development of EU Cohesion Policy, raising the awareness of decision-makers about the fact that regions and cities matter in EU policy making. One of the sessions focused on "EuroPACE: Integrated Home Renovation Platform for Europe," which explored how affordable, up-front financing with technical assistance for homeowners can support the EU's energy efficiency targets and improve the well-being of European citizens.

## **CASE at COP24 in Katowice**

On December 12th, CASE expert Karolina Zubeł presented the EuroPACE project, led by CASE, at COP24 in Katowice, where she discussed how home renovation can be made easier, faster, and more affordable for all Europeans. Poland, together with Austria, Belgium, Italy, the Netherlands, Portugal, and Romania, has been selected to the 2<sup>nd</sup> phase of the EuroPACE project in which the market potential for on-tax financing will be further analyzed.



*Photo credits: Energies 2050*



[WATCH THE VIDEO](#)

## **Financing of CASE activities**

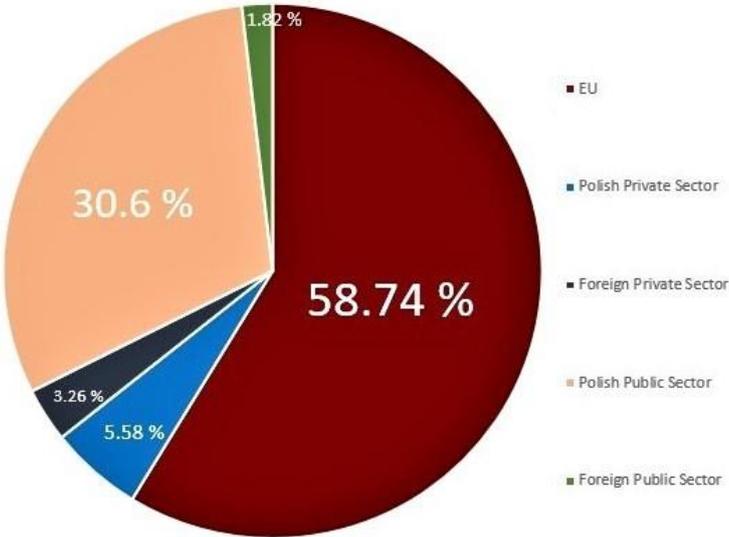
## Sources of Financing

Breakdown of total revenue	PLN	EUR
<b>1. Revenue from statutory activity</b>	3,175,490.39	738,486.14
<b>1.1. Project-based funding</b>	3,175,490.39	738,486.14
<b>1.2. Institutional support</b>	0.00	0.00
<b>2. Other operating revenue</b>	77,355.56	17,989.67
<b>3. Financial revenue</b>	164,027.05	38,145.83

*Exchange rates based on NBP rates 1 EUR=4.3000 PLN (31 Dec 2018)*

CASE financing 2018	PLN	EUR
<b>1. Net revenue from statutory activities</b>	974,969.21	226,737.03
<b>2. Financial and other operating revenues</b>	241,382.61	56,135.49
<b>3. General and administrative expenses</b>	1,076,505.55	250,350.13
<b>4. Financial and other operational expenses</b>	4,819.27	1,120.76
<b>5. Net result</b>	134,622.00	31,307.44

As in previous years, CASE’s statutory activity in 2018 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 2018):



In 2018, the European Union continued to provide the greatest portion of CASE’s revenue. Its share represented 58.74% of project funding. Funding coming from the Polish private sector amounted to 5.58% and the foreign private sector provided 3.26% of CASE’s revenue. The Polish public sector provided 30.6% of revenue, and funding from the foreign public sector amounted to 1.82%.

Changes in the value of the endowment in 2018	PLN	EUR
<b>1. Stocks at the beginning of 2018</b>	3,154,142.39	733,521.49
<b>2. Interest and profits from the endowment in 2018</b>	92,662.55	21,549.43